

St. Joseph
County, Michigan



Year Ended
December 31,
2012

Financial
Statements and
Single Audit Act
Compliance

ST. JOSEPH COUNTY, MICHIGAN

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INDEPENDENT AUDITORS' REPORT

June 13, 2013

To the Board of Commissioners of
St. Joseph County
Centreville, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of *St. Joseph County, Michigan* (the "County"), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of St. Joseph County, Michigan, as of December 31, 2012, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund and each major special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Schedules of Funding Progress and Employer Contributions for the pension plans listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards as required by the Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditure of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 13, 2013, on our consideration of St. Joseph County, Michigan's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Rehmann Lobson LLC

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MANAGEMENT'S DISCUSSION AND ANALYSIS

ST. JOSEPH COUNTY, MICHIGAN

Management's Discussion and Analysis

As management of St. Joseph County, we offer this narrative overview and analysis of the financial activities of the County, including limited information pertaining to the separately audited Road Commission and for the separately audited Community Mental Health for the year ended December 31, 2012. For more detailed information, the Road Commission's and Community Mental Health's separately issued financial statements may be obtained from their administrative offices.

Financial Highlights

- The assets of the County primary government exceeded its liabilities at the close of the fiscal year by approximately \$45.9 million (net position). Of this amount, approximately \$29.2 million (unrestricted net position) may be used to meet the government's ongoing obligations.
- The government's total net position increased by approximately \$1.7 million or 4 percent over the prior year.
- As of the close of the fiscal year, the County's governmental funds reported combined ending fund balances of approximately \$13.3 million, an increase of approximately \$.5 million or 4.0 percent more than the prior year. Of this total, the unassigned fund balance of approximately \$7.8 million or 59 percent is available for spending. Approximately \$5.4 million or 41 percent of the total is available only for the special revenue fund purposes from which these funds are derived.
- At the end of the fiscal year the unassigned fund balance for the general fund was approximately \$7.8 million, an amount equal to 55 percent of total general fund expenditures and transfers.
- The County's total net bonded debt, including that of the Drain Commission and Board of Public Works component units, increased by a net of \$2,291,980 during the current fiscal year. The Board of Public Works issued new bonds in 2012 in the amount of \$2.6 million.

Overview of the Financial Statements

The County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required and other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide a broad overview of the County's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the County's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position indicate whether the financial position of the County is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of St. Joseph County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, public safety, public works, health and welfare, community and economic development, recreation and cultural functions. The business-type activities primarily represent the administration of the delinquent property tax system.

ST. JOSEPH COUNTY, MICHIGAN

Management's Discussion and Analysis

The government-wide financial statements include not only the County itself (known as the primary government), but also five (5) legally separate entities: the St. Joseph County Road Commission, the St. Joseph County Community Mental Health, the Board of Public Works, the Drainage Districts, and the Economic Development Corporation. Financial information for the component units is reported separately from the financial information presented for the primary government itself.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains 35 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, central dispatch fund, and commission on aging fund, each of which is considered to be a major fund. For purposes of financial statement presentation the budget stabilization fund and the parks and recreation fund are combined with the General Fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The County adopts an annual appropriated budget for its general fund, special revenue, capital projects, internal service, and enterprise funds. A budgetary comparison schedule for the required major funds has been provided herein to demonstrate compliance with the general fund, central dispatch fund, and commission on aging fund budgets.

Proprietary funds. The County maintains two types of proprietary funds: enterprise and internal service. Enterprise funds report the same functions as business-type activities in the government-wide financial statements. The County uses an enterprise fund to account for the tax payment fund which is considered to be a major fund. Data from the other nonmajor enterprise funds are combined into a single, aggregate presentation. Individual fund data for each of these nonmajor enterprise funds is provided in the form of combining statements elsewhere in this report.

Internal service funds report activities that provide supplies or service to the County's other operations, such as the flexible benefit insurance fund. Internal service funds are reported as governmental activities on the government-wide statements.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

ST. JOSEPH COUNTY, MICHIGAN

Management's Discussion and Analysis

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain other supplementary information, including combining statements of the nonmajor governmental funds and internal service funds information.

Government-wide Financial Analysis

As noted previously, net position amounts serve over time as a useful indicator of a government's financial position. In the case of St. Joseph County, assets exceeded liabilities by approximately \$45.9 million at the close of the fiscal year. This amount compares favorably with the prior year where net position totaled approximately \$44 million.

The County's net position includes approximately \$11.3 million in capital assets comprised of land, buildings, vehicles and equipment less any outstanding related debt used to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Certain other limitations on the use of net position apply due primarily to legal restrictions. The restricted net position totals approximately \$5.5 million. The remaining balance of unrestricted net position (\$29.2 million or 64 percent) may be used to meet the government's ongoing obligations.

| | Net Position | | | | | |
|--------------------------------------|-------------------------|---------------------|--------------------------|---------------------|----------------------|---------------------|
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| Assets | | | | | | |
| Current and other assets | \$16,435,286 | \$16,406,391 | \$20,639,909 | \$19,995,188 | \$ 37,075,195 | \$36,401,579 |
| Capital assets, net | 11,230,740 | 11,460,380 | 45,263 | 6,956 | 11,276,003 | 11,467,336 |
| Total assets | 27,666,026 | 27,866,771 | 20,685,172 | 20,002,144 | 48,351,198 | 47,868,915 |
| Liabilities | | | | | | |
| Other liabilities | 1,484,238 | 1,444,828 | 3,816 | 3,824 | 1,488,054 | 1,448,652 |
| Deferred inflows of resources | 927,409 | 2,160,469 | - | - | 927,409 | 2,160,469 |
| Net position: | | | | | | |
| Net investment | | | | | | |
| in capital assets | 11,230,740 | 11,460,380 | 45,263 | 6,956 | 11,276,003 | 11,467,336 |
| Restricted | 5,474,484 | 5,250,575 | - | - | 5,474,484 | 5,250,575 |
| Unrestricted | 8,549,155 | 7,550,519 | 20,636,093 | 19,991,364 | 29,185,248 | 27,541,883 |
| Total net position | \$25,254,379 | \$24,261,474 | \$20,681,356 | \$19,998,320 | \$ 45,935,735 | \$44,259,794 |

ST. JOSEPH COUNTY, MICHIGAN

Management's Discussion and Analysis

| | Change in Net Position | | | | | |
|--|-------------------------|---------------------|--------------------------|---------------------|----------------------|---------------------|
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| Program revenues: | | | | | | |
| Charges for services | \$ 3,844,143 | \$ 3,649,834 | \$ 1,325,095 | \$ 939,040 | \$ 5,169,238 | \$ 4,588,874 |
| Operating grants | 4,071,665 | 4,441,153 | - | - | 4,071,665 | 4,441,153 |
| Capital grants | 250,000 | - | - | - | 250,000 | - |
| General revenues: | | | | | | |
| Property taxes | 11,943,649 | 11,493,743 | - | - | 11,943,649 | 11,493,743 |
| Investment earnings | 41,799 | 43,192 | 55,732 | 62,750 | 97,531 | 105,942 |
| Total revenues | 20,151,256 | 19,627,922 | 1,380,827 | 1,001,790 | 21,532,083 | 20,629,712 |
| Expenses: | | | | | | |
| General government | 7,840,018 | 7,895,333 | - | - | 7,840,018 | 7,895,333 |
| Public safety | 6,482,204 | 6,347,051 | - | - | 6,482,204 | 6,347,051 |
| Public works | 114,738 | 145,245 | - | - | 114,738 | 145,245 |
| Health and social services | 4,047,928 | 3,735,539 | - | - | 4,047,928 | 3,735,539 |
| Parks, recreation and cultural | 277,835 | 234,252 | - | - | 277,835 | 234,252 |
| Community development | 220,265 | 74,630 | - | - | 220,265 | 74,630 |
| Unallocated depreciation | 717,275 | 697,015 | - | - | 717,275 | 697,015 |
| Other | - | - | 155,879 | 197,014 | 155,879 | 197,014 |
| Total expenses | 19,700,263 | 19,129,065 | 155,879 | 197,014 | 19,856,142 | 19,326,079 |
| Change in net position, before transfers | 450,993 | 498,857 | 1,224,948 | 804,776 | 1,675,941 | 1,303,633 |
| Transfers | 541,912 | 187,968 | (541,912) | (187,968) | - | - |
| Change in net position | 992,905 | 686,825 | 683,036 | 616,808 | 1,675,941 | 1,303,633 |
| Net position: | | | | | | |
| Beginning of year | 24,261,474 | 23,574,649 | 19,998,320 | 19,381,512 | 44,259,794 | 42,956,161 |
| End of year | \$25,254,379 | \$24,261,474 | \$20,681,356 | \$19,998,320 | \$ 45,935,735 | \$44,259,794 |

The preceding table shows that the net position of governmental activities and business-type activities increased by approximately \$1.7 million or 2.0 percent during 2012 as compared to an increase of approximately \$1.3 million in the prior year.

Governmental funds. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of approximately \$13.3 million. This represents an increase of approximately \$.5 million in comparison with the prior year. The general fund increased its fund balance by approximately \$286,000 in comparison with the prior year. Central dispatch increased its fund balance by approximately \$147,000 and the commission on aging fund balance decreased by approximately \$275,000.

ST. JOSEPH COUNTY, MICHIGAN

Management's Discussion and Analysis

Proprietary Funds. Net position of the County's business-type activities increased by approximately \$.68 million. Net position of the tax payment fund increased by approximately \$507,000 while net position of the other nonmajor enterprise funds increased by approximately \$176,000.

General Fund Budgetary Highlights

The original general fund expenditure budget of \$14.1 million increased to \$14.4 million after revisions; however, actual expenditures totaled only \$13.6 million for a net savings of approximately \$.8 million or 5.9 percent under the revised budget. Expenditure savings came from many departments.

Actual revenues came in at just over \$13.6 million or within 1.8 percent of the revised budget of \$13.9 million. A number of revenue categories varied from the budgeted amounts. See the Detailed Schedule of Revenues and Other Financing Sources for more information.

Capital Asset and Debt Administration

Capital Assets. At the end of 2012, the County had invested \$11,276,003 and \$1,768,365 for the component units (excluding the Road Commission and Community Mental Health, see separately issued financial statements), net of accumulated depreciation, in a broad range of capital assets (see table below). Accumulated depreciation was \$12,212,001 for the primary government. Depreciation charges for the fiscal year totaled \$720,735 for the primary government and \$64,371 for the component units (excluding the Road Commission and Community Mental Health, see separately issued financial statements).

The primary government expended approximately \$775,000 for capital asset additions in 2012. This total includes a reclassification of approximately \$227,000 for the jail renovation project which was shown as construction in progress at 12/31/11. An additional \$48,000 was expended for the renovation project during 2012 bringing the total, for the project, to approximately \$275,000. Other significant additions were Commission on Aging vehicles totaling approximately \$117,000; water heater replacement for the jail of approximately \$22,000; tractor for the parks department for approximately \$25,000; and improvements made by the Commission on Aging and Three Rivers Community Center totaling approximately \$113,000.

| | Governmental Activities | | Business-type Activities | | Component Units | |
|----------------------------------|-------------------------|---------------------|--------------------------|-----------------|----------------------|---------------------|
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| Land | \$ 593,024 | \$ 593,024 | \$ - | \$ - | \$ 560,002 | \$ 560,002 |
| Construction in progress | - | 227,881 | - | - | - | 39,032 |
| Intangible assets | 142,682 | - | - | - | - | - |
| Infrastructure, net | - | - | - | - | 28,028,409 | 28,666,557 |
| Land improvements, net | 876,783 | 933,870 | - | - | - | - |
| Buildings and improvements, net | 7,296,784 | 7,214,610 | - | - | 3,133,830 | 3,230,190 |
| Vehicles and equipment, net | 2,321,467 | 2,490,995 | 45,263 | 6,956 | 2,017,592 | 1,264,534 |
| Depletable assets | - | - | - | - | 41,230 | 44,504 |
| Yard and storage | - | - | - | - | 24,355 | 24,355 |
| Drains, net | - | - | - | - | 1,766,641 | 1,830,571 |
| Total capital assets, net | \$11,230,740 | \$11,460,380 | \$ 45,263 | \$ 6,956 | \$ 35,572,059 | \$35,659,745 |

ST. JOSEPH COUNTY, MICHIGAN

Management's Discussion and Analysis

Long-term Debt - The County uses its full faith and credit (as a secondary obligator), to back the Board of Public Works component unit debt. The Drain Commission administers debt for various local drainage districts and water and sewer systems for local municipalities in St. Joseph County. All drain debt is payable out of assessments against the drainage districts or by contractual agreements with local units of government. The County Commission by a majority vote of 2/3 of its members may pledge the full faith and credit of the County for payment of a Drainage District note. The following table excludes the County Road Commission and Community Mental Health.

| | January 1, 2012 | Additions | Reductions | December 2012 |
|--|---------------------|---------------------|-------------------|----------------------|
| Outstanding bonds and notes as of December 31, 2012 | | | | |
| Component units | | | | |
| Board of Public Works | | | | |
| Water and sewer bonds | \$ 2,220,000 | \$ 2,600,000 | \$ 215,000 | \$ 4,605,000 |
| Drainage districts | | | | |
| Drain bonds and notes | 579,569 | - | 93,020 | 486,549 |
| Total | \$ 2,799,569 | \$ 2,600,000 | \$ 308,020 | \$ 5,091,549 |
| Debt limit (10% of SEV) | | | | <u>\$244,766,120</u> |
| Available statutory debt limit | | | | <u>\$239,674,571</u> |

State statute limits the County's debt obligations to 10 percent of the current state equalized value (SEV). The County's SEV as of December 31, 2011 was approximately \$2.45 billion; therefore the County's debt limitation was approximately \$245 million. The County remains well below its legal debt limit by over \$241 million.

Economic Factors and Next Year's Budget and Rates

- Revenue Sharing revenue has been projected at \$1,059,000 for 2013, an increase of \$279,000 from the budgeted figure. The County must meet the Governor's CIP (County Incentive Program) requirements in order to receive \$211,000 of the total amount. All necessary requirements are being met in order to ensure the receipt of the CIP related revenues. These requirements includes collaborating with other municipalities and/or agencies, changes to employee benefits and the creation of web based financial "dashboards".
- Taxable property values for the County have remained flat for the last 3 years and the County can no longer count on increases in property tax revenue to cover higher personnel costs such as health insurance.

These factors were considered in adopting the budget for 2013. The County continues to look for ways to increase efficiencies and reduce the cost of doing business. In addition, during 2012 the Board of Commissioners began exploring ways in which the County could lead economic development initiatives to help promote and create job opportunities, enhance the quality of life for St. Joseph County residents and to attract people to relocate to St. Joseph County.

ST. JOSEPH COUNTY, MICHIGAN

Management's Discussion and Analysis

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. If there are questions about this report, or a need for additional information, contact the St. Joseph County Treasurer's Office at (269) 467-5527 or St. Joseph County Finance at (269) 467-5631 or via email, smithj@stjosephcountymi.org.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

ST. JOSEPH COUNTY, MICHIGAN

Statement of Net Position December 31, 2012

| | Primary Government | | | Component Units |
|--|----------------------------|-----------------------------|----------------------|----------------------|
| | Governmental Activities | Business-type Activities | Total | |
| Assets | | | | |
| Cash and cash equivalents | \$ 8,760,235 | \$ 16,866,431 | \$ 25,626,666 | \$ 2,581,518 |
| Investments | 4,976,000 | 1,350,000 | 6,326,000 | 1,245,333 |
| Receivables, net | 2,423,339 | 2,423,478 | 4,846,817 | 7,684,153 |
| Other assets | 275,712 | - | 275,712 | 1,110,051 |
| Capital assets not being depreciated | 735,706 | - | 735,706 | 8,973,086 |
| Capital assets being depreciated, net | 10,495,034 | 45,263 | 10,540,297 | 26,598,973 |
| Total assets | 27,666,026 | 20,685,172 | 48,351,198 | 48,193,114 |
| Liabilities | | | | |
| Accounts payable and accrued expenses | 1,484,238 | 3,816 | 1,488,054 | 1,542,970 |
| Interest payable | - | - | - | 35,799 |
| Unearned revenue | - | - | - | 15,797 |
| Long-term liabilities: | | | | |
| Due within one year | - | - | - | 865,916 |
| Due in more than one year | - | - | - | 7,179,265 |
| Other noncurrent liability - net other postemployment benefit liability | - | - | - | 984,278 |
| Total liabilities | 1,484,238 | 3,816 | 1,488,054 | 10,624,025 |
| Deferred inflows of resources | | | | |
| Taxes levied for a subsequent period | 927,409 | - | 927,409 | 1,247,818 |
| Net position | | | | |
| Net investment in capital assets | 11,230,740 | 45,263 | 11,276,003 | 32,556,772 |
| Restricted for: | | | | |
| Debt service | - | - | - | 94,073 |
| Capital projects | 488,423 | - | 488,423 | - |
| Other purposes | 4,971,621 | - | 4,971,621 | 202,500 |
| Permanent trust | 14,440 | - | 14,440 | - |
| Unrestricted | 8,549,155 | 20,636,093 | 29,185,248 | 3,467,926 |
| Total net position | \$ 25,254,379 | \$ 20,681,356 | \$ 45,935,735 | \$ 36,321,271 |

The accompanying notes are an integral part of these financial statements.

ST. JOSEPH COUNTY, MICHIGAN

Statement of Activities

For the Year Ended December 31, 2012

| Functions / Programs | Expenses | Program Revenues | | | Net (Expenses) Revenues |
|---------------------------------------|----------------------|----------------------|------------------------------------|----------------------------------|-------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | |
| Primary government | | | | | |
| Governmental activities: | | | | | |
| General government | \$ 7,840,018 | \$ 2,087,952 | \$ 2,560,157 | \$ - | \$ (3,191,909) |
| Public safety | 6,482,204 | 1,047,282 | 761,041 | - | (4,673,881) |
| Public works | 114,738 | 206,350 | - | - | 91,612 |
| Health and social services | 4,047,928 | 351,055 | 639,643 | - | (3,057,230) |
| Parks, recreation, and cultural | 277,835 | 122,871 | - | 250,000 | 95,036 |
| Community development | 220,265 | 28,633 | 110,824 | - | (80,808) |
| Unallocated depreciation | 717,275 | - | - | - | (717,275) |
| Total governmental activities | 19,700,263 | 3,844,143 | 4,071,665 | 250,000 | (11,534,455) |
| Business-type activities: | | | | | |
| Tax Payment Fund | - | 791,810 | - | - | 791,810 |
| Other | 155,879 | 533,285 | - | - | 377,406 |
| Total business-type activities | 155,879 | 1,325,095 | - | - | 1,169,216 |
| Total primary government | \$ 19,856,142 | \$ 5,169,238 | \$ 4,071,665 | \$ 250,000 | \$ (10,365,239) |
| Component units | | | | | |
| Board of Public Works | \$ 2,012,388 | \$ - | \$ 2,011,258 | \$ - | \$ (1,130) |
| Drainage Districts | 129,141 | 1,170 | - | 28,700 | (99,271) |
| Economic Development Corporation | 496,226 | 10,862 | 554,797 | - | 69,433 |
| Road Commission | 7,622,793 | 663,716 | 5,437,955 | - | (1,521,122) |
| Community Mental Health Authority | 16,286,791 | 13,841,809 | 2,378,515 | - | (66,467) |
| Total component units | \$ 26,547,339 | \$ 14,517,557 | \$ 10,382,525 | \$ 28,700 | \$ (1,618,557) |

continued...

ST. JOSEPH COUNTY, MICHIGAN

Statement of Activities
For the Year Ended December 31, 2012

| | Primary Government | | | Component Units |
|--|-------------------------|--------------------------|-----------------|-----------------|
| | Governmental Activities | Business-type Activities | Totals | |
| Change in net position | | | | |
| Net (expenses) revenues | \$ (11,534,455) | \$ 1,169,216 | \$ (10,365,239) | \$ (1,618,557) |
| General revenues: | | | | |
| Property taxes | 11,943,649 | - | 11,943,649 | 1,262,018 |
| Unrestricted investment earnings | 41,799 | 55,732 | 97,531 | 15,623 |
| Transfers - internal activities | 541,912 | (541,912) | - | - |
| Total general revenues and transfers | 12,527,360 | (486,180) | 12,041,180 | 1,277,641 |
| Change in net position | 992,905 | 683,036 | 1,675,941 | (340,916) |
| Net position, beginning of year, as restated | 24,261,474 | 19,998,320 | 44,259,794 | 36,662,187 |
| Net position, end of year | \$ 25,254,379 | \$ 20,681,356 | \$ 45,935,735 | \$ 36,321,271 |

concluded.

The accompanying notes are an integral part of these financial statements.

