

St. Joseph
County, Michigan



Year Ended
December 31,
2013

Financial
Statements and
Single Audit Act
Compliance

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ST. JOSEPH COUNTY, MICHIGAN

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INDEPENDENT AUDITORS' REPORT

May 30, 2014

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, 2013, 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.

Independent Auditors' 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 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, 2013, 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 schedule 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 schedule 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 schedule 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 May 30, 2014, 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, 2013. 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 \$46.2 million (net position). Of this amount, approximately \$30.0 million (unrestricted net position) may be used to meet the government's ongoing obligations.
- The government's total net position increased by \$245,195 or .5 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 \$13.5 million, an increase of approximately \$.2 million or 1.7 percent more than the prior year. Of this total, the unassigned fund balance of approximately \$8.2 million or 60 percent is available for spending. Approximately \$5.3 million or 39 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 \$8.2 million, an amount equal to 56 percent of total general fund expenditures and transfers.
- The County's total net installment debt, including that of the Drain Commission and Board of Public Works component units, decreased by a net of \$1,958,599 during the current fiscal year.

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, liabilities and deferred inflows of resources with the difference between the three 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 social services, parks, recreation and cultural functions and community development. 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 the 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 34 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, 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 fund. The County reports activities that provide supplies or service to the County's other operations, such as the flexible benefit insurance fund. The internal service fund is 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 \$46.2 million at the close of the fiscal year. This amount compares favorably with the prior year where net position totaled approximately \$45.9 million.

The County's primary government net position includes approximately \$10.9 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 of the primary government totals approximately \$5.3 million. The remaining balance of the primary government unrestricted net position (\$30.0 million or 65 percent) may be used to meet the government's ongoing obligations.

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Assets						
Current and other assets	\$16,565,728	\$16,435,286	\$21,173,732	\$20,639,909	\$ 37,739,460	\$37,075,195
Capital assets, net	10,815,931	11,230,740	49,091	45,263	10,865,022	11,276,003
Total assets	27,381,659	27,666,026	21,222,823	20,685,172	48,604,482	48,351,198
Liabilities						
Other liabilities	1,475,268	1,484,238	4,764	3,816	1,480,032	1,488,054
Deferred inflows of resources	943,520	927,409	-	-	943,520	927,409
Net position:						
Net investment in capital assets	10,815,931	11,230,740	49,091	45,263	10,865,022	11,276,003
Restricted	5,339,169	5,474,484	-	-	5,339,169	5,474,484
Unrestricted	8,807,771	8,549,155	21,168,968	20,636,093	29,976,739	29,185,248
Total net position	\$24,962,871	\$25,254,379	\$21,218,059	\$20,681,356	\$ 46,180,930	\$45,935,735

ST. JOSEPH COUNTY, MICHIGAN

Management's Discussion and Analysis

	Change in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues						
Program revenues:						
Charges for services	\$ 3,704,588	\$ 3,844,143	\$ 1,091,749	\$ 1,325,095	\$ 4,796,337	\$ 5,169,238
Operating grants	4,919,452	4,071,665	-	-	4,919,452	4,071,665
Capital grants	-	250,000	-	-	-	250,000
General revenues:						
Property taxes	10,936,909	11,943,649	-	-	10,936,909	11,943,649
Investment earnings	12,944	41,799	69,632	55,732	82,576	97,531
Total revenues	19,573,893	20,151,256	1,161,381	1,380,827	20,735,274	21,532,083
Expenses:						
General government	8,113,897	7,840,018	-	-	8,113,897	7,840,018
Public safety	7,185,212	6,482,204	-	-	7,185,212	6,482,204
Public works	145,446	114,738	-	-	145,446	114,738
Health and social services	3,732,226	4,047,928	-	-	3,732,226	4,047,928
Parks, recreation and cultural	258,887	277,835	-	-	258,887	277,835
Community development	156,361	220,265	-	-	156,361	220,265
Unallocated depreciation	697,909	717,275	-	-	697,909	717,275
Other	-	-	200,141	155,879	200,141	155,879
Total expenses	20,289,938	19,700,263	200,141	155,879	20,490,079	19,856,142
Change in net position, before transfers	(716,045)	450,993	961,240	1,224,948	245,195	1,675,941
Transfers	424,537	541,912	(424,537)	(541,912)	-	-
Change in net position	(291,508)	992,905	536,703	683,036	245,195	1,675,941
Net position:						
Beginning of year	25,254,379	24,261,474	20,681,356	19,998,320	45,935,735	44,259,794
End of year	<u>\$24,962,871</u>	<u>\$25,254,379</u>	<u>\$21,218,059</u>	<u>\$20,681,356</u>	<u>\$ 46,180,930</u>	<u>\$45,935,735</u>

The preceding table shows that the net position of governmental activities and business-type activities increased by \$245,195 or .53 percent during 2013 as compared to an increase of approximately \$1.7 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 \$13.5 million. This represents an increase of approximately \$.2 million in comparison with the prior year. The general fund increased its fund balance by approximately \$367,000 in comparison with the prior year. Central dispatch fund balance decreased by approximately \$388,000 and the commission on aging fund balance decreased by approximately \$135,000.