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FUND FINANCIAL STATEMENTS

ST. JOSEPH COUNTY, MICHIGAN

Balance Sheet Governmental Funds December 31, 2012

| | Special Revenue Funds | | | | |
|---|-----------------------|---------------------|---------------------|-----------------------------|--------------------------|
| | General | Central Dispatch | Commission on Aging | Nonmajor Governmental Funds | Total Governmental Funds |
| Assets | | | | | |
| Cash and cash equivalents | \$ 2,595,849 | \$ 1,540,873 | \$ 1,660,151 | \$ 2,314,821 | \$ 8,111,694 |
| Investments | 4,976,000 | - | - | - | 4,976,000 |
| Receivables: | | | | | |
| Property taxes | 794,481 | 927,409 | - | - | 1,721,890 |
| Accounts, net | 36,477 | - | 21,294 | 112,207 | 169,978 |
| Interest receivable | 9,300 | - | - | - | 9,300 |
| Due from other governments- | | | | | |
| Federal/State | 296,792 | - | 44,222 | 181,133 | 522,147 |
| Due from other funds | 78,178 | - | - | - | 78,178 |
| Inventory | 7,357 | - | 6,202 | - | 13,559 |
| Prepays | 35,765 | 2,400 | 11,136 | 5,541 | 54,842 |
| Other assets | 169,222 | 11,396 | 8,443 | 10,451 | 199,512 |
| Total assets | \$ 8,999,421 | \$ 2,482,078 | \$ 1,751,448 | \$ 2,624,153 | \$ 15,857,100 |
| Liabilities | | | | | |
| Accounts payable | \$ 162,253 | \$ 8,172 | \$ 196,319 | \$ 48,796 | \$ 415,540 |
| Accrued liabilities | 288,013 | 35,268 | 21,937 | 28,014 | 373,232 |
| Due to other governmental units- | | | | | |
| Federal/State | - | - | 34,898 | - | 34,898 |
| Due to other funds | - | - | - | 78,178 | 78,178 |
| Total liabilities | 450,266 | 43,440 | 253,154 | 159,192 | 906,052 |
| Deferred inflows of resources | | | | | |
| Unavailable - property taxes | 712,708 | - | - | - | 712,708 |
| Taxes levied for a subsequent period | - | 927,409 | - | - | 927,409 |
| Total deferred inflows of resources | 712,708 | 927,409 | - | - | 1,640,117 |
| Fund balances | | | | | |
| Nonspendable | 43,122 | 2,400 | 17,338 | 5,541 | 68,401 |
| Restricted | - | 1,508,829 | 1,480,956 | 2,459,420 | 5,449,205 |
| Unassigned | 7,793,325 | - | - | - | 7,793,325 |
| Total fund balances | 7,836,447 | 1,511,229 | 1,498,294 | 2,464,961 | 13,310,931 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 8,999,421 | \$ 2,482,078 | \$ 1,751,448 | \$ 2,624,153 | \$ 15,857,100 |

The accompanying notes are an integral part of these financial statements.

ST. JOSEPH COUNTY, MICHIGAN

Reconciliation

Fund Balances for Governmental Funds
to Net Position of Governmental Activities
December 31, 2012

| | |
|--|---------------|
| Fund balances - total governmental funds | \$ 13,310,931 |
|--|---------------|

Amounts reported for *governmental activities* in the statement of net position
are different because:

Capital assets used in governmental activities are not financial resources and
therefore are not reported in the funds.

| | |
|--------------------------------------|---------|
| Capital assets not being depreciated | 735,706 |
|--------------------------------------|---------|

| | |
|---------------------------------------|------------|
| Capital assets being depreciated, net | 10,495,034 |
|---------------------------------------|------------|

The focus of governmental funds is on short-term financing. Accordingly, some assets
available to pay for current-period expenditures. Those assets (such as certain receivables)
are offset by deferred inflows of resources in the governmental funds, and thus are not
included in fund balance.

| | |
|-------------------------------|----------------|
| Unavailable property tax levy | <u>712,708</u> |
|-------------------------------|----------------|

| | |
|---|----------------------|
| Net position of governmental activities | <u>\$ 25,254,379</u> |
|---|----------------------|

The accompanying notes are an integral part of these financial statements.

ST. JOSEPH COUNTY, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 For the Year Ended December 31, 2012

| | Special Revenue Funds | | | | Total Governmental Funds |
|---|-----------------------|------------------|---------------------|-----------------------------|--------------------------|
| | General | Central Dispatch | Commission on Aging | Nonmajor Governmental Funds | |
| Revenues | | | | | |
| Property taxes | \$ 8,409,024 | \$ 1,395,994 | \$ 1,425,992 | \$ - | \$ 11,231,010 |
| Licenses and permits | 128,914 | - | - | 6,810 | 135,724 |
| Intergovernmental- | | | | | |
| Federal/State | 2,547,477 | - | 407,314 | 1,145,399 | 4,100,190 |
| Charges for services | 1,974,078 | - | 62,769 | 435,602 | 2,472,449 |
| Fines and forfeitures | 156,356 | - | - | 319,436 | 475,792 |
| Interest and rents | 41,208 | 2,854 | - | 5,615 | 49,677 |
| Donation | - | - | - | 250,000 | 250,000 |
| Miscellaneous | 360,257 | 793 | 284,555 | 78,101 | 723,706 |
| Total revenues | 13,617,314 | 1,399,641 | 2,180,630 | 2,240,963 | 19,438,548 |
| Expenditures | | | | | |
| Current: | | | | | |
| General government | 7,874,387 | - | - | 146,166 | 8,020,553 |
| Public safety | 4,142,613 | 1,227,038 | - | 1,112,553 | 6,482,204 |
| Public works | 311,654 | - | - | 28,084 | 339,738 |
| Health and social services | 1,095,810 | - | 2,455,135 | 496,983 | 4,047,928 |
| Community development | 7,071 | - | - | 213,194 | 220,265 |
| Parks, recreation and culture | 139,351 | - | - | 138,484 | 277,835 |
| Capital outlay | - | - | - | 82,100 | 82,100 |
| Total expenditures | 13,570,886 | 1,227,038 | 2,455,135 | 2,217,564 | 19,470,623 |
| Revenues over (under) expenditures | 46,428 | 172,603 | (274,505) | 23,399 | (32,075) |
| Other financing sources (uses) | | | | | |
| Transfers in | 871,240 | - | - | 704,601 | 1,575,841 |
| Transfers out | (631,740) | (26,000) | - | (376,189) | (1,033,929) |
| Total other financing sources (uses) | 239,500 | (26,000) | - | 328,412 | 541,912 |
| Net change in fund balances | 285,928 | 146,603 | (274,505) | 351,811 | 509,837 |
| Fund balances, beginning of year, | 7,550,519 | 1,364,626 | 1,772,799 | 2,113,150 | 12,801,094 |
| Fund balances, end of year | \$ 7,836,447 | \$ 1,511,229 | \$ 1,498,294 | \$ 2,464,961 | \$ 13,310,931 |

The accompanying notes are an integral part of these financial statements.

ST. JOSEPH COUNTY, MICHIGAN

Reconciliation

Net Changes in Fund Balances of Governmental Funds
to Change in Net Position of Governmental Activities
For the Year Ended December 31, 2012

Net change in fund balance - total governmental funds \$ 509,837

Amounts reported for *governmental activities* in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Similarly, governmental funds do not report non-cash donations of capital assets. However, in the statement of activities, such donations are recognized as capital grants and contributions and the estimated fair value of those assets are capitalized and depreciated over their estimated lives.

| | |
|--|-----------|
| Expenditures capitalized during the year | 505,083 |
| Depreciation expense | (717,275) |
| Loss on disposal of capital assets | (17,448) |

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

| | |
|--|----------------|
| Change in unavailable property tax receivables | <u>712,708</u> |
|--|----------------|

| | |
|---|-------------------|
| Change in net position of governmental activities | <u>\$ 992,905</u> |
|---|-------------------|

The accompanying notes are an integral part of these financial statements.

ST. JOSEPH COUNTY, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual - General Fund For the Year Ended December 31, 2012

| | Original Budget | Final Budget | Actual | Actual Over (Under) Final Budget |
|---|---------------------|---------------------|---------------------|--|
| Revenues | | | | |
| Taxes | \$ 8,922,992 | \$ 8,922,992 | \$ 8,409,024 | \$ (513,968) |
| Licenses and permits | 119,300 | 119,300 | 128,914 | 9,614 |
| Intergovernmental - | | | | |
| Federal/State | 2,716,691 | 2,728,598 | 2,547,477 | (181,121) |
| Charges for services | 1,716,015 | 1,756,015 | 1,974,078 | 218,063 |
| Fines and forfeitures | 152,500 | 152,500 | 156,356 | 3,856 |
| Interest and rents | 54,900 | 54,900 | 41,208 | (13,692) |
| Miscellaneous | 135,919 | 138,802 | 360,257 | 221,455 |
| Total revenues | 13,818,317 | 13,873,107 | 13,617,314 | (255,793) |
| Expenditures | | | | |
| Current: | | | | |
| General government administration | 8,539,494 | 8,512,018 | 7,874,387 | (637,631) |
| Public safety | 4,176,192 | 4,231,407 | 4,142,613 | (88,794) |
| Public works | 72,464 | 317,254 | 311,654 | (5,600) |
| Health and social services | 1,174,514 | 1,183,711 | 1,095,810 | (87,901) |
| Parks, recreation and culture | 157,699 | 157,699 | 139,351 | (18,348) |
| Community development | 12,917 | 13,079 | 7,071 | (6,008) |
| Total expenditures | 14,133,280 | 14,415,168 | 13,570,886 | (844,282) |
| Revenues over (under) expenditures | (314,963) | (542,061) | 46,428 | 588,489 |
| Other financing sources (uses) | | | | |
| Transfers in | 341,374 | 883,806 | 871,240 | (12,566) |
| Transfers out | (517,683) | (632,240) | (631,740) | 500 |
| Total other financing sources (uses) | (176,309) | 251,566 | 239,500 | (12,066) |
| Net change in fund balance | (491,272) | (290,495) | 285,928 | 576,423 |
| Fund balance, beginning of year | 7,550,519 | 7,550,519 | 7,550,519 | - |
| Fund balance, end of year | \$ 7,059,247 | \$ 7,260,024 | \$ 7,836,447 | \$ 576,423 |

The accompanying notes are an integral part of these financial statements.

ST. JOSEPH COUNTY, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual - Central Dispatch Fund
 For the Year Ended December 31, 2012

| | Original Budget | Final Budget | Actual | Actual Over (Under) Final Budget |
|---|-------------------|-------------------|---------------------|----------------------------------|
| Revenues | | | | |
| Taxes | \$ 1,412,148 | \$ 1,412,148 | \$ 1,395,994 | \$ (16,154) |
| Interest and rents | 8,000 | 8,000 | 2,854 | (5,146) |
| Miscellaneous | 300 | 300 | 793 | 493 |
| Total revenues | 1,420,448 | 1,420,448 | 1,399,641 | (20,807) |
| Expenditures | | | | |
| Current- | | | | |
| Public safety | 1,938,630 | 1,938,630 | 1,227,038 | (711,592) |
| Revenues over (under) expenditures | (518,182) | (518,182) | 172,603 | 690,785 |
| Other financing uses | | | | |
| Transfers out | (36,000) | (36,000) | (26,000) | 10,000 |
| Net change in fund balance | (554,182) | (554,182) | 146,603 | 700,785 |
| Fund balance, beginning of year | 1,364,626 | 1,364,626 | 1,364,626 | - |
| Fund balance, end of year | \$ 810,444 | \$ 810,444 | \$ 1,511,229 | \$ 700,785 |

The accompanying notes are an integral part of these financial statements.

ST. JOSEPH COUNTY, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual - Commission on Aging Fund
 For the Year Ended December 31, 2012

| | Original Budget | Final Budget | Actual | Actual Over (Under) Final Budget |
|---------------------------------|---------------------|---------------------|---------------------|----------------------------------|
| Revenues | | | | |
| Taxes | \$ 1,457,586 | \$ 1,457,586 | \$ 1,425,992 | \$ (31,594) |
| Intergovernmental - | | | | |
| Federal/State | 386,444 | 406,189 | 407,314 | 1,125 |
| Charges for services | 67,000 | 67,000 | 62,769 | (4,231) |
| Miscellaneous | 481,201 | 619,241 | 284,555 | (334,686) |
| Total revenues | 2,392,231 | 2,550,016 | 2,180,630 | (369,386) |
| Expenditures | | | | |
| Current- | | | | |
| Health and social services | 2,392,231 | 2,550,016 | 2,455,135 | (94,881) |
| Net change in fund balance | - | - | (274,505) | (274,505) |
| Fund balance, beginning of year | 1,772,799 | 1,772,799 | 1,772,799 | - |
| Fund balance, end of year | <u>\$ 1,772,799</u> | <u>\$ 1,772,799</u> | <u>\$ 1,498,294</u> | <u>\$ (274,505)</u> |

The accompanying notes are an integral part of these financial statements.

ST. JOSEPH COUNTY, MICHIGAN

Statement of Net Position

Proprietary Funds

December 31, 2012

| | Business-type Activities - Enterprise Funds | | | Governmental Activities |
|--|---|-------------------|----------------------|----------------------------|
| | Tax Payment Fund | Nonmajor Funds | Total | Internal Service Funds |
| Assets | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | \$ 16,385,506 | \$ 480,925 | \$ 16,866,431 | \$ 652,745 |
| Investments | 1,350,000 | - | 1,350,000 | - |
| Receivables: | | | | |
| Property taxes | 2,380,514 | - | 2,380,514 | - |
| Accounts, net | 481 | 27,030 | 27,511 | 24 |
| Interest receivable | 15,453 | - | 15,453 | - |
| Prepays | - | - | - | 7,799 |
| Total current assets | <u>20,131,954</u> | <u>507,955</u> | <u>20,639,909</u> | <u>660,568</u> |
| Noncurrent assets - | | | | |
| Equipment | - | 45,263 | 45,263 | - |
| Total assets | <u>20,131,954</u> | <u>553,218</u> | <u>20,685,172</u> | <u>660,568</u> |
| Liabilities | | | | |
| Current liabilities: | | | | |
| Accounts payable | - | 2,035 | 2,035 | - |
| Accrued liabilities | - | 1,781 | 1,781 | - |
| Current portion of accrued compensated absences | - | - | - | 660,568 |
| Total liabilities | <u>-</u> | <u>3,816</u> | <u>3,816</u> | <u>660,568</u> |
| Net position | | | | |
| Net investment in capital assets | - | 45,263 | 45,263 | - |
| Unrestricted | <u>20,131,954</u> | <u>504,139</u> | <u>20,636,093</u> | <u>-</u> |
| Total net position | <u>\$ 20,131,954</u> | <u>\$ 549,402</u> | <u>\$ 20,681,356</u> | <u>\$ -</u> |

The accompanying notes are an integral part of these financial statements.

ST. JOSEPH COUNTY, MICHIGAN

Statement of Revenues, Expenses and Changes in Fund Net Position

Proprietary Funds

For the Year Ended December 31, 2012

| | Business-type Activities - Enterprise Funds | | | Governmental Activities |
|----------------------------------|---|-------------------|----------------------|-------------------------|
| | Tax Payment Fund | Nonmajor Funds | Total | Internal Service Funds |
| Operating revenues | | | | |
| Charges for services | \$ - | \$ 474,119 | \$ 474,119 | \$ 2,191,870 |
| Interest on taxes | 791,810 | - | 791,810 | - |
| Other revenues | - | 59,166 | 59,166 | - |
| Total operating revenues | 791,810 | 533,285 | 1,325,095 | 2,191,870 |
| Operating expenses | | | | |
| Operations and administrative | - | 152,419 | 152,419 | 2,191,870 |
| Depreciation | - | 3,460 | 3,460 | - |
| Total operating expenses | - | 155,879 | 155,879 | 2,191,870 |
| Operating income | 791,810 | 377,406 | 1,169,216 | - |
| Nonoperating revenues | | | | |
| Interest income | 55,081 | 651 | 55,732 | - |
| Income before transfers | 846,891 | 378,057 | 1,224,948 | - |
| Transfers out | (339,827) | (202,085) | (541,912) | - |
| Change in net position | 507,064 | 175,972 | 683,036 | - |
| Net position, beginning of year | 19,624,890 | 373,430 | 19,998,320 | - |
| Net position, end of year | \$ 20,131,954 | \$ 549,402 | \$ 20,681,356 | \$ - |

The accompanying notes are an integral part of these financial statements.

ST. JOSEPH COUNTY, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended December 31, 2012

| | Business-type Activities - Enterprise Funds | | | Governmental Activities |
|---|---|-------------------|----------------------|-------------------------|
| | Tax Payment Fund | Nonmajor Funds | Total | Internal Service Funds |
| Cash flows from operating activities | | | | |
| Cash received from customers | \$ 1,392,768 | \$ 474,119 | \$ 1,866,887 | \$ 2,367,593 |
| Cash received from others | - | 59,026 | 59,026 | - |
| Cash paid to/for employees | - | (42,086) | (42,086) | (2,263,028) |
| Cash paid to suppliers | - | (110,341) | (110,341) | - |
| Net cash provided by operating activities | <u>1,392,768</u> | <u>380,718</u> | <u>1,773,486</u> | <u>104,565</u> |
| Cash flows from non-capital financing activities | | | | |
| Transfers out | - | (202,085) | (202,085) | - |
| Cash flows from capital and related financing activities | | | | |
| Capital acquisitions | - | (41,767) | (41,767) | - |
| Cash flows from investing activities | | | | |
| Purchase of investments | (688,577) | - | (688,577) | - |
| Interest received | 55,081 | 651 | 55,732 | - |
| Net cash provided (used) by investing activities | <u>(633,496)</u> | <u>651</u> | <u>(632,845)</u> | <u>-</u> |
| Net change in cash and cash equivalents | <u>759,272</u> | <u>137,517</u> | <u>896,789</u> | <u>104,565</u> |
| Cash and cash equivalents, beginning of year | <u>15,626,234</u> | <u>343,408</u> | <u>15,969,642</u> | <u>548,180</u> |
| Cash and cash equivalents, end of year | <u>\$ 16,385,506</u> | <u>\$ 480,925</u> | <u>\$ 16,866,431</u> | <u>\$ 652,745</u> |

continued...

ST. JOSEPH COUNTY, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended December 31, 2012

| | Business-type Activities - Enterprise Funds | | | Governmental Activities |
|--|---|-------------------|---------------------|-------------------------|
| | Tax Payment Fund | Nonmajor Funds | Total | Internal Service Funds |
| Reconciliation of operating income to net cash provided by operating activities | | | | |
| Operating income | \$ 791,810 | \$ 377,406 | \$ 1,169,216 | \$ - |
| Adjustments to reconcile operating income to net cash provided by operating activities | | | | |
| Depreciation and amortization | - | 3,460 | 3,460 | - |
| Change in assets and liabilities: | | | | |
| Taxes receivable | 605,359 | - | 605,359 | - |
| Accounts receivable | 831 | (140) | 691 | 1,736 |
| Interest receivable | (5,232) | - | (5,232) | - |
| Prepays | - | - | - | 173,987 |
| Accounts payable | - | (168) | (168) | - |
| Accrued liabilities | - | 160 | 160 | - |
| Accrued compensated absences | - | - | - | (71,158) |
| Net cash provided by operating activities | <u>\$ 1,392,768</u> | <u>\$ 380,718</u> | <u>\$ 1,773,486</u> | <u>\$ 104,565</u> |

concluded.

The accompanying notes are an integral part of these financial statements.

ST. JOSEPH COUNTY, MICHIGAN

Statement of Fiduciary Net Position

Fiduciary Funds

December 31, 2012

Assets

| | |
|---------------------------|--------------|
| Cash and cash equivalents | \$ 1,224,773 |
| Accounts receivable | 279,819 |

Total assets

\$ 1,504,592

Liabilities

| | |
|---------------------------------|--------------|
| Due to individuals/agencies | \$ 1,418,953 |
| Due to other governmental units | 85,639 |

Total liabilities

\$ 1,504,592

The accompanying notes are an integral part of these financial statements.

ST. JOSEPH COUNTY, MICHIGAN

Combining Statement of Net Position Discretely Presented Component Units December 31, 2012

| | Department of Public Works | Drainage Districts | Economic Development Corporation |
|--|-------------------------------|-----------------------|--|
| Assets | | | |
| Cash and cash equivalents | \$ 675,010 | \$ 428,529 | \$ 88,374 |
| Investments | - | - | - |
| Receivables: | | | |
| Special assessments | - | 320,792 | - |
| Accounts, net | - | - | 47,630 |
| Leases receivable | 3,985,196 | - | - |
| Inventories | - | - | - |
| Prepays | - | - | - |
| Capital assets not being depreciated | - | - | - |
| Capital assets being depreciated, net | - | 1,766,641 | 1,724 |
| Total assets | 4,660,206 | 2,515,962 | 137,728 |
| Liabilities | | | |
| Accounts payable | 6,281 | 1,175 | 48,260 |
| Accrued liabilities | - | - | - |
| Interest payable | 24,677 | 11,122 | - |
| Due to other governments | - | - | - |
| Unearned revenue | - | - | - |
| Advances from primary government | - | 17,839 | - |
| Long-term debt: | | | |
| Due within one year | 315,000 | 93,596 | - |
| Due in more than one year | 4,314,248 | 392,953 | - |
| Other noncurrent liability - net other postemployment benefit liability | - | - | - |
| Total liabilities | 4,660,206 | 516,685 | 48,260 |
| Deferred inflows of resources | | | |
| Taxes levied for a subsequent period | - | - | - |
| Net position | | | |
| Net investment in capital assets | - | 1,280,092 | 1,724 |
| Restricted for debt service | - | 94,073 | - |
| Restricted for future contributions | - | - | - |
| Unrestricted | - | 625,112 | 87,744 |
| Total net position | \$ - | \$ 1,999,277 | \$ 89,468 |

The accompanying notes are an integral part of these financial statements.



| Road Commission | Community Mental Health Authority | Total |
|----------------------|-----------------------------------|----------------------|
| \$ 802,492 | \$ 587,113 | \$ 2,581,518 |
| - | 1,245,333 | 1,245,333 |
| - | - | 320,792 |
| 2,200,022 | 1,130,513 | 3,378,165 |
| - | - | 3,985,196 |
| 980,200 | - | 980,200 |
| - | 129,851 | 129,851 |
| 8,639,342 | 333,744 | 8,973,086 |
| <u>22,307,216</u> | <u>2,523,392</u> | <u>26,598,973</u> |
| <u>34,929,272</u> | <u>5,949,946</u> | <u>48,193,114</u> |
| 65,352 | 988,117 | 1,109,185 |
| 59,933 | 215,287 | 275,220 |
| - | - | 35,799 |
| - | 140,726 | 140,726 |
| 8,800 | 6,997 | 15,797 |
| - | - | 17,839 |
| 192,603 | 264,717 | 865,916 |
| 372,213 | 2,099,851 | 7,179,265 |
| <u>984,278</u> | <u>-</u> | <u>984,278</u> |
| <u>1,683,179</u> | <u>3,715,695</u> | <u>10,624,025</u> |
| <u>1,247,818</u> | <u>-</u> | <u>1,247,818</u> |
| 30,500,180 | 774,776 | 32,556,772 |
| - | - | 94,073 |
| - | 202,500 | 202,500 |
| <u>1,498,095</u> | <u>1,256,975</u> | <u>3,467,926</u> |
| <u>\$ 31,998,275</u> | <u>\$ 2,234,251</u> | <u>\$ 36,321,271</u> |

ST. JOSEPH COUNTY, MICHIGAN

Combining Statement of Activities Discretely Presented Component Units December 31, 2012

| | Department of Public Works | Drainage Districts | Economic Development Corporation |
|--|-------------------------------|-----------------------|--|
| Expenses | | | |
| Public works | \$ 2,012,388 | \$ 129,141 | \$ 496,226 |
| Highways and streets | - | - | - |
| Community Mental Health | - | - | - |
| Total expenses | <u>2,012,388</u> | <u>129,141</u> | <u>496,226</u> |
| Program revenues | | | |
| Charges for services | - | - | - |
| Operating grants and contributions | 2,011,258 | 1,170 | 565,659 |
| Capital grants and contributions | - | 28,700 | - |
| Other | - | - | - |
| Total program revenues | <u>2,011,258</u> | <u>29,870</u> | <u>565,659</u> |
| Net program revenue (expense) | (1,130) | (99,271) | 69,433 |
| General revenues | | | |
| Property taxes | - | - | - |
| Unrestricted investment earnings | 1,130 | 334 | 116 |
| Total general revenues | <u>1,130</u> | <u>334</u> | <u>116</u> |
| Other financing sources (uses) | | | |
| Transfers in | 29,717 | - | - |
| Transfers out | (29,717) | - | - |
| Total other financing sources | <u>-</u> | <u>-</u> | <u>-</u> |
| Change in net position | - | (98,937) | 69,549 |
| Net position, beginning of year, as restated | <u>-</u> | <u>2,098,214</u> | <u>19,919</u> |
| Net position, end of year | <u>\$ -</u> | <u>\$ 1,999,277</u> | <u>\$ 89,468</u> |

The accompanying notes are an integral part of these financial statements.



| Road Commission | Community Mental Health Authority | Total |
|----------------------|-----------------------------------|----------------------|
| \$ - | \$ - | \$ 2,637,755 |
| 7,622,793 | - | 7,622,793 |
| - | 16,286,791 | 16,286,791 |
| <u>7,622,793</u> | <u>16,286,791</u> | <u>26,547,339</u> |
| 663,716 | 13,821,834 | 14,485,550 |
| 5,437,955 | 2,378,515 | 10,394,557 |
| - | - | 28,700 |
| - | 19,975 | 19,975 |
| <u>6,101,671</u> | <u>16,220,324</u> | <u>24,928,782</u> |
| (1,521,122) | (66,467) | (1,618,557) |
| 1,262,018 | - | 1,262,018 |
| 8,937 | 5,106 | 15,623 |
| <u>1,270,955</u> | <u>5,106</u> | <u>1,277,641</u> |
| - | - | 29,717 |
| - | - | (29,717) |
| <u>-</u> | <u>-</u> | <u>-</u> |
| (250,167) | (61,361) | (340,916) |
| <u>32,248,442</u> | <u>2,295,612</u> | <u>36,662,187</u> |
| <u>\$ 31,998,275</u> | <u>\$ 2,234,251</u> | <u>\$ 36,321,271</u> |

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NOTES TO FINANCIAL STATEMENTS

ST. JOSEPH COUNTY, MICHIGAN

Notes To Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of St. Joseph County, Michigan (the “County”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing U.S. governmental accounting and financial reporting principles. The more significant of the County’s accounting policies are described below.

Reporting Entity

As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government’s operations and so data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the government.

Discretely Presented Component Units

Economic Development Corporation (EDC) is governed by a 15-person Board of Directors appointed by the County Board of Commissioners. The EDC may not issue debt or levy a tax without the County’s approval.

St. Joseph County Road Commission is governed by a five-member Board of Road Commissioners that is appointed by the County Board of Commissioners. The Road Commission maintains local, state and federal trunklines in St. Joseph County with financing primarily from the distribution of gas and weight taxes, federal financial assistance, and contributions from other local governments. The County must authorize all long-term debt issuances of the Road Commission, excluding capital lease purchase agreements. Complete financial statements for the Road Commission may be obtained by contacting the St. Joseph County Road Commission at 20914 M-86, Centreville, Michigan 49032.

St. Joseph County Board of Public Works (BPW) is governed by a seven-member Board that consists of a County Commissioner, five County Board of Commissioners appointees and the St. Joseph County Drain Commissioner. The BPW Board oversees the operations of the BPW, while establishing policy and administering various public works construction projects and debt service funds under Act 185 of the Public Acts of 1957. The BPW is financially accountable to the County because all general obligation debt issuances require County authorization and are backed by the full faith and credit of the County. The BPW does not issue separate financial statements.

St. Joseph County Drainage Districts are governed by the St. Joseph County Drain Commissioner, who is responsible for planning, developing and maintaining surface water drainage systems, while maintaining a file for the financing, construction and maintenance of each County drain. The Drain Commissioner has authority to spend up to \$2,500 per mile on drain maintenance and borrow up to \$300,000 from any source to provide for drain maintenance without Board of Commissioners’ approval and without going through the Michigan Municipal Finance Division. The Drain Commissioner has authority to levy special assessments on properties benefiting from maintenance. The Drainage Districts are financially accountable to the County because bond issuances greater than \$300,000 require County authorization and are backed by the full faith and credit of the County. Separate financial statements are not issued for the Drainage Districts.

ST. JOSEPH COUNTY, MICHIGAN

Notes To Financial Statements

St. Joseph County Community Mental Health Authority is governed by a twelve-member Board that is appointed by the County Board of Commissioners. The Community Mental Health Authority (CMH) was established to carry out the requirements of the Mental Health Code, Section 205, MCL 330.1205. The County has the ability to terminate the Authority by a majority vote of the County Board of Commissioners. Complete financial statements for the Authority may be obtained by contacting the St. Joseph County Community Mental Health Authority at 677 E Main St, Centreville, Michigan 49032. The Authority has a September 30th fiscal year end.

Beginning with the fiscal year 2009 audit, Rehmann Robson determined that while the St. Joseph County Board of Commissioners is not responsible for the debts or liabilities of the CMH, the CMH as an Authority does have to be presented as a component unit of the County based on the criteria noted in the preceding paragraph.

Joint Venture

A joint venture is a legal entity or other organization that results from a contractual arrangement, or interlocal agreement, which is owned, operated or governed by two or more participants. The entity is subject to joint control with financial interest and responsibility by its participants.

Branch-Hillsdale-St. Joseph Community Health Agency is a joint venture between Branch, Hillsdale and St. Joseph counties. The Agency was established to provide public health services with a current funding formula of 30, 30, and 40 percent from Branch, Hillsdale and St. Joseph counties, respectively. Due to the treasury function resting with the Branch County Treasurer, the Agency is presented as a joint venture. Separate financial statements are available at the Agency's administrative offices.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

ST. JOSEPH COUNTY, MICHIGAN

Notes To Financial Statements

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all the financial resources of the general government, except those accounted for and reported in another fund.

The *central dispatch fund* accounts for the operations of the countywide 911 dispatch center and the millage approved by county voters for the operation of the facility.

The *commission on aging fund* accounts for the operations of the countywide senior services programs and the millage approved by county voters for the operation of the facility.

The government reports the following major proprietary fund -

The *tax payment fund* accounts for the annual purchase of delinquent real property taxes from each of the local taxing units within the county, and the ultimate collection from the property owners of the delinquent taxes with penalty and interest.

Additionally, the government reports the following fund types:

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Permanent funds account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the government's programs.

An *internal service fund* accounts for operations that provide employee benefits to other departments of the County on a cost-reimbursement basis.

Agency funds are custodial in nature and do not present results of operations or have a measurement focus. These funds are used to account for assets that the government holds for others in an agency capacity (such as taxes collected for other governments).

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Agency funds, a type of fiduciary fund, are unlike all other types of funds, reporting only assets and liabilities. Therefore, agency funds cannot be said to have a measurement focus. They do, however, use the accrual basis of accounting to recognize receivables and payables.

ST. JOSEPH COUNTY, MICHIGAN

Notes To Financial Statements

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, or within one year for reimbursement based grants. Expenditures generally are recorded when liabilities are incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, intergovernmental revenue, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and as such have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. The General Fund provides certain central services to other funds of the County which are presented as program expenses in the funds receiving services. The related general fund revenue has been netted against program expense in the government-wide statement of activities.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and of the government's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Restricted net position amounts are assets that are subject to restrictions beyond the government's control. The restrictions may be externally imposed or imposed by law. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Equity

Deposits and Investments

Deposits and investments - The County pools cash resources of various funds in order to facilitate the management of cash; however, cash applicable to a particular fund is readily identifiable. Sufficient cash is retained in the pooled cash accounts to meet current operating requirements and excess cash is invested in various interest bearing securities and disclosed as part of the County's investments. Cash equivalents consist of temporary investments in certificates of deposit, with maturities from date of purchase of 90 days or less, government bonds and mutual funds.

ST. JOSEPH COUNTY, MICHIGAN

Notes To Financial Statements

Investments are stated at fair value and consist of U.S. government obligations, commercial paper and mutual funds.

State statutes authorize the County to deposit in the accounts of federally insured banks, credit unions and savings and loan associations and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers acceptances, and mutual funds composed of otherwise legal investments.

Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Receivables consist of accounts receivable related to charges for services and amounts due from governmental units for various financial assistance programs and State shared revenues. The County utilizes the direct write-off method for uncollectible receivables for all other funds as past experience indicates the write-off of accounts receivable for these funds are immaterial and do not warrant the use of allowance accounts.

Inventories

The cost of inventory items in the general and commission on aging funds is recorded as an expenditure at the time of purchase. Inventories consist of paper and office supplies and various consumer products, which are stated at the lower of first-in, first-out (FIFO) or market.

Prepaid Items and Other Assets

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, drains and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if any, is included as part of the capitalized value of the asset constructed.

ST. JOSEPH COUNTY, MICHIGAN

Notes To Financial Statements

Capital assets of the primary government and component units are depreciated using the straight-line method over the following estimated useful lives:

| | Years |
|---------------------------|-------|
| Building and improvements | 10-50 |
| Equipment | 3-7 |
| Vehicles | 5 |
| Infrastructure - drains | 40 |

Capital assets of the Road Commission component unit are depreciated as follows:

| | Years |
|---------------------------|-------|
| Building and improvements | 40 |
| Equipment | 5-8 |
| Roads | 5-30 |
| Bridges | 15-50 |
| Infrastructure - other | 8-20 |

Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

Compensated Absences

Eligible employees are permitted to accumulate earned but unused vacation benefits in varying amounts based on length of service and certain other established criteria. Amounts not expected to be liquidated with expendable available financial resources are accrued when incurred in the government-wide and proprietary fund financial statements. A liability is reported in governmental funds only if these amounts have matured, for example, as a result of employee resignations or retirements.

Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long term debt and other long term obligations are reported as liabilities in the applicable governmental activities, business type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the period they occur.

ST. JOSEPH COUNTY, MICHIGAN

Notes To Financial Statements

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred Inflows for Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenues, which arises only under a modified accrual basis of accounting, from two sources: property taxes and loans receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In addition, deferred inflows of resources are reported in the government-wide and governmental fund financial statements for property taxes levied during the year that were intended to finance future periods.

Fund Equity

Governmental funds report nonspendable fund balance for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Restricted fund balance is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. As applicable, committed fund balance is reported for amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Commissioners (the government's highest level of decision-making authority). As applicable, assigned fund balances are for amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The County reports no assigned or committed fund balance amounts. Unassigned fund balance is the residual classification for the general fund.

When the government incurs an expenditure for purposes for which various fund balance classifications can be used, it is the government's policy to use restricted fund balance first, then committed fund balance, assigned fund balance, and finally unassigned fund balance.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Interfund Transactions

During the course of normal operations, the County has numerous transactions between funds and component units, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

ST. JOSEPH COUNTY, MICHIGAN

Notes To Financial Statements

2. BUDGETARY INFORMATION

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general and special revenue funds. All annual appropriations lapse at year-end. The legal level of budgetary control is at the activity level for the general fund and the fund level for the special revenue funds. The Board made several supplemental budgetary appropriations throughout the year that were not considered material.

Prior to November 1 of each year, the County departments working in conjunction with the Administrator's Office prepare and submit their proposed budgets, including expenditures and estimated revenues, for the fiscal year commencing the following January 1. Following a public hearing to obtain taxpayer comments, the budgets are legally enacted prior to January 1 through passage of a budget resolution.

The County had the following excess of expenditures over appropriations:

| Activity | Final Budget | Actual | Over Budget |
|------------------------------|--------------|------------|-------------|
| General fund - | | | |
| Health and social services - | | | |
| Substance abuse | \$ 128,803 | \$ 129,231 | \$ 428 |

3. DEPOSITS AND INVESTMENTS

Following is a reconciliation of deposit and investment balances as of December 31, 2012:

| | Primary Government | Component Units | Totals |
|--|----------------------|---------------------|----------------------|
| Statement of Net Position | | | |
| Cash and cash equivalents | \$ 25,626,666 | \$ 2,581,518 | \$ 28,208,184 |
| Investments | 6,326,000 | 1,245,333 | 7,571,333 |
| Statement of Fiduciary Net Position - | | | |
| Fiduciary Funds | | | |
| Cash and cash equivalents | 1,224,773 | - | 1,224,773 |
| Total | \$ 33,177,439 | \$ 3,826,851 | \$ 37,004,290 |
| Deposits and investments | | | |
| Deposits | | | \$ 26,534,127 |
| Investments | | | 10,460,261 |
| Cash on hand | | | 9,902 |
| Total | | | \$ 37,004,290 |

ST. JOSEPH COUNTY, MICHIGAN

Notes To Financial Statements

The County chooses to disclose its investments by specific identification. As of year end, the County had the following investments.

| Investments | Maturity | Fair Value | Rating |
|--------------------------|------------|-----------------------------|-----------|
| Federal Farm Credit Bank | 4-9/2015 | \$ 500,000 | Aaa |
| Federal Farm Credit Bank | 5/2/2016 | 525,000 | AA+ |
| Federal Farm Credit Bank | 5/2/2016 | 500,000 | Aaa |
| Federal Farm Credit Bank | 2/15/2017 | 600,000 | Aaa |
| Federal Home Loan Bank | 7/17/2013 | 2,000,000 | not rated |
| Federal Home Loan Bank | 11/22/2013 | 300,000 | AAA |
| Money Market Fund | 4/30/2013 | 750,000 | not rated |
| Money Market Fund | 7/16,2013 | 751,000 | not rated |
| Western Asset Govt MM | n/a | 1,470,689 | not rated |
| MBIA short term funds | n/a | <u>3,063,572</u> | not rated |
| Total | | <u><u>\$ 10,460,261</u></u> | |

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned. State law does not require and the County does not have a policy for deposit custodial credit risk. However, the County Treasurer's Office monitors the financial stability of financial institutions using online guidance from "BankRate.com". As of year end, \$20,987,623 of the County's bank balance of \$26,457,283 (total book balance was \$26,534,127) was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial Credit Risk - Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require a policy for investment custodial credit risk. The County's investment policy limits investments to those types of securities allowed by state statutes as listed in Note 1 above and pre-qualifies the financial institutions, broker/dealers, intermediaries and advisors with which the County does business in accordance with this policy. None of the investments above are subject to custodial credit risk.

Credit Risk. State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools as identified in the list of authorized investments above. The County's investment policy does not have specific limits in excess of state law on investment credit risk. The ratings for each investment are identified above for investments held at year end.

Interest Rate Risk. State law limits the allowable investments and the maturities of some of the allowable investments as identified in the list of authorized investments above. The County's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The maturities for each investment are identified above for investments held at year end.

Concentration of Credit Risk. State law limits allowable investments but does not limit concentration of credit risk as identified in the list of authorized investments above. The County's investment policy does not have specific limits in excess of state law on concentration of credit risk. All investments held at year end are reported above.

ST. JOSEPH COUNTY, MICHIGAN

Notes To Financial Statements

4. RECEIVABLES

Receivables are comprised of the following at year-end:

| | Governmental Activities | Business-type Activities | Component Units |
|-------------------------------|----------------------------|-----------------------------|---------------------|
| Taxes | \$ 1,721,890 | \$ 2,380,514 | \$ - |
| Accounts, net | 170,002 | 27,511 | 3,378,165 |
| Interest | 9,300 | 15,453 | - |
| Special assessments | - | - | 320,792 |
| Leases | - | - | 3,985,196 |
| Due from other governments | 522,147 | - | - |
| | <u>\$ 2,423,339</u> | <u>\$ 2,423,478</u> | <u>\$ 7,684,153</u> |

Leases receivable in the Department of Public Works component unit represents amounts receivable from other local governments for the water and sewer systems constructed for them using bonds issued by the County. The receivable is equal to the outstanding bond principal plus accrued interest as of December 31, 2012. The current portion of the receivable is equal to the current portion of the related debt plus accrued interest.

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Payables are comprised of the following at year-end:

| | Governmental Activities | Business-type Activities | Component Units |
|--------------------------|----------------------------|-----------------------------|---------------------|
| Accounts payable | \$ 415,540 | \$ 2,035 | \$ 1,109,185 |
| Accrued liabilities | 373,232 | 1,781 | 275,220 |
| Due to other governments | 34,898 | - | 140,726 |
| Compensated absences | 660,568 | - | - |
| Advances | - | - | 17,839 |
| | <u>\$ 1,484,238</u> | <u>\$ 3,816</u> | <u>\$ 1,542,970</u> |

6. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

Interfund balances resulted primarily from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

At December 31, 2012, there were amounts due between the general fund and other nonmajor governmental funds in the amount of \$78,178.