ST. JOSEPH COUNTY, MICHIGAN

Management's Discussion and Analysis

Proprietary Funds. Net position of the County's business-type activities increased by approximately \$.54 million. Net position of the tax payment fund increased by approximately \$426,000 while net position of the other nonmajor enterprise funds increased by approximately \$111,000.

General Fund Budgetary Highlights

The original general fund expenditure budget of \$14.6 million increased to \$14.9 million after revisions; however, actual expenditures totaled only \$14.1 million for a net savings of approximately \$.8 million or 5.7 percent under the revised budget. Expenditure savings came from many departments.

Actual revenues came in at just over \$14.3 million or within 2.8 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 2013, the County had invested \$10,865,022 for the primary government and \$1,703,575 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 \$12,447,662 for the primary government. Depreciation charges for the fiscal year totaled \$703,723 for the primary government and \$64,095 for the component units (excluding the Road Commission and Community Mental Health, see separately issued financial statements).

The primary government expended approximately \$378,000 for capital asset additions in 2013. Of this total approximately \$236,000 is attributable to the ALERT software improvement project at Central Dispatch. Other significant additions were marine vehicles totaling \$27,000; vehicles for the Sheriff's Department and Drug Unit totaling \$63,500; John Deere Gator replacement for the Parks Department for approximately \$10,000; and new computer services totaling approximately \$20,000.

	Governmental Activities		Business-type Activities		Component Units	
	2013	2012	2013	2012	2013	2012
Land	\$ 593,024	\$ 593,024	\$ -	\$ -	\$ 560,002	\$ 560,002
Construction in progress	-	-	-	-	-	-
Intangible assets	378,472	142,682	-	-	-	-
Infrastructure, net	-	-	-	-	27,454,450	28,028,409
Land improvements, net	820,247	876,783	-	-	-	-
Buildings and improvements, net	7,031,006	7,296,784	-	-	3,027,955	3,133,830
Vehicles and equipment, net	1,993,182	2,321,467	49,091	45,263	2,514,633	2,017,592
Depletable assets	-	-	-	-	41,230	41,230
Yard and storage	-	-	-	-	24,355	24,355
Drains, net	-	-	-	-	1,702,885	1,766,641
Total capital assets, net	\$10,815,931	\$11,230,740	\$ 49,091	\$ 45,263	\$ 35,325,510	\$35,572,059

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, 2013	Additions	Reductions	December 2013
Outstanding bonds and notes as of December 31, 2013				
Component units				
Board of Public Works				
Water and sewer bonds	\$ 4,605,000	\$ -	\$ 1,865,000	\$ 2,740,000
Drainage districts				
Drain bonds and notes	486,549	-	93,599	392,950
Total	<u>\$ 5,091,549</u>	<u>\$ -</u>	<u>\$ 1,958,599</u>	<u>\$ 3,132,950</u>
Debt limit (10% of SEV)				<u>\$236,557,397</u>
Available statutory debt limit				<u>\$233,424,447</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, 2012 was approximately \$2.37 billion; therefore the County's debt limitation was approximately \$237 million. The County remains well below its legal debt limit by over \$233 million.

Economic Factors and Next Year's Budget and Rates

- 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 operating costs.
- Revenue Sharing revenue has been projected at \$1,098,000 for 2014. The County must meet the Governor's CIP (County Incentive Program) requirements in order to receive \$220,000 of the total amount. All necessary requirements are being met in order to ensure the receipt of the CIP related revenues. These requirements include collaborating with other municipalities and/or agencies, maintaining web based financial "dashboards" and addressing unfunded pension liabilities.

The County continues to look for ways to increase efficiencies and reduce the cost of doing business.

The board of Commissioners is continuing with an initiative, which was started in 2012, to explore ways in which the County can lead economic development 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, 2013

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 9,701,712	\$ 15,154,637	\$ 24,856,349	\$ 2,492,235
Investments	4,623,855	3,312,449	7,936,304	1,047,977
Receivables, net	2,525,656	2,001,938	4,527,594	6,026,997
Internal balances	(834,674)	704,708	(129,966)	-
Other assets	549,179	-	549,179	902,416
Capital assets not being depreciated	971,496	-	971,496	8,973,086
Capital assets being depreciated, net	9,844,435	49,091	9,893,526	26,352,424
Total assets	27,381,659	21,222,823	48,604,482	45,795,135
Liabilities				
Accounts payable and accrued expenses	1,475,268	4,764	1,480,032	1,476,261
Interest payable	-	-	-	22,626
Unearned revenue	-	-	-	6,997
Long-term liabilities:				
Due within one year	-	-	-	824,410
Due in more than one year	-	-	-	5,574,761
Other noncurrent liability - net other postemployment benefit liability	-	-	-	1,093,441
Total liabilities	1,475,268	4,764	1,480,032	8,998,496
Deferred inflows of resources				
Taxes levied for a subsequent period	943,520	-	943,520	1,266,060
Net position				
Net investment in capital assets	10,815,931	49,091	10,865,022	32,099,956
Restricted for:				
Debt service	-	-	-	85,392
Capital projects	516,736	-	516,736	-
Other purposes	4,807,964	-	4,807,964	-
Permanent trust	14,469	-	14,469	-
Unrestricted	8,807,771	21,168,968	29,976,739	3,345,231
Total net position	\$ 24,962,871	\$ 21,218,059	\$ 46,180,930	\$ 35,530,579

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

ST. JOSEPH COUNTY, MICHIGAN

Statement of Activities

For the Year Ended December 31, 2013

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	\$ 8,113,897	\$ 1,814,674	\$ 3,014,894	\$ -	\$ (3,284,329)
Public safety	7,185,212	1,299,311	708,056	-	(5,177,845)
Public works	145,446	201,967	-	-	56,521
Health and social services	3,732,226	289,899	1,047,271	-	(2,395,056)
Parks, recreation and cultural	258,887	61,615	-	-	(197,272)
Community development	156,361	37,122	149,231	-	29,992
Unallocated depreciation	697,909	-	-	-	(697,909)
Total governmental activities	<u>20,289,938</u>	<u>3,704,588</u>	<u>4,919,452</u>	<u>-</u>	<u>(11,665,898)</u>
Business-type activities:					
Tax Payment Fund	-	748,553	-	-	748,553
Other	200,141	343,196	-	-	143,055
Total business-type activities	<u>200,141</u>	<u>1,091,749</u>	<u>-</u>	<u>-</u>	<u>891,608</u>
Total primary government	<u>\$ 20,490,079</u>	<u>\$ 4,796,337</u>	<u>\$ 4,919,452</u>	<u>\$ -</u>	<u>\$ (10,774,290)</u>
Component units					
Board of Public Works	\$ 736,434	\$ 100	\$ 735,819	\$ -	\$ (515)
Drainage Districts	100,696	700	-	74,285	(25,711)
Economic Development Corporation	491,795	300,000	148,427	-	(43,368)
Road Commission	8,114,233	629,395	5,428,570	-	(2,056,268)
Community Mental Health Authority	15,677,026	13,652,243	2,077,783	-	53,000
Total component units	<u>\$ 25,120,184</u>	<u>\$ 14,582,438</u>	<u>\$ 8,390,599</u>	<u>\$ 74,285</u>	<u>\$ (2,072,862)</u>

continued...

ST. JOSEPH COUNTY, MICHIGAN

Statement of Activities
For the Year Ended December 31, 2013

	Primary Government			Component Component Units
	Governmental Activities	Business-type Activities	Totals	
Change in net position				
Net (expenses) revenues	\$ (11,665,898)	\$ 891,608	\$ (10,774,290)	\$ (2,072,862)
General revenues:				
Property taxes	10,936,909	-	10,936,909	1,269,106
Unrestricted investment earnings	12,944	69,632	82,576	13,064
Transfers - internal activities	424,537	(424,537)	-	-
Total general revenues and transfers	11,374,390	(354,905)	11,019,485	1,282,170
Change in net position	(291,508)	536,703	245,195	(790,692)
Net position, beginning of year	25,254,379	20,681,356	45,935,735	36,321,271
Net position, end of year	\$ 24,962,871	\$ 21,218,059	\$ 46,180,930	\$ 35,530,579