ST. JOSEPH COUNTY, MICHIGAN

Notes To Financial Statements

For the year ended December 31, 2012, interfund transfers consisted of the following:

| Transfers out | Transfers in | | |
|-----------------------------|-------------------|-----------------------------|---------------------|
| | General Fund | Nonmajor Governmental Funds | Totals |
| General fund | \$ - | \$ 631,740 | \$ 631,740 |
| Central dispatch fund | 26,000 | - | 26,000 |
| Tax payment fund | 339,827 | - | 339,827 |
| Nonmajor governmental funds | 303,328 | 72,861 | 376,189 |
| Nonmajor enterprise funds | 202,085 | - | 202,085 |
| | <u>\$ 871,240</u> | <u>\$ 704,601</u> | <u>\$ 1,575,841</u> |

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

ST. JOSEPH COUNTY, MICHIGAN

Notes To Financial Statements

7. CAPITAL ASSETS

Primary government

Capital asset activity for the primary government for the year ended December 31, 2012, was as follows:

| | Beginning Balance | Additions | Disposals | Ending Balance |
|--|----------------------|------------------|-------------------|----------------------|
| Governmental Activities | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 593,024 | \$ - | \$ - | \$ 593,024 |
| Intangible assets | - | 142,682 | - | 142,682 |
| Construction in progress | 227,881 | - | 227,881 | - |
| | <u>820,905</u> | <u>142,682</u> | <u>227,881</u> | <u>735,706</u> |
| Capital assets being depreciated: | | | | |
| Land improvements | 1,838,075 | - | - | 1,838,075 |
| Buildings and improvements | 15,243,175 | 346,092 | - | 15,589,267 |
| Vehicles and equipment | 5,313,077 | 244,190 | 300,627 | 5,256,640 |
| | <u>22,394,327</u> | <u>590,282</u> | <u>300,627</u> | <u>22,683,982</u> |
| Less accumulated depreciation for: | | | | |
| Land improvements | 904,205 | 57,087 | - | 961,292 |
| Buildings and improvements | 8,028,565 | 263,918 | - | 8,292,483 |
| Vehicles and equipment | 2,822,082 | 396,270 | 283,179 | 2,935,173 |
| | <u>11,754,852</u> | <u>717,275</u> | <u>283,179</u> | <u>12,188,948</u> |
| Total capital assets being depreciated, net | <u>10,639,475</u> | <u>(126,993)</u> | <u>17,448</u> | <u>10,495,034</u> |
| Governmental activities capital assets, net | <u>\$ 11,460,380</u> | <u>\$ 15,689</u> | <u>\$ 245,329</u> | <u>\$ 11,230,740</u> |

Depreciation expense in governmental activities is not allocated by function.

ST. JOSEPH COUNTY, MICHIGAN

Notes To Financial Statements

| | Beginning Balance | Additions | Disposals | Ending Balance |
|---|-------------------|-----------|-----------|----------------|
| Business-type Activities | | | | |
| Capital assets being depreciated - Vehicles and equipment | \$ 26,550 | \$ 41,767 | \$ - | \$ 68,317 |
| Less accumulated depreciation for - Vehicles and equipment | 19,594 | 3,460 | - | 23,054 |
| Total capital assets being depreciated, net | \$ 6,956 | \$ 38,307 | \$ - | \$ 45,263 |

Discretely presented component units

| | Beginning Balance | Additions | Disposals | Ending Balance |
|---|-------------------|-------------|-----------|----------------|
| Drainage Districts | | | | |
| Capital assets being depreciated - Drain infrastructure | \$ 2,550,218 | \$ - | \$ - | \$ 2,550,218 |
| Less accumulated depreciation for - Drain infrastructure | 719,647 | 63,930 | - | 783,577 |
| Total capital assets being depreciated, net | \$ 1,830,571 | \$ (63,930) | \$ - | \$ 1,766,641 |

| | Beginning Balance | Additions | Disposals | Ending Balance |
|--|-------------------|-----------|-----------|----------------|
| Economic Development | | | | |
| Capital assets, being depreciated - Equipment | \$ 9,887 | \$ - | \$ - | \$ 9,887 |
| Less accumulated depreciation for - Equipment | 7,722 | 441 | - | 8,163 |
| Total capital assets being depreciated, net | \$ 2,165 | \$ (441) | \$ - | \$ 1,724 |

ST. JOSEPH COUNTY, MICHIGAN

Notes To Financial Statements

| | Beginning Balance | Additions | Disposals | Ending Balance |
|--|----------------------|------------------|-----------------|----------------------|
| Road Commission | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 226,258 | \$ - | \$ - | \$ 226,258 |
| Infrastructure - roads | 8,413,084 | - | - | 8,413,084 |
| | <u>8,639,342</u> | <u>-</u> | <u>-</u> | <u>8,639,342</u> |
| Capital assets being depreciated: | | | | |
| Buildings and improvements | 1,470,288 | 13,773 | - | 1,484,061 |
| Road equipment | 7,254,022 | 1,082,784 | 934,597 | 7,402,209 |
| Shop equipment | 381,296 | 2,789 | 31,281 | 352,804 |
| Office equipment | 153,239 | 32,372 | - | 185,611 |
| Engineers' equipment | 51,727 | 26,943 | - | 78,670 |
| Yard and storage | 24,355 | - | - | 24,355 |
| Depleteable assets | 128,851 | - | - | 128,851 |
| Infrastructure | 48,279,359 | 758,249 | - | 49,037,608 |
| | <u>57,743,137</u> | <u>1,916,910</u> | <u>965,878</u> | <u>58,694,169</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | 721,023 | - | - | 721,023 |
| Equipment | 6,689,199 | 423,304 | 956,477 | 6,156,026 |
| Depleteable assets | 84,347 | 3,274 | - | 87,621 |
| Infrastructure | 28,025,886 | 1,396,397 | - | 29,422,283 |
| | <u>35,520,455</u> | <u>1,822,975</u> | <u>956,477</u> | <u>36,386,953</u> |
| Total capital assets being depreciated, net | <u>22,222,682</u> | <u>93,935</u> | <u>9,401</u> | <u>22,307,216</u> |
| Capital assets, net | <u>\$ 30,862,024</u> | <u>\$ 93,935</u> | <u>\$ 9,401</u> | <u>\$ 30,946,558</u> |

Depreciation expense was charged to the highway and streets function in 2012.

ST. JOSEPH COUNTY, MICHIGAN

Notes To Financial Statements

| | Beginning Balance | Additions | Disposals | Ending Balance |
|--|----------------------|--------------------|------------------|---------------------|
| Community Mental Health Authority | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 333,744 | \$ - | \$ - | \$ 333,744 |
| Construction in progress | 39,032 | - | 39,032 | - |
| | <u>372,776</u> | <u>-</u> | <u>39,032</u> | <u>333,744</u> |
| Capital assets being depreciated: | | | | |
| Buildings | 2,722,978 | - | - | 2,722,978 |
| Equipment and furnishings | 336,958 | 69,475 | - | 406,433 |
| Computers | 71,541 | - | - | 71,541 |
| Vehicles | 64,298 | 21,746 | - | 86,044 |
| | <u>3,195,775</u> | <u>91,221</u> | <u>-</u> | <u>3,286,996</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | 242,053 | 110,133 | - | 352,186 |
| Equipment and furnishings | 228,385 | 42,889 | - | 271,274 |
| Computers | 71,541 | - | - | 71,541 |
| Vehicles | 61,587 | 7,016 | - | 68,603 |
| | <u>603,566</u> | <u>160,038</u> | <u>-</u> | <u>763,604</u> |
| Total capital assets being depreciated, net | <u>2,592,209</u> | <u>(68,817)</u> | <u>-</u> | <u>2,523,392</u> |
| Capital assets, net | <u>\$ 2,964,985</u> | <u>\$ (68,817)</u> | <u>\$ 39,032</u> | <u>\$ 2,857,136</u> |

8. LONG-TERM DEBT

Long-term debt activity for the year ended December 31, 2012, was as follows:

Discretely presented component units

| | Beginning Balance | Additions | Deductions | Ending Balance | Due Within One Year |
|---|----------------------|---------------------|-------------------|---------------------|------------------------|
| Board of Public Works | | | | | |
| General obligation bonds | \$ 2,220,000 | \$ 2,600,000 | \$ 215,000 | \$ 4,605,000 | \$ 315,000 |
| Bond premium | - | 24,248 | - | 24,248 | - |
| | <u>\$ 2,220,000</u> | <u>\$ 2,624,248</u> | <u>\$ 215,000</u> | <u>\$ 4,629,248</u> | <u>\$ 315,000</u> |
| Drainage Districts | | | | | |
| Drain bonds and notes | \$ 579,569 | \$ - | \$ 93,020 | \$ 486,549 | \$ 93,596 |
| Road Commission | | | | | |
| Land contract and installment leases | \$ 600,037 | \$ - | \$ 153,659 | \$ 446,378 | \$ 137,603 |
| Compensated absences | 127,449 | 177,972 | 186,983 | 118,438 | 55,000 |
| | <u>\$ 727,486</u> | <u>\$ 177,972</u> | <u>\$ 340,642</u> | <u>\$ 564,816</u> | <u>\$ 192,603</u> |

ST. JOSEPH COUNTY, MICHIGAN

Notes To Financial Statements

| | Beginning Balance | Additions | Deductions | Ending Balance | Due Within One Year |
|-----------------------------------|---------------------|-------------------|-------------------|---------------------|---------------------|
| Community Mental Health Authority | | | | | |
| Mortgage payable | \$ 2,132,423 | \$ - | \$ 50,063 | \$ 2,082,360 | \$ 53,061 |
| Compensated absences | 284,056 | 347,564 | 349,412 | 282,208 | 211,656 |
| | <u>\$ 2,416,479</u> | <u>\$ 347,564</u> | <u>\$ 399,475</u> | <u>\$ 2,364,568</u> | <u>\$ 264,717</u> |

| | Interest Rates | Maturity Date | Amount of Original Issue | Amount Outstanding |
|---------------------|----------------|---------------|--------------------------|---------------------|
| Public Works | | | | |
| Water Supply #13 | 5.25% | 2017 | \$ 165,000 | \$ 75,000 |
| Sewage Disposal #14 | 4.50-5.00% | 2017 | 1,640,000 | 585,000 |
| Sanitary Sewage #15 | 4.35-5.10% | 2022 | 1,510,000 | 1,155,000 |
| Water Supply #16 | 3.50-4.65% | 2019 | 335,000 | 190,000 |
| Water Supply #17 | .750-3.25% | 2032 | 2,600,000 | 2,600,000 |
| | | | | <u>\$ 4,605,000</u> |

Annual debt service requirements to maturity for long-term debt are as follows:

| Year Ended December 31, | Principal | Interest |
|-------------------------|---------------------|---------------------|
| 2013 | \$ 315,000 | \$ 159,592 |
| 2014 | 330,000 | 147,783 |
| 2015 | 350,000 | 135,099 |
| 2016 | 375,000 | 121,318 |
| 2017 | 400,000 | 105,542 |
| 2018-2022 | 1,265,000 | 368,891 |
| 2023-2027 | 705,000 | 201,513 |
| 2028-2032 | 865,000 | 85,243 |
| | <u>\$ 4,605,000</u> | <u>\$ 1,324,981</u> |

| | Interest Rates | Maturity Date | Amount of Original Issue | Amount Outstanding |
|-------------------|----------------|---------------|--------------------------|--------------------|
| Drain Notes | | | | |
| Felker | 4.00% | 2016 | \$ 427,000 | \$ 170,800 |
| Colon #1 | 4.40% | 2017 | 365,780 | 132,800 |
| Grover and Coohan | 4.19% | 2020 | 220,000 | 182,949 |
| | | | | <u>\$ 486,549</u> |

ST. JOSEPH COUNTY, MICHIGAN

Notes To Financial Statements

Annual debt service requirements to maturity for long-term debt are as follows:

| Year Ended December 31, | Principal | Interest |
|----------------------------|-------------------|------------------|
| 2013 | \$ 93,596 | \$ 20,530 |
| 2014 | 94,196 | 16,598 |
| 2015 | 94,821 | 12,631 |
| 2016 | 95,472 | 8,649 |
| 2017 | 53,450 | 4,619 |
| 2018-2020 | <u>55,014</u> | <u>4,671</u> |
| | <u>\$ 486,549</u> | <u>\$ 67,698</u> |

Road Commission

The Road Commission has entered into one installment purchase agreement for four trucks calling for three remaining payments of \$160,729 from 2013 through 2015, which includes interest at 3.1%.

Annual debt service requirements to maturity for long-term debt are as follows:

| Year Ended December 31, | Principal | Interest |
|----------------------------|-------------------|------------------|
| 2013 | \$ 143,053 | \$ 17,676 |
| 2014 | 148,718 | 12,011 |
| 2015 | <u>154,607</u> | <u>6,122</u> |
| | <u>\$ 446,378</u> | <u>\$ 35,809</u> |

Community Mental Health Authority

Mortgage payable - On October 28, 2008, the Authority entered into a mortgage agreement for the construction of a new facility in Centreville, Michigan, not to exceed \$2.7 million. On January 28, 2010, the Authority amended the mortgage for completion of the project. The outstanding balance at the time of completion was \$2,224,149 to be repaid over 296 months plus interest at a fixed rate of 5.27%.

ST. JOSEPH COUNTY, MICHIGAN

Notes To Financial Statements

The annual requirements to pay principal and interest on debt outstanding are as follows:

| Year Ended September 30, | Principal | Interest |
|-----------------------------|---------------------|---------------------|
| 2013 | \$ 53,061 | \$ 108,471 |
| 2014 | 55,926 | 105,606 |
| 2015 | 58,945 | 102,587 |
| 2016 | 62,128 | 99,404 |
| 2017 | 65,481 | 96,051 |
| 2018-2022 | 384,420 | 423,240 |
| 2023-2027 | 500,024 | 307,636 |
| 2028-2032 | 650,396 | 157,264 |
| 2033-2034 | 251,979 | 11,547 |
| | <u>\$ 2,082,360</u> | <u>\$ 1,411,806</u> |

9. RISK MANAGEMENT

Primary Government

The County is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation), as well as medical benefits provided to employees. The County has purchased commercial insurance for employee medical benefit claims, and participates in the Michigan Municipal League Workers' Compensation Fund for workers compensation claims. In the event the pool's claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to a special assessment to make up the deficiency. The County has not been informed of any special assessments being required. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The County participates in the Michigan Municipal Risk Management Authority (MMRMA) for general and automobile liability, motor vehicle physical damage and property damage coverages. The MMRMA provides risk management, underwriting, reinsurance and claim review and processing services for all member governments pursuant to its charter. Under most circumstances, the County's maximum loss retention per occurrence is \$75,000 for general and automobile liability, \$15,000 for motor vehicle physical damage, and \$10,000 for property coverage.

The government makes annual contributions to MMRMA based on actuarial studies using historical data and insurance industry statistics. These contributions are paid from an internal service fund (i.e., the Liability Insurance Fund) using premiums paid into it by other funds of the government. Such contributions as received by MMRMA are allocated between its general and member retention funds. Economic resources in MMRMA's general fund are expended for reinsurance coverage, claim payments and certain general and administrative costs, whereas resources in the member retention fund are used for loss payments and defense costs up to the members' self insured retention limits along with certain other member specific costs.

ST. JOSEPH COUNTY, MICHIGAN

Notes To Financial Statements

Road Commission

The St. Joseph County Road Commission is a member of the Michigan County Road Commission Self-Insurance Pool, the "Pool" established pursuant to the laws of the State of Michigan which authorizes contracts between municipal corporations (inter local agreements) to form group self-insurance pools, and to prescribe conditions to the performance of these contracts.

The Michigan County Road Commission Self-Insurance Pool was established for the purpose of making a self-insurance pooling program available for Michigan County Road Commissions, which includes, but is not limited to, general liability coverage, auto liability coverage, property insurance coverage, stop loss insurance protection, claims administration, and risk management and loss control services pursuant to Michigan Public Act 138 of 1982.

The Road Commission pays an annual premium to the Pool for general liability, excess liability, errors and omissions, auto liability, auto comprehensive, auto collision, equipment and building and contents.

The agreement for the formation of the Pool provides that the Pool will be self-sustaining through member premiums and will purchase both specific and aggregate stop-loss insurance to the limits determined necessary by the Pool Board.

The Road Commission is also self-insured for workers' compensation as a member of the County Road Association Self Insurance Fund. The estimated amount of the IBNR, or "incurred but not reported" claims associated with the self-insurance arrangements is not considered to be material at December 31, 2012.

The Road Commission continues to carry commercial insurance for all other risks of loss, including life insurance, health program, data processing, commercial crime and boiler and machinery. Settled claims have not exceeded insurance coverage for the last three years.

10. CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and potential adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the government's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the government.

The County is currently upgrading its computer system software in the Central Dispatch department. There has been expended \$142,682 in 2012 with a remaining amount of \$188,986 remaining to spent. The project is expected to be completed during 2013.

ST. JOSEPH COUNTY, MICHIGAN

Notes To Financial Statements

11. PROPERTY TAXES

County operating property taxes are levied annually on July 1 (the lien date) to fund operations for the current year. The property taxes are due in full within nine months (prior to March 1), at which time uncollected taxes became delinquent.

Property taxes are levied on the assessed taxable value of the property as established by local units, accepted by the County and equalized under State statute at approximately 50% of the current estimated market value. The assessed and taxable value of real and personal property for the 2012 levies was \$1,854,817,408. The general operating tax rate for these levies were 4.5482 mills with an additional .7500 and .7500 mills levied December 1st for central dispatch and the commission on aging, respectively.

By agreement with the various taxing authorities, the County purchases at face value the real property taxes returned delinquent each March 1 and records a corresponding delinquent taxes receivable.

12. DEFINED BENEFIT PENSION PLAN

County General, Sheriff Department POAM/FOP and Sheriff Administration

Effective April 1, 2007, the County participates in the Michigan Municipal Employees Retirement System (MERS), an agent multiple-employer plan administered by the MERS Retirement Board. This plan covers substantially all County employees; except for Commission on Aging and the Road Commission. The Plans provide retirement and disability benefits, annual cost of living adjustments, and death benefits to eligible members and beneficiaries. The MERS Retirement Board establishes and amends plan benefit provisions as authorized under State statutes. The Michigan Municipal Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to MERS, 1134 Municipal Way, Lansing, Michigan 48917, or by calling (800) 767-6377.

The employer is required to contribute at an actuarially determined rate; of annual covered payroll, the current 2012 rate for the General division is 2%; the Sheriff Department POAM/FOP division is 11%; and the Sheriff Administration division is 28.16%. Of their annual covered payroll, the County General division employees are required to contribute 1.0%, the Sheriff Department POAM/FOP division employees are required to contribute 9.62%, and the Sheriff Administration division employees are required to contribute 9.62%. Employer contribution requirements are established and may be amended by the MERS Retirement Board. The contribution requirements of plan members are established and may be amended by the County, subject to collective bargaining agreements and depending on the MERS contribution program adopted by the County.

For the year ended December 31, 2012, the annual MERS pension cost of \$98,413, \$235,240 and \$69,004 for the General division, the Sheriff Department POAM/FOP division, the Sheriff Administration division, respectively, was equal to the required and actual contributions. The required contributions were determined as part of the December 31, 2011 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included: (a) a rate of return on the investment of present and future assets of 8.0%; (b) projected salary increase of 4.5% per year compounded annually, attributable to inflation; and (c) additional projected salary increases based on an age-related scale to reflect merit, longevity and promotional salary increases.

ST. JOSEPH COUNTY, MICHIGAN

Notes To Financial Statements

The actuarial value of MERS assets was determined on the basis of a valuation method that assumes the fund earns the expected rate of return, and includes an adjustment to reflect fair value. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis over 27 years.

The funded status of each plan as of December 31, 2011, the most recent actuarial valuation date, was as follows:

| | Actuarial Value of Assets | Actuarial Accrued Liability (AAL) | Unfunded AAL (UAAL) | Funded Ratio | Covered Payroll | UAAL as a % of Covered Payroll |
|-----------------|---------------------------|-----------------------------------|---------------------|--------------|-----------------|--------------------------------|
| General Sheriff | \$ 21,102,816 | \$ 17,829,186 | \$ (3,273,630) | 118.4% | \$ 4,922,012 | 0.0% |
| POAM Sheriff | 10,175,774 | 11,918,253 | 1,742,479 | 85.4% | 2,119,196 | 82.2% |
| Admin | 1,556,814 | 2,547,748 | 990,934 | 61.1% | 238,928 | 414.7% |

Three-year trend information for annual pension costs is as follows:

| | Three-Year Trend Information | | | |
|---------------|------------------------------|---------------------|------------------------|------------------------|
| | Year Ended December 31, | Annual Pension Cost | Percentage Contributed | Net Pension Obligation |
| General | 2010 | \$ 101,344 | 100% | \$ - |
| | 2011 | 101,794 | 100% | - |
| | 2012 | 98,413 | 100% | - |
| Sheriff POAM | 2010 | \$ 213,431 | 100% | \$ - |
| | 2011 | 227,534 | 100% | - |
| | 2012 | 235,240 | 100% | - |
| Sheriff Admin | 2010 | \$ 65,332 | 100% | \$ - |
| | 2011 | 50,486 | 100% | - |
| | 2012 | 69,004 | 100% | - |

The schedules of funding progress, presented as required supplementary information following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

ST. JOSEPH COUNTY, MICHIGAN

Notes To Financial Statements

Defined Contribution Plan - Commission on Aging

Effective June 8, 1988, the St. Joseph County Commission on Aging established a defined contribution plan with Fifth Third Bank and Edward Jones, Inc. Substantially all full time employees with three years of service are eligible for this plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Employer contributions are based on a fixed weekly rate for each employee covered by the personnel policy. Employees are not required to contribute to the plan. Plan provisions and contribution requirements are established and may be amended by the Board of County Commissioners. For the year ended September 30, 2012, the Commission on Aging made the required contribution of \$39,948.

Defined Contribution Plan - Road Commission

The Road Commission established the St. Joseph County Road Commission Money Purchase Pension Plan, a single-employer defined contribution plan, on October 15, 1981. The plan, established to meet the requirements of Act No. 249, Public Acts of 1943, covers substantially all employees of the Road Commission. The Road Commission is required to contribute 7% of covered payroll at the end of each plan year. Employees do not contribute to the plan. Fifth Third Bank, Kalamazoo, Michigan is the trustee and administers the pension plan.

Plan provisions and contribution requirements are established and may be amended by the Board of County Road Commissioners. There is no service requirement in order to be eligible to participate in the plan.

Upon termination of employment for reasons other than retirement, total and permanent disability, or death, a participant is entitled to receive 100% of the participant's amount representing the vested percentage of the balance in the participant's employer contribution account at the date of termination of employment.

The Road Commission's contributions for each employee (and interest allocated to the employee's account) are partially vested after three (2) years of continuous service and fully vested after seven (6) years of continuous service.

For the plan year ended October 31, 2012, the Road Commission contributed \$117,592 (representing 7% of covered payroll) to the plan.

Defined Contribution Plan - Community Mental Health Authority

The Community Mental Health Authority maintains a defined contribution plan for its eligible employees. The name of this plan is the "Community Mental Health Services of St. Joseph County Money Purchase Pension Plan" and became effective February 1, 1989. The plan provides retirement and death benefits to plan members and their beneficiaries.

The Authority's defined contribution plan is administered by VALIC. Benefit provisions and contribution requirements are established and may be amended by the Board. The Authority makes contributions of 5% of union member's salary and 9.5% of all other eligible employee's compensation. Total contributions for the year ended September 30, 2012, were \$206,489.

ST. JOSEPH COUNTY, MICHIGAN

Notes To Financial Statements

Alternative Social Security Plan

The Authority contributes 6.2% of all non union personnel's salary to the plan. Employees are also required to contribute 6.2% of their salary into this plan. The contributions to the plan are made in lieu of federal social security contributions. Under this plan, employees are 100% vested in their account at inception. Employees of the Authority not eligible to participate in this plan are covered by the federal social security system.

13. OTHER POSTEMPLOYMENT BENEFITS

Road Commission

The Road Commission administers a single-employer defined benefit healthcare plan (the "Plan") through St Joseph County. In addition to the retirement benefits described in Note 6, the Plan provides health insurance benefits to certain retirees and their beneficiaries, which are advance-funded on a discretionary basis. In accordance with policy, eligible retirees and their spouses receive healthcare benefits at no incremental cost for those between the ages of 62 and 65. Those over age 65 pay 100% of the premiums. As of December 31, 2012, the date of the last plan valuation, the Plan covered 38 members (34 active plan members, and 4 retirees receiving benefits that were required to pay 100% of the premiums).

Funding Policy. The contribution requirements of Plan members and Road Commission are established and may be amended by the Board. The required contribution is based on projected pay-as-you go financing requirements, with an additional amount to prefund benefits as determined annually by the Board. For the year ended December 31, 2012, there were no advance funded contributions to the Plan.

Annual OPEB Cost and Net OPEB Obligation. The Plan's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The Road Commission has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement No. 45 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the Road Commission's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the Road Commission's net OPEB obligation:

| | |
|--|-------------------|
| Annual required contribution | \$ 124,631 |
| Interest on net OPEB obligation | 30,237 |
| Adjustment to annual required contribution | <u>(32,871)</u> |
| Net OPEB cost (expense) | 121,997 |
| Contributions made | <u>(1,633)</u> |
| Increase in net OPEB obligation | 120,364 |
| Net OPEB obligation, beginning of year | <u>863,914</u> |
| Net OPEB obligation, end of year | <u>\$ 984,278</u> |

ST. JOSEPH COUNTY, MICHIGAN

Notes To Financial Statements

The Road Commission's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2012 and the preceding years were as follows:

| Three-Year Trend Information | | | |
|------------------------------|------------------|--|---------------------|
| Year Ended | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
| 2010 | \$ 288,208 | 0% | \$ 576,558 |
| 2011 | 287,356 | 0% | 863,914 |
| 2012 | 121,997 | 0% | 984,278 |

Funded Status and Funding Progress. As of December 31, 2012, the date of the last plan valuation, the actuarial accrued liability for benefits was \$1,328,077 all of which was unfunded. The covered payroll (annual payroll of the active employees covered by the Plan) was \$1,890,367 and the ratio of the UAAL to the covered payroll was 70.3 percent.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits calculations.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employer and Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following simplifying assumptions were made:

Retirement age for active employees - based on the historical average retirement age for the covered group, active plan members were assumed to retire at age 62.5.

Marital status - marital status of members at the calculation date was assumed to continue throughout retirement.

Mortality - life expectancies were based on mortality tables from the National Center for Health Statistics. The 2006 United States Life Tables for Males and for Females were used.

Turnover - non-group-specific age-based turnover data from GASB Statement 45 were used as the basis for assigning active members a probability of remaining employed until the assumed retirement age and for developing an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.

ST. JOSEPH COUNTY, MICHIGAN

Notes To Financial Statements

Healthcare cost trend rate - the expected rate of increase in healthcare insurance premiums was based on projections by the Road Commission's management. An initial rate of 40.0 percent was used for the subsequent year, based on known amounts. A projected increase of 10.0 percent was used for years 2010 going forward.

Health insurance premiums - health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

Inflation rate - the expected long-term inflation assumption of 3.3 percent was based on projected changes in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) in The 2006 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Disability Insurance Trust Funds for an intermediate growth scenario.

Payroll growth rate - the expected long-term payroll growth rate was assumed to equal the rate of inflation.

Based on the historical and expected returns of the Road Commission's short-term investment portfolio, a discount rate of 3.5 percent was used. In addition, a simplified version of the entry age actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2012, was 27 years.

14. FUND BALANCES - GOVERNMENTAL FUNDS

| | General Fund | Central Dispatch | Commission on Aging | Nonmajor Governmental Funds | Total |
|---|---------------------|---------------------|---------------------|-----------------------------|----------------------|
| Nonspendable: | | | | | |
| Inventory | \$ 7,357 | \$ - | \$ 6,202 | \$ - | \$ 13,559 |
| Prepays | 35,765 | 2,400 | 11,136 | 5,541 | 54,842 |
| | <u>43,122</u> | <u>2,400</u> | <u>17,338</u> | <u>5,541</u> | <u>68,401</u> |
| Restricted for: | | | | | |
| General government | \$ - | \$ - | \$ - | \$ 224,649 | \$ 224,649 |
| Public safety | - | 1,508,829 | - | 1,080,220 | 2,589,049 |
| Public works | - | - | - | 194,368 | 194,368 |
| Health and social services | - | - | 1,480,956 | 349,542 | 1,830,498 |
| Parks, recreation and cultural | - | - | - | 109,653 | 109,653 |
| Community development | - | - | - | 342 | 342 |
| Capital projects | - | - | - | 486,206 | 486,206 |
| Permanent trust | - | - | - | 14,440 | 14,440 |
| Total restricted | <u>-</u> | <u>1,508,829</u> | <u>1,480,956</u> | <u>2,459,420</u> | <u>5,449,205</u> |
| Unassigned | <u>7,793,325</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>7,793,325</u> |
| Total fund balances, governmental funds | <u>\$ 7,836,447</u> | <u>\$ 1,511,229</u> | <u>\$ 1,498,294</u> | <u>\$ 2,464,961</u> | <u>\$ 13,310,931</u> |

ST. JOSEPH COUNTY, MICHIGAN

Notes To Financial Statements

15. NET INVESTMENT IN CAPITAL ASSETS

The composition of the net investment in capital assets as of December 31, 2012 was as follows:

| | Governmental Activities | Business-type Activities | Component Units |
|---------------------------------------|----------------------------|-----------------------------|----------------------|
| Capital assets: | | | |
| Capital assets not being depreciated | \$ 735,706 | \$ - | \$ 8,973,086 |
| Capital assets being depreciated, net | 10,495,034 | 45,263 | 26,598,973 |
| | <u>11,230,740</u> | <u>45,263</u> | <u>35,572,059</u> |
| Related debt: | | | |
| Bonds, notes, mortgage | | | |
| land contract and installment lease | - | - | (3,195,694) |
| | <u>-</u> | <u>-</u> | <u>(3,195,694)</u> |
| Net investment in capital assets | <u>\$ 11,230,740</u> | <u>\$ 45,263</u> | <u>\$ 32,376,365</u> |

16. RESTATEMENT

Beginning net position for the Road Commission Component Unit was restated by a decrease of \$377,085 due to the correction of an error in stating a component of road material inventory.

17. IMPLEMENTATION OF NEW STANDARDS

The County adopted the provisions of GASB Statements No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and No. 65, *Items Previously Reported as Assets and Liabilities*, in the current year. While the classification of certain financial elements in the financial statements were revised, the implementation of this standard had no effect on total equity.



ST. JOSEPH COUNTY, MICHIGAN

Required Supplementary Information

Municipal Employees' Retirement System of Michigan
Required Supplementary Information

Schedule of Funding Progress

| Actuarial Valuation Date December 31, | (1) Actuarial Value of Assets | (2) Actuarial Accrued Liability (AAL) Entry Age | (3) Unfunded AAL (UAAL) (2-1) | (4) Funded Ratio (1/2) | (5) Covered Payroll | (6) UAAL as a % of Covered Payroll (3/5) |
|--|----------------------------------|--|----------------------------------|---------------------------|------------------------|---|
| GENERAL DIVISION | | | | | | |
| 2007 | \$ 18,095,358 | \$ 14,294,695 | \$ (3,800,663) | 126.6% | \$ 5,054,679 | 0.0% |
| 2008 | 18,702,990 | 15,062,639 | (3,640,351) | 124.2% | 4,903,868 | 0.0% |
| 2009 | 19,444,044 | 15,363,396 | (4,080,648) | 126.6% | 5,023,036 | 0.0% |
| 2010 | 20,193,872 | 16,427,920 | (3,765,862) | 122.9% | 4,989,325 | 0.0% |
| 2011 | 21,102,816 | 17,829,186 | (3,273,630) | 118.4% | 4,992,012 | 0.0% |
| SHERIFF DEPARTMENT - POAM | | | | | | |
| 2007 | \$ 8,922,629 | \$ 10,160,230 | \$ 1,237,601 | 87.8% | \$ 2,012,984 | 61.5% |
| 2008 | 8,944,804 | 10,500,122 | 1,555,318 | 85.2% | 1,939,737 | 80.2% |
| 2009 | 9,119,682 | 10,638,662 | 1,518,980 | 85.7% | 1,989,637 | 76.3% |
| 2010 | 9,633,210 | 11,343,482 | 1,710,272 | 84.9% | 1,999,503 | 85.5% |
| 2011 | 10,175,774 | 11,918,253 | 1,742,479 | 85.4% | 2,119,196 | 82.2% |
| SHERIFF - ADMINISTRATION DIVISION | | | | | | |
| 2007 | \$ 948,522 | \$ 1,396,952 | \$ 448,430 | 67.9% | \$ 237,302 | 189.0% |
| 2008 | 1,385,273 | 1,974,724 | 589,451 | 70.2% | 161,269 | 365.5% |
| 2009 | 1,483,402 | 2,208,358 | 724,956 | 67.2% | 277,800 | 261.0% |
| 2010 | 1,531,862 | 2,391,338 | 859,476 | 64.1% | 223,598 | 384.4% |
| 2011 | 1,556,814 | 2,547,748 | 990,934 | 61.1% | 238,928 | 414.7% |

ST. JOSEPH COUNTY, MICHIGAN

Required Supplementary Information

Municipal Employees' Retirement System of Michigan
 Required Supplementary Information

Schedule of Employer Contributions

| | Year Ended December 31, | Annual Required Contribution | Annual Actual Contribution | Percentage Contributed |
|--|-------------------------|------------------------------|----------------------------|------------------------|
| GENERAL DIVISION | | | | |
| | 2007 | \$ 215,212 | \$ 215,212 | 100.0% |
| | 2008 | 167,596 | 167,596 | 100.0% |
| | 2009 | 105,550 | 105,550 | 100.0% |
| | 2010 | 101,344 | 101,344 | 100.0% |
| | 2011 | 101,794 | 101,794 | 100.0% |
| | 2012 | 98,413 | 98,413 | 100.0% |
| SHERIFF DEPARTMENT - POAM | | | | |
| | 2008 | \$ 222,399 | \$ 222,399 | 100.0% |
| | 2009 | 216,484 | 216,484 | 100.0% |
| | 2010 | 213,431 | 213,431 | 100.0% |
| | 2011 | 227,534 | 227,534 | 100.0% |
| | 2012 | 235,240 | 234,240 | 99.6% |
| SHERIFF - ADMINISTRATION DIVISION | | | | |
| | 2008 | \$ 44,763 | \$ 44,763 | 100.0% |
| | 2009 | 45,766 | 45,766 | 100.0% |
| | 2010 | 65,332 | 65,332 | 100.0% |
| | 2011 | 50,486 | 50,486 | 100.0% |
| | 2012 | 69,004 | 69,004 | 100.0% |

Note: In 2007 the County switched their General Division to MERS from the plan that was managed by the Retirement System Board of Trustees in prior years. Accordingly, no data is available for prior years.

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**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

ST. JOSEPH COUNTY, MICHIGAN

Detailed Schedule of Revenues and Other Financing Sources
 Budget and Actual - General Fund
 For the Year Ended December 31, 2012

| | Original Budget | Final Budget | Actual | Actual Over (Under) Final Budget |
|--|------------------|------------------|------------------|----------------------------------|
| Taxes | | | | |
| Property taxes | \$ 8,159,992 | \$ 8,159,992 | \$ 7,707,757 | \$ (452,235) |
| Industrial facilities tax | 306,000 | 306,000 | 231,055 | (74,945) |
| Delinquent taxes | 457,000 | 457,000 | 470,212 | 13,212 |
| Total taxes | <u>8,922,992</u> | <u>8,922,992</u> | <u>8,409,024</u> | <u>(513,968)</u> |
| Permits and regulatory licenses | | | | |
| Marriage | 3,250 | 3,250 | 3,160 | (90) |
| Dog licenses | 98,000 | 98,000 | 102,038 | 4,038 |
| Pistol permits | 18,050 | 18,050 | 23,716 | 5,666 |
| Total permits and regulatory licenses | <u>119,300</u> | <u>119,300</u> | <u>128,914</u> | <u>9,614</u> |
| Intergovernmental - federal/state | | | | |
| SCAAP grant | 5,000 | 5,000 | 2,743 | (2,257) |
| Highway safety | - | 3,000 | 3,000 | - |
| Cooperative reimbursement - FOC | 684,172 | 684,172 | 547,038 | (137,134) |
| Cooperative reimbursement - Prosecutor | 75,000 | 75,000 | 69,269 | (5,731) |
| Cooperative reimbursement - Prosecuting attorney | - | - | 2,093 | 2,093 |
| FEMA | 18,000 | 18,000 | 27,135 | 9,135 |
| Judicial salary | 102,845 | 102,845 | 102,781 | (64) |
| Drug case flow grant | 1,000 | 1,000 | 976 | (24) |
| Victims rights | 4,700 | 4,700 | 9,651 | 4,951 |
| Marine safety grant | 25,000 | 25,000 | 18,527 | (6,473) |
| Juvenile officer grant | 27,317 | 27,317 | 27,317 | - |
| Probate court | 45,724 | 45,724 | 45,724 | - |
| Circuit court | 45,724 | 45,724 | 45,724 | - |
| District court | 91,448 | 91,448 | 91,448 | - |
| Traffic safety | - | - | 13,763 | 13,763 |
| Convention and tourism | 239,791 | 239,791 | 258,461 | 18,670 |
| Cigarette tax | - | 8,907 | 3,243 | (5,664) |
| Liquor license fees | 12,000 | 12,000 | 15,146 | 3,146 |
| State aid-case flow assistance | 18,500 | 18,500 | 17,530 | (970) |
| State court equity funding | 390,000 | 390,000 | 318,357 | (71,643) |
| Election reimbursement | 28,000 | 28,000 | 13,263 | (14,737) |
| State revenue sharing | 880,000 | 880,000 | 889,030 | 9,030 |
| Miscellaneous | 22,470 | 22,470 | 25,258 | 2,788 |
| Total intergovernmental - federal/state | <u>2,716,691</u> | <u>2,728,598</u> | <u>2,547,477</u> | <u>(181,121)</u> |

continued...

ST. JOSEPH COUNTY, MICHIGAN

Detailed Schedule of Revenues and Other Financing Sources
 Budget and Actual - General Fund
 For the Year Ended December 31, 2012

| | Original Budget | Final Budget | Actual | Actual Over (Under) Final Budget |
|--|----------------------|----------------------|----------------------|----------------------------------|
| Charges for services | | | | |
| General government: | | | | |
| Circuit Court | \$ 663,000 | \$ 663,000 | \$ 565,757 | \$ (97,243) |
| District Court | 18,300 | 18,300 | 21,267 | 2,967 |
| Probate Court | 55,700 | 55,700 | 56,276 | 576 |
| Treasurer | 6,000 | 6,000 | 4,973 | (1,027) |
| Clerk | 235,890 | 235,890 | 256,967 | 21,077 |
| Register of deeds | 323,175 | 323,175 | 378,788 | 55,613 |
| Friend of the Court | 92,000 | 92,000 | 94,931 | 2,931 |
| Sheriff Department | 139,850 | 179,850 | 388,551 | 208,701 |
| Equalization | 104,450 | 104,450 | 105,570 | 1,120 |
| Animal control | 9,000 | 9,000 | 9,122 | 122 |
| Miscellaneous | 68,650 | 68,650 | 91,876 | 23,226 |
| Total charges for services | <u>1,716,015</u> | <u>1,756,015</u> | <u>1,974,078</u> | <u>218,063</u> |
| Fines and forfeitures | | | | |
| Ordinance fines and costs | 145,000 | 145,000 | 124,089 | (20,911) |
| Bond forfeitures | 5,000 | 5,000 | 30,561 | 25,561 |
| Miscellaneous | 2,500 | 2,500 | 1,706 | (794) |
| Total fines and forfeitures | <u>152,500</u> | <u>152,500</u> | <u>156,356</u> | <u>3,856</u> |
| Interest and rents | | | | |
| Interest on investments | 50,600 | 50,600 | 38,120 | (12,480) |
| Rental fees | 4,300 | 4,300 | 3,088 | (1,212) |
| Total interest and rents | <u>54,900</u> | <u>54,900</u> | <u>41,208</u> | <u>(13,692)</u> |
| Other | | | | |
| Sale of capital assets | 500 | 500 | 975 | 475 |
| Reimbursements and refunds | 104,507 | 106,560 | 280,256 | 173,696 |
| Miscellaneous | 30,912 | 31,742 | 79,026 | 47,284 |
| Total other | <u>135,919</u> | <u>138,802</u> | <u>360,257</u> | <u>221,455</u> |
| Total revenues | 13,818,317 | 13,873,107 | 13,617,314 | (255,793) |
| Other financing sources | | | | |
| Transfers in | <u>341,374</u> | <u>883,806</u> | <u>871,240</u> | <u>(12,566)</u> |
| Total revenues and other financing sources | <u>\$ 14,159,691</u> | <u>\$ 14,756,913</u> | <u>\$ 14,488,554</u> | <u>\$ (268,359)</u> |

continued...

ST. JOSEPH COUNTY, MICHIGAN

Detailed Schedule of Expenditures and Other Financing Uses Budget and Actual - General Fund For the Year Ended December 31, 2012

| | Original Budget | Final Budget | Actual | Actual Over (Under) Final Budget |
|---------------------------------|------------------|------------------|------------------|----------------------------------|
| General government | | | | |
| Board of commissioners | \$ 163,732 | \$ 163,732 | \$ 152,934 | \$ (10,798) |
| Circuit court | 274,344 | 274,344 | 255,506 | (18,838) |
| District court | 922,319 | 922,319 | 900,353 | (21,966) |
| Friend of the court | 764,687 | 786,640 | 739,498 | (47,142) |
| Jury commission | 600 | 600 | 346 | (254) |
| Probate court | 317,525 | 328,365 | 328,275 | (90) |
| Family court | 724,373 | 724,373 | 625,195 | (99,178) |
| Appeals court | 40,200 | 40,200 | 29,116 | (11,084) |
| Public defender | 466,000 | 466,000 | 465,000 | (1,000) |
| Administrator | 146,830 | 147,480 | 147,458 | (22) |
| Elections | 77,600 | 77,600 | 70,707 | (6,893) |
| Finance | 185,110 | 186,985 | 186,636 | (349) |
| Clerk | 383,318 | 405,100 | 383,522 | (21,578) |
| Equalization | 297,872 | 297,872 | 297,624 | (248) |
| Human resources | 385,613 | 385,613 | 370,321 | (15,292) |
| Geographic information systems | 128,498 | 132,998 | 132,628 | (370) |
| Prosecuting attorney | 635,017 | 649,885 | 637,739 | (12,146) |
| Register of Deeds | 167,100 | 172,073 | 169,455 | (2,618) |
| Treasurer | 248,548 | 253,454 | 242,277 | (11,177) |
| Cooperative Extension | 222,695 | 222,695 | 196,651 | (26,044) |
| Information Technology | 313,504 | 313,504 | 299,711 | (13,793) |
| Building and Grounds | 344,796 | 344,796 | 322,886 | (21,910) |
| Utilities | 355,025 | 355,025 | 328,480 | (26,545) |
| Insurance | 575,687 | 555,562 | 394,440 | (161,122) |
| Drain Commission | 78,712 | 87,156 | 86,364 | (792) |
| Court security | 95,975 | 95,975 | 87,452 | (8,523) |
| Contingency | 200,000 | 97,788 | - | (97,788) |
| Other | 23,814 | 23,884 | 23,813 | (71) |
| Total general government | 8,539,494 | 8,512,018 | 7,874,387 | (637,631) |
| Public safety | | | | |
| Sheriff - General | 1,906,499 | 1,956,499 | 1,955,892 | (607) |
| Sheriff - Corrections | 9,467 | 9,467 | 5,802 | (3,665) |
| Jail | 2,011,655 | 2,013,708 | 1,954,739 | (58,969) |
| Marine safety | 29,116 | 29,116 | 22,190 | (6,926) |
| Animal Control | 155,833 | 155,833 | 142,340 | (13,493) |
| Emergency Services | 63,122 | 66,284 | 61,596 | (4,688) |
| Other | 500 | 500 | 54 | (446) |
| Total public safety | 4,176,192 | 4,231,407 | 4,142,613 | (88,794) |

continued...

ST. JOSEPH COUNTY, MICHIGAN

Detailed Schedule of Expenditures and Other Financing Uses
 Budget and Actual - General Fund
 For the Year Ended December 31, 2012

| | Original Budget | Final Budget | Actual | Actual Over (Under) Final Budget |
|--|----------------------|----------------------|----------------------|----------------------------------|
| Public works | | | | |
| Public works | \$ 9,964 | \$ 11,050 | \$ 11,050 | \$ - |
| Soil | 22,500 | 22,500 | 16,973 | (5,527) |
| Soil Conservation | - | 18,704 | 18,631 | (73) |
| Appropriation to road commission | 40,000 | 265,000 | 265,000 | - |
| Total public works | <u>72,464</u> | <u>317,254</u> | <u>311,654</u> | <u>(5,600)</u> |
| Health and social services | | | | |
| Child care probate | 39,789 | 39,789 | 25,108 | (14,681) |
| District health | 324,470 | 324,470 | 323,782 | (688) |
| Community Mental Health | 347,268 | 347,268 | 347,268 | - |
| Health and human services appropriation | 8,200 | 8,200 | 8,200 | - |
| Health and human services appropriation - child care | 250,000 | 250,000 | 187,500 | (62,500) |
| Medical examiner | 38,100 | 38,100 | 28,119 | (9,981) |
| Substance abuse | 119,896 | 128,803 | 129,231 | 428 |
| Veterans | 10,450 | 10,740 | 10,740 | - |
| Veterans services | 36,341 | 36,341 | 35,862 | (479) |
| Total health and social services | <u>1,174,514</u> | <u>1,183,711</u> | <u>1,095,810</u> | <u>87,901</u> |
| Parks, recreation and culture | <u>157,699</u> | <u>157,699</u> | <u>139,351</u> | <u>(18,348)</u> |
| Community development | | | | |
| Planning | <u>12,917</u> | <u>13,079</u> | <u>7,071</u> | <u>(6,008)</u> |
| Total expenditures | <u>14,133,280</u> | <u>14,415,168</u> | <u>13,570,886</u> | <u>(844,282)</u> |
| Other financing uses - transfers out | | | | |
| Appropriations: | | | | |
| Probate Child Care | 333,935 | 333,935 | 333,935 | - |
| Disaster Relief | 500 | 500 | - | (500) |
| Other operating transfers out | 55,670 | 170,227 | 170,227 | - |
| Other: | | | | |
| Contractual Services | - | - | - | - |
| Circuit Court Law Library | - | - | - | - |
| Secondary Road Patrol | 101,578 | 101,578 | 101,578 | - |
| Information technology | 20,000 | 20,000 | 20,000 | - |
| Land Corners | 6,000 | 6,000 | 6,000 | - |
| Total other financing uses | <u>517,683</u> | <u>632,240</u> | <u>631,740</u> | <u>(500)</u> |
| Total expenditures and other financing uses | <u>\$ 14,650,963</u> | <u>\$ 15,047,408</u> | <u>\$ 14,202,626</u> | <u>\$ (844,782)</u> |

concluded.

ST. JOSEPH COUNTY, MICHIGAN

Combining Balance Sheet
 Nonmajor Governmental Funds
 December 31, 2012

| | Special Revenue Funds | | | | |
|--|---------------------------|---------------------|---------------------------------|---------------------|-------------------|
| | Central Dispatch Wireless | Meyer Broadway Park | Facilities and Land Acquisition | Friend of the Court | Family Counseling |
| Assets | | | | | |
| Cash and cash equivalents | \$ 483,575 | \$ 87,830 | \$ 3,798 | \$ 21,992 | \$ 9,784 |
| Receivables- | | | | | |
| Accounts, net | - | - | - | - | - |
| Due from other governmental units | 48,425 | - | - | - | - |
| Prepays | - | - | - | - | - |
| Other assets | - | - | - | - | - |
| Total assets | <u>\$ 532,000</u> | <u>\$ 87,830</u> | <u>\$ 3,798</u> | <u>\$ 21,992</u> | <u>\$ 9,784</u> |
| Liabilities | | | | | |
| Accounts payable | \$ 518 | \$ 1,192 | \$ - | \$ - | \$ 845 |
| Accrued liabilities | 2,085 | 1,379 | - | - | - |
| Due to other funds | - | - | - | - | - |
| Total liabilities | <u>2,603</u> | <u>2,571</u> | <u>-</u> | <u>-</u> | <u>845</u> |
| Fund balances | | | | | |
| Nonspendable | - | - | - | - | - |
| Restricted | 529,397 | 85,259 | 3,798 | 21,992 | 8,939 |
| Total fund balances | <u>529,397</u> | <u>85,259</u> | <u>3,798</u> | <u>21,992</u> | <u>8,939</u> |
| Total liabilities and fund balances | <u>\$ 532,000</u> | <u>\$ 87,830</u> | <u>\$ 3,798</u> | <u>\$ 21,992</u> | <u>\$ 9,784</u> |

| Special Revenue Funds | | | | | |
|-----------------------|---------------------------|-------------------|------------------------|-----------------------|-------------------------|
| Cade Lake Park | Court Caseflow Assistance | Waste Management | Traffic Safety Program | Remonumentation Grant | Animal Shelter Donation |
| \$ 26,612 | \$ 14,614 | \$ 145,370 | \$ 139,258 | \$ 794 | \$ 57,786 |
| - | - | 48,998 | - | - | - |
| - | - | - | - | 25,789 | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>\$ 26,612</u> | <u>\$ 14,614</u> | <u>\$ 194,368</u> | <u>\$ 139,258</u> | <u>\$ 26,583</u> | <u>\$ 57,786</u> |
| \$ 477 | \$ - | \$ - | \$ 600 | \$ - | \$ 445 |
| 1,741 | - | - | - | - | - |
| - | - | - | - | 20,000 | - |
| <u>2,218</u> | <u>-</u> | <u>-</u> | <u>600</u> | <u>20,000</u> | <u>445</u> |
| - | - | - | - | - | - |
| <u>24,394</u> | <u>14,614</u> | <u>194,368</u> | <u>138,658</u> | <u>6,583</u> | <u>57,341</u> |
| <u>24,394</u> | <u>14,614</u> | <u>194,368</u> | <u>138,658</u> | <u>6,583</u> | <u>57,341</u> |
| <u>\$ 26,612</u> | <u>\$ 14,614</u> | <u>\$ 194,368</u> | <u>\$ 139,258</u> | <u>\$ 26,583</u> | <u>\$ 57,786</u> |

continued...

ST. JOSEPH COUNTY, MICHIGAN

Combining Balance Sheet
 Nonmajor Governmental Funds
 December 31, 2012

| | Special Revenue Funds | | | | |
|--|-----------------------|------------------------------------|-------------------------------|--|------------------------------------|
| | Veterans Memorial | Register of Deeds Automation | Victims Rights Advocacy | Community Correction Advisory Board | Community Correction Program |
| Assets | | | | | |
| Cash and cash equivalents | \$ 1,242 | \$ 57,431 | \$ 9,455 | \$ 13,291 | \$ 32,695 |
| Receivables- | | | | | |
| Accounts, net | - | - | - | - | - |
| Due from other governmental units | - | - | 13,027 | 25,544 | - |
| Prepays | - | - | 950 | - | - |
| Other assets | - | - | - | - | - |
| Total assets | <u>\$ 1,242</u> | <u>\$ 57,431</u> | <u>\$ 23,432</u> | <u>\$ 38,835</u> | <u>\$ 32,695</u> |
| Liabilities | | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ 5,099 | \$ 1,175 |
| Accrued liabilities | - | - | 719 | 603 | - |
| Due to other funds | - | - | - | - | - |
| Total liabilities | <u>-</u> | <u>-</u> | <u>719</u> | <u>5,702</u> | <u>1,175</u> |
| Fund balances | | | | | |
| Nonspendable | - | - | 950 | - | - |
| Restricted | 1,242 | 57,431 | 21,763 | 33,133 | 31,520 |
| Total fund balances | <u>1,242</u> | <u>57,431</u> | <u>22,713</u> | <u>33,133</u> | <u>31,520</u> |
| Total liabilities and fund balances | <u>\$ 1,242</u> | <u>\$ 57,431</u> | <u>\$ 23,432</u> | <u>\$ 38,835</u> | <u>\$ 32,695</u> |

| Special Revenue Funds | | | | | |
|-------------------------------------|------------------|----------------------|-----------------------|-------------------------|--------------------|
| Local Corrections Officers Training | Law Enforcement | Drug Law Enforcement | Secondary Road Patrol | Homeland Security Grant | County Law Library |
| \$ 78,677 | \$ - | \$ 119,891 | \$ 24,882 | \$ 15,562 | \$ 2,312 |
| - | 63,190 | - | - | - | - |
| - | - | - | - | 49,926 | - |
| - | - | - | 2,374 | - | - |
| - | 4,379 | - | 6,072 | - | - |
| <u>\$ 78,677</u> | <u>\$ 67,569</u> | <u>\$ 119,891</u> | <u>\$ 33,328</u> | <u>\$ 65,488</u> | <u>\$ 2,312</u> |
| \$ - | \$ 421 | \$ 2,767 | \$ - | \$ 122 | \$ 436 |
| - | 11,936 | - | 2,231 | 1,408 | - |
| - | - | - | - | 58,178 | - |
| - | 16,561 | 2,767 | 2,231 | 59,708 | 436 |
| - | - | - | 2,374 | - | - |
| <u>78,677</u> | <u>51,008</u> | <u>117,124</u> | <u>28,723</u> | <u>5,780</u> | <u>1,876</u> |
| <u>78,677</u> | <u>51,008</u> | <u>117,124</u> | <u>31,097</u> | <u>5,780</u> | <u>1,876</u> |
| <u>\$ 78,677</u> | <u>\$ 67,569</u> | <u>\$ 119,891</u> | <u>\$ 33,328</u> | <u>\$ 65,488</u> | <u>\$ 2,312</u> |

continued...

ST. JOSEPH COUNTY, MICHIGAN

Combining Balance Sheet
 Nonmajor Governmental Funds
 December 31, 2012

| | Special Revenue Funds | | | | |
|--|----------------------------|-----------------------------------|---------------------------|--------------------------|---------------------|
| | Principal Residence Denial | Community Development Block Grant | Sheriffs Justice Training | Child Care Probate Court | Veterans Trust Fund |
| Assets | | | | | |
| Cash and cash equivalents | \$ 87,703 | \$ 9,457 | \$ 8,859 | \$ 358,210 | \$ 3,114 |
| Receivables- | | | | | |
| Accounts, net | - | - | - | - | - |
| Due from other governmental units | - | - | - | 17,413 | 1,009 |
| Prepays | - | - | - | - | - |
| Other assets | - | - | - | - | - |
| Total assets | <u>\$ 87,703</u> | <u>\$ 9,457</u> | <u>\$ 8,859</u> | <u>\$ 375,623</u> | <u>\$ 4,123</u> |
| Liabilities | | | | | |
| Accounts payable | \$ 50 | \$ 9,115 | \$ - | \$ 25,534 | \$ - |
| Accrued liabilities | - | - | - | 5,912 | - |
| Due to other funds | - | - | - | - | - |
| Total liabilities | <u>50</u> | <u>9,115</u> | <u>-</u> | <u>31,446</u> | <u>-</u> |
| Fund balances | | | | | |
| Nonspendable | - | - | - | - | - |
| Restricted | 87,653 | 342 | 8,859 | 344,177 | 4,123 |
| Total fund balances | <u>87,653</u> | <u>342</u> | <u>8,859</u> | <u>344,177</u> | <u>4,123</u> |
| Total liabilities and fund balances | <u>\$ 87,703</u> | <u>\$ 9,457</u> | <u>\$ 8,859</u> | <u>\$ 375,623</u> | <u>\$ 4,123</u> |

| Capital Projects Funds | | | Permanent Trust Fund | |
|--------------------------------------|------------------------------------|-------------------------------|----------------------|---------------------|
| Board of Public Works Administration | Information Technology Improvement | County Facilities Maintenance | Cemetery | Total |
| \$ - | \$ 76,388 | \$ 409,818 | \$ 14,421 | \$ 2,314,821 |
| - | - | - | 19 | 112,207 |
| - | - | - | - | 181,133 |
| - | 2,217 | - | - | 5,541 |
| - | - | - | - | 10,451 |
| <u>\$ -</u> | <u>\$ 78,605</u> | <u>\$ 409,818</u> | <u>\$ 14,440</u> | <u>\$ 2,624,153</u> |
| \$ - | \$ - | \$ - | \$ - | \$ 48,796 |
| - | - | - | - | 28,014 |
| - | - | - | - | 78,178 |
| - | - | - | - | 159,192 |
| - | 2,217 | - | - | 5,541 |
| - | 76,388 | 409,818 | 14,440 | 2,459,420 |
| - | 78,605 | 409,818 | 14,440 | 2,464,961 |
| <u>\$ -</u> | <u>\$ 78,605</u> | <u>\$ 409,818</u> | <u>\$ 14,440</u> | <u>\$ 2,624,153</u> |

concluded.

ST. JOSEPH COUNTY, MICHIGAN

Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2012

| | Special Revenue Funds | | | | |
|---|---------------------------|---------------------|---------------------------------|---------------------|-------------------|
| | Central Dispatch Wireless | Meyer Broadway Park | Facilities and Land Acquisition | Friend of the Court | Family Counseling |
| Revenues | | | | | |
| Licenses and permits | \$ - | \$ - | \$ - | \$ - | \$ 6,810 |
| Intergovernmental- | | | | | |
| Federal/state | - | - | - | - | - |
| Charges for services | - | 3,211 | - | 19,570 | - |
| Fines and forfeitures | 214,284 | - | - | - | - |
| Interest and rent | 653 | 4,850 | 4 | 37 | - |
| Donation | - | - | - | - | - |
| Miscellaneous | - | 47,870 | - | - | - |
| Total revenues | 214,937 | 55,931 | 4 | 19,607 | 6,810 |
| Expenditures | | | | | |
| Current: | | | | | |
| General government | - | - | - | - | 4,105 |
| Public safety | 94,598 | - | - | - | - |
| Public works | - | - | - | - | - |
| Health and social services | - | - | - | - | - |
| Community development | - | - | - | - | - |
| Parks, recreation and culture | - | 81,357 | - | - | - |
| Capital outlay | - | - | - | - | - |
| Total expenditures | 94,598 | 81,357 | - | - | 4,105 |
| Revenues over (under) expenditures | 120,339 | (25,426) | 4 | 19,607 | 2,705 |
| Other financing sources (uses) | | | | | |
| Transfers in | - | 65,951 | - | - | - |
| Transfers out | - | - | - | (18,200) | - |
| Total other financing sources (uses) | - | 65,951 | - | (18,200) | - |
| Net change in fund balances | 120,339 | 40,525 | 4 | 1,407 | 2,705 |
| Fund balances, beginning of year | 409,058 | 44,734 | 3,794 | 20,585 | 6,234 |
| Fund balances, end of year | \$ 529,397 | \$ 85,259 | \$ 3,798 | \$ 21,992 | \$ 8,939 |

| Special Revenue Funds | | | | | |
|-----------------------|---------------------------|-------------------|------------------------|-----------------------|-------------------------|
| Cade Lake Park | Court Caseflow Assistance | Waste Management | Traffic Safety Program | Remonumentation Grant | Animal Shelter Donation |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | 42,981 | - |
| 49,828 | - | 188,650 | 35,213 | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 582 | - | - | - | - | 19,418 |
| <u>50,410</u> | <u>-</u> | <u>188,650</u> | <u>35,213</u> | <u>42,981</u> | <u>19,418</u> |
| - | - | - | - | 47,331 | - |
| - | - | - | 40,720 | - | 2,790 |
| - | - | 28,084 | - | - | - |
| - | - | - | - | - | - |
| - | - | 75,000 | - | - | - |
| 57,127 | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>57,127</u> | <u>-</u> | <u>103,084</u> | <u>40,720</u> | <u>47,331</u> | <u>2,790</u> |
| <u>(6,717)</u> | <u>-</u> | <u>85,566</u> | <u>(5,507)</u> | <u>(4,350)</u> | <u>16,628</u> |
| - | - | - | - | 6,000 | - |
| - | - | (101,814) | - | (1,650) | - |
| - | - | (101,814) | - | 4,350 | - |
| <u>(6,717)</u> | <u>-</u> | <u>(16,248)</u> | <u>(5,507)</u> | <u>-</u> | <u>16,628</u> |
| <u>31,111</u> | <u>14,614</u> | <u>210,616</u> | <u>144,165</u> | <u>6,583</u> | <u>40,713</u> |
| <u>\$ 24,394</u> | <u>\$ 14,614</u> | <u>\$ 194,368</u> | <u>\$ 138,658</u> | <u>\$ 6,583</u> | <u>\$ 57,341</u> |

continued...

ST. JOSEPH COUNTY, MICHIGAN

Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2012

| | Special Revenue Funds | | | | |
|---|-----------------------|------------------------------------|-------------------------------|--|------------------------------------|
| | Veterans Memorial | Register of Deeds Automation | Victims Rights Advocacy | Community Correction Advisory Board | Community Correction Program |
| Revenues | | | | | |
| Licenses and permits | \$ - | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental- | | | | | |
| Federal/state | - | - | 53,397 | 112,416 | - |
| Charges for services | - | 60,880 | - | - | 38,371 |
| Fines and forfeitures | - | - | - | - | - |
| Interest and rent | - | 62 | - | - | - |
| Donation | - | - | - | - | - |
| Miscellaneous | - | - | - | - | - |
| Total revenues | <u>-</u> | <u>60,942</u> | <u>53,397</u> | <u>112,416</u> | <u>38,371</u> |
| Expenditures | | | | | |
| Current: | | | | | |
| General government | - | 21,569 | 54,347 | - | - |
| Public safety | - | - | - | 120,260 | 23,118 |
| Public works | - | - | - | - | - |
| Health and social services | 600 | - | - | - | - |
| Community development | - | - | - | - | - |
| Parks, recreation and culture | - | - | - | - | - |
| Capital outlay | - | - | - | - | - |
| Total expenditures | <u>600</u> | <u>21,569</u> | <u>54,347</u> | <u>120,260</u> | <u>23,118</u> |
| Revenues over (under) expenditures | <u>(600)</u> | <u>39,373</u> | <u>(950)</u> | <u>(7,844)</u> | <u>15,253</u> |
| Other financing sources (uses) | | | | | |
| Transfers in | - | - | - | 6,910 | - |
| Transfers out | - | - | - | - | (6,910) |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>6,910</u> | <u>(6,910)</u> |
| Net change in fund balances | <u>(600)</u> | <u>39,373</u> | <u>(950)</u> | <u>(934)</u> | <u>8,343</u> |
| Fund balances, beginning of year | <u>1,842</u> | <u>18,058</u> | <u>23,663</u> | <u>34,067</u> | <u>23,177</u> |
| Fund balances, end of year | <u>\$ 1,242</u> | <u>\$ 57,431</u> | <u>\$ 22,713</u> | <u>\$ 33,133</u> | <u>\$ 31,520</u> |

| Special Revenue Funds | | | | | |
|--|--------------------|----------------------------|-----------------------------|-------------------------------|--------------------------|
| Local Corrections Officers Training | Law Enforcement | Drug Law Enforcement | Secondary Road Patrol | Homeland Security Grant | County Law Library |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | 375,419 | - | 72,090 | 141,045 | - |
| 22,830 | 6,264 | 10,785 | - | - | - |
| - | - | 102,669 | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | 6,500 |
| <u>22,830</u> | <u>381,683</u> | <u>113,454</u> | <u>72,090</u> | <u>141,045</u> | <u>6,500</u> |
| - | - | - | - | - | 7,491 |
| 14,868 | 374,386 | 112,810 | 182,735 | 139,954 | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>14,868</u> | <u>374,386</u> | <u>112,810</u> | <u>182,735</u> | <u>139,954</u> | <u>7,491</u> |
| <u>7,962</u> | <u>7,297</u> | <u>644</u> | <u>(110,645)</u> | <u>1,091</u> | <u>(991)</u> |
| - | - | 114,557 | 101,578 | - | - |
| - | (96,838) | (40,000) | - | - | - |
| - | (96,838) | 74,557 | 101,578 | - | - |
| 7,962 | (89,541) | 75,201 | (9,067) | 1,091 | (991) |
| <u>70,715</u> | <u>140,549</u> | <u>41,923</u> | <u>40,164</u> | <u>4,689</u> | <u>2,867</u> |
| <u>\$ 78,677</u> | <u>\$ 51,008</u> | <u>\$ 117,124</u> | <u>\$ 31,097</u> | <u>\$ 5,780</u> | <u>\$ 1,876</u> |

continued...

ST. JOSEPH COUNTY, MICHIGAN

**Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2012**

| | Special Revenue Funds | | | | |
|---|----------------------------|-----------------------------------|---------------------------|--------------------------|---------------------|
| | Principal Residence Denial | Community Development Block Grant | Sheriffs Justice Training | Child Care Probate Court | Veterans Trust Fund |
| Revenues | | | | | |
| Licenses and permits | \$ - | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental- Federal/state | - | 110,824 | 4,898 | 211,193 | 21,136 |
| Charges for services | - | - | - | - | - |
| Fines and forfeitures | 2,483 | - | - | - | - |
| Interest and rent | - | - | - | - | - |
| Donation | - | - | - | - | - |
| Miscellaneous | - | - | - | 3,731 | - |
| Total revenues | 2,483 | 110,824 | 4,898 | 214,924 | 21,136 |
| Expenditures | | | | | |
| Current: | | | | | |
| General government | 11,323 | - | - | - | - |
| Public safety | - | - | 6,314 | - | - |
| Public works | - | - | - | - | - |
| Health and social services | - | - | - | 476,455 | 19,928 |
| Community development | - | 138,194 | - | - | - |
| Parks, recreation and culture | - | - | - | - | - |
| Capital outlay | - | - | - | - | - |
| Total expenditures | 11,323 | 138,194 | 6,314 | 476,455 | 19,928 |
| Revenues over (under) expenditures | (8,840) | (27,370) | (1,416) | (261,531) | 1,208 |
| Other financing sources (uses) | | | | | |
| Transfers in | - | - | - | 333,935 | - |
| Transfers out | - | (100,000) | - | - | - |
| Total other financing sources (uses) | - | (100,000) | - | 333,935 | - |
| Net change in fund balances | (8,840) | (127,370) | (1,416) | 72,404 | 1,208 |
| Fund balances, beginning of year | 96,493 | 127,712 | 10,275 | 271,773 | 2,915 |
| Fund balances, end of year | \$ 87,653 | \$ 342 | \$ 8,859 | \$ 344,177 | \$ 4,123 |

| Capital Projects Funds | | | Permanent Trust Fund | |
|--------------------------------------|------------------------------------|-------------------------------|----------------------|--------------|
| Board of Public Works Administration | Information Technology Improvement | County Facilities Maintenance | Cemetery | Total |
| \$ - | \$ - | \$ - | \$ - | \$ 6,810 |
| - | - | - | - | 1,145,399 |
| - | - | - | - | 435,602 |
| - | - | - | - | 319,436 |
| - | - | - | 9 | 5,615 |
| - | - | 250,000 | - | 250,000 |
| - | - | - | - | 78,101 |
| - | - | 250,000 | 9 | 2,240,963 |
| - | - | - | - | 146,166 |
| - | - | - | - | 1,112,553 |
| - | - | - | - | 28,084 |
| - | - | - | - | 496,983 |
| - | - | - | - | 213,194 |
| - | - | - | - | 138,484 |
| - | 1,572 | 80,528 | - | 82,100 |
| - | 1,572 | 80,528 | - | 2,217,564 |
| - | (1,572) | 169,472 | 9 | 23,399 |
| - | 20,000 | 55,670 | - | 704,601 |
| (10,777) | - | - | - | (376,189) |
| (10,777) | 20,000 | 55,670 | - | 328,412 |
| (10,777) | 18,428 | 225,142 | 9 | 351,811 |
| 10,777 | 60,177 | 184,676 | 14,431 | 2,113,150 |
| \$ - | \$ 78,605 | \$ 409,818 | \$ 14,440 | \$ 2,464,961 |

concluded.

ST. JOSEPH COUNTY, MICHIGAN

Combining Statement of Net Position

Nonmajor Enterprise Funds

December 31, 2012

| | Forfeiture/ Foreclosure Fund | Inmate Store Fund | Three Rivers Community Center | Total |
|----------------------------------|------------------------------------|-------------------------|-------------------------------------|-------------------|
| Assets | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | \$ 429,623 | \$ 24,581 | \$ 26,721 | \$ 480,925 |
| Accounts, net | 26,890 | - | 140 | 27,030 |
| Total current assets | <u>456,513</u> | <u>24,581</u> | <u>26,861</u> | <u>507,955</u> |
| Noncurrent assets - | | | | |
| Equipment | - | 5,479 | 39,784 | 45,263 |
| Total assets | <u>456,513</u> | <u>30,060</u> | <u>66,645</u> | <u>553,218</u> |
| Liabilities | | | | |
| Current liabilities: | | | | |
| Accounts payable | - | 331 | 1,704 | 2,035 |
| Accrued liabilities | - | - | 1,781 | 1,781 |
| Total current liabilities | <u>-</u> | <u>331</u> | <u>3,485</u> | <u>3,816</u> |
| Net position | | | | |
| Net investment in capital assets | - | 5,479 | 39,784 | 45,263 |
| Unrestricted | <u>456,513</u> | <u>24,250</u> | <u>23,376</u> | <u>504,139</u> |
| Total net position | <u>\$ 456,513</u> | <u>\$ 29,729</u> | <u>\$ 63,160</u> | <u>\$ 549,402</u> |

ST. JOSEPH COUNTY, MICHIGAN

Combining Statement of Revenues, Expenses and Changes in Fund Net Position Nonmajor Enterprise Funds For the Year Ended December 31, 2012

| | Forfeiture/ Foreclosure Fund | Inmate Store Fund | Three Rivers Community Center | Total |
|---------------------------------|------------------------------------|-------------------------|-------------------------------------|----------------|
| Operating revenues | | | | |
| Charges for services | \$ 451,692 | \$ 22,427 | \$ - | \$ 474,119 |
| Other revenues | - | - | 59,166 | 59,166 |
| Total operating revenues | 451,692 | 22,427 | 59,166 | 533,285 |
| Operating expenses | | | | |
| Operations and administrative | 88,822 | 21,346 | 42,251 | 152,419 |
| Depreciation and amortization | - | 1,049 | 2,411 | 3,460 |
| Total operating expenses | 88,822 | 22,395 | 44,662 | 155,879 |
| Operating income | 362,870 | 32 | 14,504 | 377,406 |
| Nonoperating revenues | | | | |
| Interest income | 651 | - | - | 651 |
| Income before transfers | 363,521 | 32 | 14,504 | 378,057 |
| Transfers out | (202,085) | - | - | (202,085) |
| Change in net position | 161,436 | 32 | 14,504 | 175,972 |
| Net position, beginning of year | 295,077 | 29,697 | 48,656 | 373,430 |
| Net position, end of year | \$ 456,513 | \$ 29,729 | \$ 63,160 | \$ 549,402 |

ST. JOSEPH COUNTY, MICHIGAN

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

For the Year Ended December 31, 2012

| | Forfeiture/ Foreclosure Fund | Inmate Store Fund | Three Rivers Community Center | Total |
|---|------------------------------------|-------------------------|-------------------------------------|-------------------|
| Cash flows from operating activities | | | | |
| Cash received from customers | \$ 451,692 | \$ 22,427 | \$ - | \$ 474,119 |
| Cash received from others | - | - | 59,026 | 59,026 |
| Cash paid to/for employees | - | - | (42,086) | (42,086) |
| Cash paid to suppliers | (88,822) | (21,519) | - | (110,341) |
| Net cash provided by operating activities | 362,870 | 908 | 16,940 | 380,718 |
| Cash flows from non-capital and related financing activities | | | | |
| Transfers out | (202,085) | - | - | (202,085) |
| Cash flows from capital and related financing activities | | | | |
| Capital acquisitions | - | - | (41,767) | (41,767) |
| Cash flows from investing activities | | | | |
| Interest received | 651 | - | - | 651 |
| Net change in cash and cash equivalents | 161,436 | 908 | (24,827) | 137,517 |
| Cash and cash equivalents, beginning of year | 268,187 | 23,673 | 51,548 | 343,408 |
| Cash and cash equivalents, end of year | \$ 429,623 | \$ 24,581 | \$ 26,721 | \$ 480,925 |
| Cash flows from operating activities | | | | |
| Operating income | \$ 362,870 | \$ 32 | \$ 14,504 | \$ 377,406 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | | |
| Depreciation and amortization | - | 1,049 | 2,411 | 3,460 |
| Change in assets and liabilities: | | | | |
| Accounts receivable | - | - | (140) | (140) |
| Accounts payable | - | (173) | 5 | (168) |
| Accrued liabilities | - | - | 160 | 160 |
| Net cash provided by operating activities | \$ 362,870 | \$ 908 | \$ 16,940 | \$ 380,718 |

ST. JOSEPH COUNTY, MICHIGAN

Combining Statement of Fiduciary Assets and Liabilities
 Agency Funds
 For the Year Ended December 31, 2012

| | Trust and Agency | Library | Inmate Trust Account | Total |
|---------------------------------|---------------------|------------------|----------------------|---------------------|
| Assets | | | | |
| Cash and cash equivalents | \$ 1,136,777 | \$ 77,293 | \$ 10,703 | \$ 1,224,773 |
| Accounts receivable | 279,819 | - | - | 279,819 |
| Total assets | \$ 1,416,596 | \$ 77,293 | \$ 10,703 | \$ 1,504,592 |
| Liabilities | | | | |
| Due to individuals/agencies | \$ 1,330,957 | \$ 77,293 | \$ 10,703 | \$ 1,418,953 |
| Due to other governmental units | 85,639 | - | - | 85,639 |
| Total liabilities | \$ 1,416,596 | \$ 77,293 | \$ 10,703 | \$ 1,504,592 |

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**COMPONENT UNIT FUND FINANCIAL
STATEMENTS AND SCHEDULES**

ST. JOSEPH COUNTY, MICHIGAN

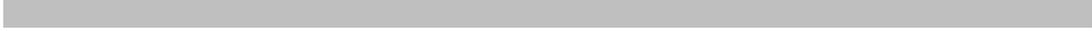
Statement of Net Position and Governmental Funds

Balance Sheet

Drainage Districts Component Unit

December 31, 2012

| | Debt Service Funds | | |
|---|--------------------|-----------------------|---------------------------|
| | Regular Drain | Fish Lake Drain | Lamberson Dam Drain |
| Assets | | | |
| Cash and cash equivalents | \$ 86,184 | \$ 7,799 | \$ 90 |
| Special assessments receivable | 274,985 | - | - |
| Capital assets being depreciated, net | - | - | - |
| Total assets | \$ 361,169 | \$ 7,799 | \$ 90 |
| Liabilities | | | |
| Accounts payable | \$ - | \$ - | \$ - |
| Interest payable | - | - | - |
| Advances from primary government | - | - | - |
| Long-term debt: | | | |
| Due within one year | - | - | - |
| Due in more than one year | - | - | - |
| Total liabilities | - | - | - |
| Deferred inflows of resources - special assessments | 274,985 | - | - |
| Fund balances | | | |
| Restricted | 86,184 | 7,799 | 90 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 361,169 | \$ 7,799 | \$ 90 |
| Net position: | | | |
| Net investment in capital assets | | | |
| Restricted | | | |
| Unrestricted | | | |
| Total net position | | | |



| Capital Projects Funds | | | | | |
|------------------------|---------------------------|-------------------------|------------------|-----------------------------|--------------------------------|
| Regular Drain | Long Lake Level Revolving | Klinger Lake Lake Level | Revolving Drain | Revolving Drain Maintenance | Omena Lake Proposed Assessment |
| \$ 199,475 | \$ 18,089 | \$ 21,545 | \$ 47,622 | \$ 9,439 | \$ 16,689 |
| 5,000 | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>\$ 204,475</u> | <u>\$ 18,089</u> | <u>\$ 21,545</u> | <u>\$ 47,622</u> | <u>\$ 9,439</u> | <u>\$ 16,689</u> |
| \$ - | \$ 25 | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | 25 | - | - | - | - |
| <u>3,750</u> | - | - | - | - | - |
| 200,725 | 18,064 | 21,545 | 47,622 | 9,439 | 16,689 |
| <u>\$ 204,475</u> | <u>\$ 18,089</u> | <u>\$ 21,545</u> | <u>\$ 47,622</u> | <u>\$ 9,439</u> | <u>\$ 16,689</u> |

continued...

ST. JOSEPH COUNTY, MICHIGAN

Statement of Net Position and Governmental Funds

Balance Sheet

Drainage Districts Component Unit

December 31, 2012

| | Capital Projects Funds | | |
|---|-----------------------------|---|---------------------------|
| | Grey Lake Level Study | Pleasant/Clear Lake Proposed Assessment | Eberhard Lake Level |
| Assets | | | |
| Cash and cash equivalents | \$ 1,036 | \$ 20,471 | \$ 90 |
| Special assessments receivable | - | 40,807 | - |
| Capital assets being depreciated, net | - | - | - |
| Total assets | \$ 1,036 | \$ 61,278 | \$ 90 |
| Liabilities | | | |
| Accounts payable | \$ - | \$ 1,150 | \$ - |
| Interest payable | - | - | - |
| Advances from primary government | - | 17,839 | - |
| Long-term debt: | | | |
| Due within one year | - | - | - |
| Due in more than one year | - | - | - |
| Total liabilities | - | 18,989 | - |
| Deferred inflows of resources | - | 36,933 | - |
| Fund balances | | | |
| Restricted | 1,036 | 5,356 | 90 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 1,036 | \$ 61,278 | \$ 90 |
| Net position: | | | |
| Net investment in capital assets | | | |
| Restricted | | | |
| Unrestricted | | | |
| Total net position | | | |

| Total | GASB 34 Adjustments | Statement of Net Position |
|-------------------|---------------------|---------------------------|
| \$ 428,529 | \$ - | \$ 428,529 |
| 320,792 | - | 320,792 |
| - | 1,766,641 | 1,766,641 |
| <u>\$ 749,321</u> | <u>1,766,641</u> | <u>2,515,962</u> |
| | | |
| \$ 1,175 | - | 1,175 |
| - | 11,122 | 11,122 |
| 17,839 | - | 17,839 |
| - | 93,596 | 93,596 |
| - | 392,953 | 392,953 |
| <u>19,014</u> | <u>497,671</u> | <u>516,685</u> |
| | | |
| 315,668 | (315,668) | - |
| <u>414,639</u> | <u>(414,639)</u> | <u>-</u> |
| | | |
| <u>\$ 749,321</u> | | |
| | 1,280,092 | 1,280,092 |
| | 94,073 | 94,073 |
| | 625,112 | 625,112 |
| | <u>\$ 1,999,277</u> | <u>\$ 1,999,277</u> |

concluded.

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ST. JOSEPH COUNTY, MICHIGAN

Reconciliation

Fund Balances for Governmental Funds
To Net Position of Governmental Activities
Drainage Districts Component Unit
December 31, 2012

Fund balances - governmental funds \$ 414,639

Amounts reported for *governmental activities* in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Capital assets being depreciated, net 1,766,641

Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current expenditures. Those assets (i.e. receivables) are offset by deferred revenues in the governmental funds and, therefore, not included in fund balance.

Deferred special assessments 315,668

Long-term bonded debt is not due and payable in the current period and refundings, and interest payable are not reported in the funds. However, these amounts are included in the statement of net position. This is the net effect of these balances on the statement.

Long-term debt payable (486,549)

Interest payable (11,122)

Net position of governmental activities \$ 1,999,277

ST. JOSEPH COUNTY, MICHIGAN

Statement of Activities and Governmental Fund Revenues,
Expenditures and Changes in Fund Balance
Drainage Districts Component Unit
For the Year Ended December 31, 2012

| | Debt Service Funds | | |
|---|--------------------|-----------------------|---------------------------|
| | Regular Drain | Fish Lake Drain | Lamberson Dam Drain |
| Revenues | | | |
| Special assessments | \$ 113,164 | \$ - | \$ - |
| Interest revenue | 72 | 5 | - |
| Miscellaneous | - | - | - |
| Total revenues | 113,236 | 5 | - |
| Expenditures / expenses | | | |
| Public works | - | 290 | - |
| Debt service: | | | |
| Principal | 93,020 | - | - |
| Interest and fiscal charges | 24,654 | - | - |
| Total expenditures / expenses | 117,674 | 290 | - |
| Revenues over (under) expenditures/expenses | (4,438) | (285) | - |
| Other financing sources (uses) | | | |
| Transfers in | - | - | - |
| Transfers out | - | - | - |
| Total other financing sources | - | - | - |
| Net change in fund balances | (4,438) | (285) | - |
| Change in net position | - | - | - |
| Fund balance / net position, beginning of year | 90,622 | 8,084 | 90 |
| Fund balance / net position, end of year | \$ 86,184 | \$ 7,799 | \$ 90 |



| Capital Projects Funds | | | | | |
|------------------------|---------------------------|--------------------|------------------|-----------------------------|--------------------------------|
| Regular Drain | Long Lake Level Revolving | Klinger Lake Level | Revolving Drain | Revolving Drain Maintenance | Omena Lake Proposed Assessment |
| \$ 33,626 | \$ - | \$ - | \$ - | \$ - | \$ (165) |
| 130 | 13 | 14 | 30 | 6 | 11 |
| 1,170 | - | - | - | - | - |
| <u>34,926</u> | <u>13</u> | <u>14</u> | <u>30</u> | <u>6</u> | <u>(154)</u> |
| 2,518 | 2,659 | 285 | 28,721 | - | 210 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>2,518</u> | <u>2,659</u> | <u>285</u> | <u>28,721</u> | <u>-</u> | <u>210</u> |
| <u>32,408</u> | <u>(2,646)</u> | <u>(271)</u> | <u>(28,691)</u> | <u>6</u> | <u>(364)</u> |
| - | - | - | 47,609 | - | - |
| <u>(47,432)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>(47,432)</u> | <u>-</u> | <u>-</u> | <u>47,609</u> | <u>-</u> | <u>-</u> |
| <u>(15,024)</u> | <u>(2,646)</u> | <u>(271)</u> | <u>18,918</u> | <u>6</u> | <u>(364)</u> |
| - | - | - | - | - | - |
| <u>215,749</u> | <u>20,710</u> | <u>21,816</u> | <u>28,704</u> | <u>9,433</u> | <u>17,053</u> |
| <u>\$ 200,725</u> | <u>\$ 18,064</u> | <u>\$ 21,545</u> | <u>\$ 47,622</u> | <u>\$ 9,439</u> | <u>\$ 16,689</u> |

continued...

ST. JOSEPH COUNTY, MICHIGAN

Statement of Activities and Governmental Fund Revenues,
Expenditures and Changes in Fund Balance
Drainage Districts Component Unit
For the Year Ended December 31, 2012

| | Capital Projects Funds | | |
|---|-----------------------------|---|---------------------------|
| | Grey Lake Level Study | Pleasant/Clear Lake Proposed Assessment | Eberhard Lake Level |
| Revenues | | | |
| Special assessments | \$ - | \$ 5,136 | \$ - |
| Interest revenue | - | 53 | - |
| Miscellaneous | - | - | - |
| Total revenues | - | 5,189 | - |
| Expenditures / expenses | | | |
| Public works | - | 6,594 | 610 |
| Debt service: | | | |
| Principal | - | - | - |
| Interest and fiscal charges | - | 516 | - |
| Total expenditures / expenses | - | 7,110 | 610 |
| Revenues over (under) expenditures/expenses | - | (1,921) | (610) |
| Other financing sources (uses) | | | |
| Transfers in | - | - | - |
| Transfers out | - | (177) | - |
| Total other financing sources | - | (177) | - |
| Net change in fund balances | - | (2,098) | (610) |
| Change in net position | - | - | - |
| Fund balance / net position, beginning of year | 1,036 | 7,454 | 700 |
| Fund balance / net position, end of year | \$ 1,036 | \$ 5,356 | \$ 90 |

| Total | GASB 34 Adjustments | Statement of Activities |
|-------------------|------------------------|----------------------------|
| \$ 151,761 | \$ (123,061) | \$ 28,700 |
| 334 | - | 334 |
| 1,170 | - | 1,170 |
| <u>153,265</u> | <u>(123,061)</u> | <u>30,204</u> |
| 41,887 | 63,930 | 105,817 |
| 93,020 | (93,020) | - |
| 25,170 | (1,846) | 23,324 |
| <u>160,077</u> | <u>(30,936)</u> | <u>129,141</u> |
| <u>(6,812)</u> | <u>(92,125)</u> | <u>(98,937)</u> |
| 47,609 | (47,609) | - |
| <u>(47,609)</u> | <u>47,609</u> | <u>-</u> |
| - | - | - |
| <u>(6,812)</u> | <u>6,812</u> | <u>-</u> |
| - | (98,937) | (98,937) |
| <u>421,451</u> | <u>1,676,763</u> | <u>2,098,214</u> |
| <u>\$ 414,639</u> | <u>\$ 1,584,638</u> | <u>\$ 1,999,277</u> |

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ST. JOSEPH COUNTY, MICHIGAN

Reconciliation

Net Changes in Fund Balances of Governmental Funds
to Change in Net Position of Governmental Activities
Drainage Districts Component Unit
For the Year Ended December 31, 2012

Net change in fund balance - total governmental funds \$ (6,812)

Amounts reported for *governmental activities* in the statement of activities
are different because:

Revenues in the statement of activities that do not provide current resources
are not reported as revenues in the funds, but rather are deferred to subsequent
fiscal years.

Change in deferred special assessments (123,061)

Governmental funds report capital outlay as expenditures. However, in the
statement of activities, the costs of those assets is allocated over their
estimated useful lives as depreciation expense. This is the amount by
which capital outlays exceeded depreciation in the current period.

Depreciation expense (63,930)

Bond proceeds provide current financial resources to the governmental funds
by issuing debt which increases long-term bonded debt in the statement
of net position. Repayment of bond principal is an expenditure in the
governmental funds, but the repayment reduces long-term bonded debt
in the statement of net position.

Issuance of long-term and refunding debt
Repayment of bond principal

93,020

Certain expenses reported in the statement of activities do not require
the use of current financial resources and therefore are not reported
as expenditures in the funds.

Change in accrual for interest payable on long-term debt 1,846

Change in net position of governmental activities \$ (98,937)

ST. JOSEPH COUNTY, MICHIGAN

Statement of Net Position and Governmental Funds

Balance Sheet

Department of Public Works Component Unit

December 31, 2012

| | Lockport Water Supply | Fish Lake Sewer | White Pigeon Klinger Lake Sewer Ext. | White Pigeon Water Supply | White Pigeon Sewer |
|--|-----------------------------|-----------------------|---|------------------------------------|--------------------------|
| Assets | | | | | |
| Cash and cash equivalents | \$ - | \$ 32 | \$ 318 | \$ - | \$ - |
| Lease receivable | - | - | - | - | - |
| Total assets | <u>\$ -</u> | <u>\$ 32</u> | <u>\$ 318</u> | <u>\$ -</u> | <u>\$ -</u> |
| Liabilities | | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - | \$ - |
| Interest payable | - | - | - | - | - |
| Long-term debt: | | | | | |
| Due within one year | - | - | - | - | - |
| Due in more than one year | - | - | - | - | - |
| Total liabilities | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balances | | | | | |
| Restricted | - | 32 | 318 | - | - |
| Total liabilities and fund balances | <u>\$ -</u> | <u>\$ 32</u> | <u>\$ 318</u> | <u>\$ -</u> | <u>\$ -</u> |
| Net position - unrestricted | | | | | |

| Constantine Village Waste Water | Constantine Village Sewer | Constantine Village Sewer Construction | White Pigeon Sewer Construction | Total | GASB 34 Adjustments | Statement of Net Position |
|---------------------------------|---------------------------|--|---------------------------------|-------------------|---------------------|---------------------------|
| \$ 138 | \$ 68 | \$ - | \$ 674,454 | \$ 675,010 | \$ - | \$ 675,010 |
| - | - | - | - | - | 3,985,196 | 3,985,196 |
| <u>\$ 138</u> | <u>\$ 68</u> | <u>\$ -</u> | <u>\$ 674,454</u> | <u>\$ 675,010</u> | <u>3,985,196</u> | <u>4,660,206</u> |
| \$ - | \$ - | \$ - | \$ 6,281 | \$ 6,281 | - | 6,281 |
| - | - | - | - | - | 24,677 | 24,677 |
| - | - | - | - | - | 315,000 | 315,000 |
| - | - | - | - | - | 4,314,248 | 4,314,248 |
| - | - | - | 6,281 | 6,281 | 4,653,925 | 4,660,206 |
| 138 | 68 | - | 668,173 | 668,729 | (668,729) | - |
| <u>\$ 138</u> | <u>\$ 68</u> | <u>\$ -</u> | <u>\$ 674,454</u> | <u>\$ 675,010</u> | | |
| | | | | | <u>\$ -</u> | <u>\$ -</u> |

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ST. JOSEPH COUNTY, MICHIGAN

Reconciliation

Fund Balances for Governmental Funds
To Net Position of Governmental Activities
Department of Public Works Component Unit
December 31, 2012

| | |
|---|--------------------|
| Fund balances - governmental funds | \$ 668,729 |
| Amounts reported for <i>governmental activities</i> in the statement of net position are different because: | |
| Bonds payable of various municipalities are to be repaid by the municipality, and the amount due is not reported as receivable in the funds | |
| Leases receivable | 3,985,196 |
| Interest payable | (24,677) |
| Bonds and notes payable | <u>(4,629,248)</u> |
| Net position of governmental activities | <u>\$ -</u> |

ST. JOSEPH COUNTY, MICHIGAN

Statement of Activities and Governmental Fund Revenues,
Expenditures and Changes in Fund Balance
Department of Public Works Component Unit
For the Year Ended December 31, 2012

| | Lockport Water Supply | Fish Lake Sewer | White Pigeon Klinger Lake Sewer Ext. | White Pigeon Water Supply | White Pigeon Sewer |
|--|-----------------------------|-----------------------|---|------------------------------------|--------------------------|
| Revenues | | | | | |
| Intergovernmental - local | \$ 34,520 | \$ - | \$ - | \$ 19,631 | \$ - |
| Interest revenue | - | - | - | - | - |
| Total revenues | 34,520 | - | - | 19,631 | - |
| Expenditures / expenses | | | | | |
| Debt service: | | | | | |
| Principal | 25,000 | - | - | 15,000 | - |
| Interest and fiscal charges | 9,520 | - | - | 4,631 | 29,674 |
| Capital outlay | - | - | - | - | - |
| Total expenditures/expenses | 34,520 | - | - | 19,631 | 29,674 |
| Revenues over expenditures/expenses | - | - | - | - | (29,674) |
| Other financing sources | | | | | |
| Transfers in | - | - | - | - | 29,674 |
| Transfers out | - | - | - | - | - |
| Bond premium | - | - | - | - | - |
| Proceeds from issuance of debt | - | - | - | - | - |
| Total other financing sources | - | - | - | - | 29,674 |
| Net change in fund balances net position | - | - | - | - | - |
| Fund balances / net position, beginning of year | - | 32 | 318 | - | - |
| Fund balances / net position, end of year | \$ - | \$ 32 | \$ 318 | \$ - | \$ - |

| Constantine Village Waste Water | Constantine Village Sewer | Constantine Village Sewer Construction | White Pigeon Sewer Construction | Total | GASB 34 Adjustments | Statement of Activities |
|---------------------------------|---------------------------|--|---------------------------------|-------------|---------------------|-------------------------|
| \$ 117,275 | \$ 104,424 | \$ - | \$ - | \$ 275,850 | \$ 1,735,408 | \$ 2,011,258 |
| - | - | 1 | 1,129 | 1,130 | - | 1,130 |
| 117,275 | 104,424 | 1 | 1,129 | 276,980 | 1,735,408 | 2,012,388 |
| 100,000 | 75,000 | - | - | 215,000 | (215,000) | - |
| 17,275 | 29,574 | - | 47,648 | 138,322 | (5,816) | 132,506 |
| - | - | - | 1,879,882 | 1,879,882 | - | 1,879,882 |
| 117,275 | 104,574 | - | 1,927,530 | 2,233,204 | (220,816) | 2,012,388 |
| - | (150) | 1 | (1,926,401) | (1,956,224) | 1,956,224 | - |
| - | 43 | - | - | 29,717 | - | 29,717 |
| - | - | (43) | (29,674) | (29,717) | - | (29,717) |
| - | - | - | 24,248 | 24,248 | (24,248) | - |
| - | - | - | 2,600,000 | 2,600,000 | (2,600,000) | - |
| - | 43 | (43) | 2,594,574 | 2,624,248 | (2,624,248) | - |
| - | (107) | (42) | 668,173 | 668,024 | 1,956,224 | - |
| 138 | 175 | 42 | - | 705 | (705) | - |
| \$ 138 | \$ 68 | \$ - | \$ 668,173 | \$ 668,729 | \$ 1,955,519 | \$ - |

ST. JOSEPH COUNTY, MICHIGAN

Reconciliation

Net Changes in Fund Balances of Governmental Funds
to Change in Net Position of Governmental Activities
Department of Public Works Component Unit
For the Year Ended December 31, 2012

| | |
|--|--------------|
| Net change in fund balance - total governmental funds | \$ 668,024 |
| Amounts reported for <i>governmental activities</i> in the statement of activities are different because: | |
| Revenues in the statement of activities that do not provide current resources are not reported as revenues in the funds, but rather are deferred to subsequent fiscal years. | |
| Change in collections attributable to bond principal and accrued interest | 1,735,408 |
| Bond proceeds provide current financial resources to the governmental funds by issuing debt which increases long-term bonded debt in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term bonded debt in the statement of net position. | |
| Issuance of long-term debt | (2,600,000) |
| Bond premium | (24,248) |
| Repayment of bond principal | 215,000 |
| Certain expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds. | |
| Change in accrual for interest payable on long-term debt | <u>5,816</u> |
| Change in net position of governmental activities | <u>\$ -</u> |

ST. JOSEPH COUNTY, MICHIGAN

Statement of Net Position and Governmental Funds

Balance Sheet

Economic Development Corporation Component Unit

December 31, 2012

| | Special Revenue | GASB 34 Adjustments | Statement of Net Position |
|---|--------------------|------------------------|------------------------------|
| Assets | | | |
| Cash and cash equivalents | \$ 88,374 | \$ - | \$ 88,374 |
| Due from other governments | 47,630 | - | 47,630 |
| Capital assets being depreciated, net | - | 1,724 | 1,724 |
| Total assets | <u>\$ 136,004</u> | <u>1,724</u> | <u>137,728</u> |
| Liabilities | | | |
| Accounts payable | \$ 48,260 | - | 48,260 |
| Fund balance / net position | | | |
| Restricted | <u>87,744</u> | <u>(87,744)</u> | <u>-</u> |
| Total liabilities and fund balance | <u>\$ 136,004</u> | | |
| Net position | | | |
| Net investment in capital assets | | 1,724 | 1,724 |
| Unrestricted | | <u>87,744</u> | <u>87,744</u> |
| Total net position | | <u>\$ 89,468</u> | <u>\$ 89,468</u> |

ST. JOSEPH COUNTY, MICHIGAN

Reconciliation

Fund Balances for Governmental Funds
To Net Position of Governmental Activities
Economic Development Corporation Component Unit
December 31, 2012

| | | |
|------------------------------------|----|--------|
| Fund balances - governmental funds | \$ | 87,744 |
|------------------------------------|----|--------|

Amounts reported for *governmental activities* in the statement of net position
are different because:

Capital assets used in governmental activities are not financial
resources and therefore are not reported in the funds.

| | | |
|---------------------------------------|--|--------------|
| Capital assets being depreciated, net | | <u>1,724</u> |
|---------------------------------------|--|--------------|

| | | |
|---|----|----------------------|
| Net position of governmental activities | \$ | <u><u>89,468</u></u> |
|---|----|----------------------|

ST. JOSEPH COUNTY, MICHIGAN

**Statement of Activities and Governmental Fund Revenues,
Expenditures and Changes in Fund Balance
Economic Development Corporation Component Unit
For the Year Ended December 31, 2012**

| | Special Revenue | GASB 34 Adjustments | Statement of Activities |
|---|--------------------|------------------------|----------------------------|
| Revenues | | | |
| Federal/State | \$ 254,797 | \$ - | \$ 254,797 |
| Local | 300,000 | - | 300,000 |
| Interest revenue | 116 | - | 116 |
| Miscellaneous | 10,862 | - | 10,862 |
| | <hr/> | <hr/> | <hr/> |
| Total revenues | 565,775 | - | 565,775 |
| Expenditures / expenses | | | |
| Community development | 495,785 | 441 | 496,226 |
| | <hr/> | <hr/> | <hr/> |
| Net change in fund balance | 69,990 | (69,990) | - |
| Change in net position | - | 69,549 | 69,549 |
| Fund balance / net position, beginning of year | 17,754 | 2,165 | 19,919 |
| | <hr/> | <hr/> | <hr/> |
| Fund balance / net position, end of year | \$ 87,744 | \$ 1,724 | \$ 89,468 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

ST. JOSEPH COUNTY, MICHIGAN

Reconciliation

Net Changes in Fund Balances of Governmental Funds
to Change in Net Position of Governmental Activities
Economic Development Corporation Component Unit
For the Year Ended December 31, 2012

Net change in fund balance - total governmental funds \$ 69,990

Amounts reported for *governmental activities* in the statement of activities
are different because:

Governmental funds report capital outlay as expenditures. However,
in the statement of activities, the costs of those assets is allocated
over their estimated useful lives as depreciation expense. This is the
amount which capital outlays exceeded depreciation in the current period.

Depreciation expense

(441)

Change in net position of governmental activities

\$ 69,549

SINGLE AUDIT ACT COMPLIANCE

ST JOSEPH COUNTY

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2012

| Federal Agency / Program Title / Cluster | CFDA Number | Direct / Pass-through Grantor | Pass-through / Grantor Number | Federal Expenditures |
|---|-------------|-------------------------------|-------------------------------|----------------------|
| U.S. Department of Housing and Urban Development Community Development Block Grant | 14.228 | MSHDA | MSC-2011-1067-HOA | \$ 110,824 |
| U.S. Department of Justice | | | | |
| State Criminal Alien Assistance Program | 16.606 | Direct | 2012-AP-BX-0898 | 2,743 |
| Bullet Proof Vest Partnership Program | 16.607 | Direct | -n/a- | 1,994 |
| Juvenile Justice and Delinquency Prevention - 2012 Basic Grant | 16.540 | MDCH | -n/a- | <u>14,968</u> |
| Total U.S. Department of Justice | | | | <u>19,705</u> |
| U.S. Department of Transportation | | | | |
| 2012 Highway Safety Project Enforcement Grant | 20.600 | MSP | PT-12-33 | 3,000 |
| Hazardous Materials Emergency Planning | 20.703 | MSP | HM-HMP-0228-11-01-00 | <u>1,390</u> |
| Total U.S. Department of Transportation | | | | <u>4,390</u> |
| U.S. Environmental Protection Agency | | | | |
| Brownfield Assessment and Clean-up | 66.460 | MDNR | BF00E962010 | 28,940 |
| Brownfield Assessment and Clean-up | 66.460 | MDNR | BF00E347010 | <u>23,062</u> |
| Total U.S. Environmental Protection Agency | | | | <u>52,002</u> |
| U.S. Department of Energy | | | | |
| ARRA - Energy Efficiency and Conservation Block Grant | 81.128 | SOM | BES-11-25 | <u>200,575</u> |
| U.S. Department of Health and Human Services | | | | |
| Aging Cluster: | | | | |
| ** Title III-D Special Programs for the Aging FY11/12 Disease Prevention | 93.043 | MDSAR3C | -n/a- | 2,150 |
| ** Title III-B Special Programs for the Aging FY11/12 Disease Prevention | 93.044 | MDSAR3C | -n/a- | 25,827 |
| ** Title III-C Special Programs for the Aging FY11/12 Nutrition Congregate | 93.045 | MDSAR3C | -n/a- | 55,285 |
| FY11/12 Nutrition Home Delivered Meals | 93.045 | MDSAR3C | -n/a- | 50,193 |
| ** Title III-E National Family Caregiver Support | 93.052 | MDSAR3C | -n/a- | 30,692 |
| ** Nutrition Services Incentive Program FY11/12 Elderly Feeding (Congregate) | 93.053 | MDSAR3C | -n/a- | 44,453 |
| FY11/12 Elderly Feeding (Home Delivered Meals) | 93.053 | MDSAR3C | -n/a- | 59,294 |
| ** ARRA (Path) - FY 11/12 | 93.725 | MDSAR3C | -n/a- | <u>13,106</u> |
| | | | | <u>281,000</u> |

continued...

ST JOSEPH COUNTY

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2012

| Federal Agency / Program Title / Cluster | CFDA Number | Direct / Pass-through Grantor | Pass-through / Grantor Number | Federal Expenditures |
|--|-------------|-------------------------------|-------------------------------|----------------------|
| U.S. Department of Health and Human Services (continued) | | | | |
| Child Support Enforcement Cluster: | | | | |
| Title IV-D - Incentive Payments | 93.563 | DHS | CSCOM-10-75003 | \$ 99,651 |
| Title IV-D - Friend of the Court | 93.563 | DHS | CSCOM-10-75003 | 338,640 |
| Title IV-D - Friend of the Court | 93.563 | DHS | CSCOM-13-75003 | 108,747 |
| | | | | <u>547,038</u> |
| Total U.S. Department of Health and Human Services | | | | <u>828,038</u> |
| U.S. Department of Homeland Security | | | | |
| Emergency Management Performance Grant | 97.042 | MSP | 2010-EP-00-0002 | 2,548 |
| Emergency Management Performance Grant | 97.042 | MSP | EMW-2011-EP-00044-S01 | 24,587 |
| | | | | <u>27,135</u> |
| State Domestic Preparedness | 97.067 | VBC | -n/a- | <u>141,045</u> |
| Total U.S. Department of Homeland Security | | | | <u>168,180</u> |
| Total Expenditures of Federal Awards | | | | <u>\$ 1,383,714</u> |

** Grant activity is reported in a 9/30 year-end fund concluded.

See notes to schedule of expenditures of federal awards.

ST JOSEPH COUNTY

Notes to Schedule of Expenditures of Federal Awards

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of St. Joseph County, Michigan (the "County") under programs of the federal government for the year ended December 31, 2012. The information in this Schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position or cash flows of the County.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting, which is described in Note 1 to the County's financial statements. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

Cash received is recorded on the cash basis; expenditures are recorded on the modified accrual basis of accounting. Revenues are recognized when the qualifying expenditures have been included and all grant requirements have been met.

3. FISCAL REPORTING

Certain departments report on a different fiscal year than the County. Grants accounted for and reported on year-ends other than December 31, 2012 are denoted as such in the Schedule.

4. PASS-THROUGH AGENCIES

The County receives certain federal grant as subawards from non-federal entities. Pass-through entities, where applicable, have been identified in the Schedule with an abbreviation, defined as follows:

| Pass-through Agency Abbreviation | Pass-through Agency Name |
|----------------------------------|--|
| MSHDA | Michigan State Housing Development Authority |
| MDCH | Michigan Department of Community Health |
| MSP | Michigan State Police |
| MDNR | Michigan Department of Natural Resources |
| SOM | State of Michigan |
| MDSAR3C | Michigan Department of Offices on Services to the Aging and Region IIIC - Area Agency on Aging |
| DHS | Michigan Department of Human Services |
| VBC | Van Buren County |



Independent Auditors' Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

June 13, 2013

Honorable members of the Board of Commissioners
of St. Joseph County
Centreville, MI

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of *St. Joseph County* (the "County"), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 13, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that we reported to management of the County in a separate letter dated June 13, 2013.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rehmann Loborn LLC

Independent Auditors' Report on Compliance for Each Major Federal Program
and on Internal Control over Compliance Required by OMB Circular A-133

June 13, 2013

To the Board of Commissioners of
St. Joseph County
Centreville, MI

Report on Compliance for Each Major Federal Program

We have audited the compliance of *St. Joseph County* (the "County") with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2012. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



ST JOSEPH COUNTY

Schedule of Findings and Questioned Costs For the Year Ended December 31, 2012

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified? _____ yes X none reported

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510(a)? _____ yes X no

Identification of major programs:

| <u>CFDA Number</u> | <u>Name of Federal Program or Cluster</u> |
|--------------------|---|
| 81.128 | ARRA - Energy Efficiency and Conservation Block Grant Program |
| 93.563 | Child Support Enforcement |

Dollar threshold used to distinguish between Type A and Type B programs: \$ 300,000

Auditee qualified as low-risk auditee? _____ yes X no

ST JOSEPH COUNTY

Schedule of Findings and Questioned Costs For the Year Ended December 31, 2012

SECTION II - FINANCIAL STATEMENT FINDINGS

None reported

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported

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ST JOSEPH COUNTY

Summary Schedule of Prior Audit Findings For the Year Ended December 31, 2011

None reported

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