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, 2013

	Special Revenue Funds				
	General	Central Dispatch	Commission on Aging	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 3,838,294	\$ 1,123,645	\$ 1,413,184	\$ 2,888,556	\$ 9,263,679
Investments	4,623,855	-	-	-	4,623,855
Receivables:					
Property taxes	806,316	943,520	-	-	1,749,836
Accounts, net	139,719	-	16,712	135,759	292,190
Interest receivable	11,682	-	-	-	11,682
Due from other governments -					
Federal/State	213,022	-	44,183	214,743	471,948
Inventory	7,357	-	3,072	-	10,429
Prepays	4,285	-	13,193	3,676	21,154
Other assets	287,620	10,667	7,895	15,007	321,189
Total assets	\$ 9,932,150	\$ 2,077,832	\$ 1,498,239	\$ 3,257,741	\$ 16,765,962
Liabilities					
Accounts payable	\$ 138,274	\$ 11,463	\$ 74,934	\$ 142,557	\$ 367,228
Accrued liabilities	409,581	-	24,899	4,222	438,702
Due to other governmental units -					
Federal/State	-	-	34,898	-	34,898
Due to other funds	576,524	-	-	258,150	834,674
Total liabilities	1,124,379	11,463	134,731	404,929	1,675,502
Deferred inflows of resources					
Unavailable - property taxes	603,886	-	-	-	603,886
Taxes levied for a subsequent period	-	943,520	-	-	943,520
Total deferred inflows of resources	603,886	943,520	-	-	1,547,406
Fund balances					
Nonspendable	11,642	-	16,265	3,676	31,583
Restricted	-	1,122,849	1,347,243	2,849,136	5,319,228
Unassigned	8,192,243	-	-	-	8,192,243
Total fund balances	8,203,885	1,122,849	1,363,508	2,852,812	13,543,054
Total liabilities, deferred inflows of resources and fund balances	\$ 9,932,150	\$ 2,077,832	\$ 1,498,239	\$ 3,257,741	\$ 16,765,962

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, 2013

Fund balances - total governmental funds	\$ 13,543,054
Amounts reported for <i>governmental activities</i> 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	971,496
Capital assets being depreciated, net	9,844,435
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>603,886</u>
Net position of governmental activities	<u><u>\$ 24,962,871</u></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, 2013

	Special Revenue Funds				Total Governmental Funds
	General	Central Dispatch	Commission on Aging	Nonmajor Governmental Funds	
Revenues					
Property taxes	\$ 8,714,844	\$ 934,073	\$ 1,396,947	\$ -	\$ 11,045,864
Licenses and permits	183,944	-	-	7,045	190,989
Intergovernmental -					
Federal/State	2,993,179	-	396,389	1,561,798	4,951,366
Charges for services	1,799,200	-	41,526	436,824	2,277,550
Fines and forfeitures	99,099	-	-	325,222	424,321
Interest and rents	9,398	4,281	-	7,799	21,478
Miscellaneous	503,785	2,702	247,398	17,262	771,147
Total revenues	14,303,449	941,056	2,082,260	2,355,950	19,682,715
Expenditures					
Current:					
General government	7,899,081	-	-	171,139	8,070,220
Public safety	4,747,187	1,304,936	-	1,133,089	7,185,212
Public works	427,962	-	-	17,484	445,446
Health and social services	875,555	-	2,217,046	639,625	3,732,226
Community development	11,378	-	-	144,983	156,361
Parks, recreation and culture	140,881	-	-	118,006	258,887
Capital outlay	-	-	-	26,777	26,777
Total expenditures	14,102,044	1,304,936	2,217,046	2,251,103	19,875,129
Revenues over (under) expenditures	201,405	(363,880)	(134,786)	104,847	(192,414)
Other financing sources (uses)					
Transfers in	621,593	-	-	529,779	1,151,372
Transfers out	(455,560)	(24,500)	-	(246,775)	(726,835)
Total other financing sources (uses)	166,033	(24,500)	-	283,004	424,537
Net change in fund balances	367,438	(388,380)	(134,786)	387,851	232,123
Fund balances, beginning of year	7,836,447	1,511,229	1,498,294	2,464,961	13,310,931
Fund balances, end of year	\$ 8,203,885	\$ 1,122,849	\$ 1,363,508	\$ 2,852,812	\$ 13,543,054

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, 2013

Net change in fund balance - total governmental funds	\$ 232,123
Amounts reported for <i>governmental activities</i> 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	368,382
Depreciation expense	(697,909)
Loss on disposal of capital assets	(85,282)
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>(108,822)</u>
Change in net position of governmental activities	<u><u>\$ (291,508)</u></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, 2013

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 8,654,622	\$ 8,654,622	\$ 8,714,844	\$ 60,222
Licenses and permits	167,675	167,675	183,944	16,269
Intergovernmental -				
Federal/State	2,763,372	2,797,400	2,993,179	195,779
Charges for services	1,710,040	1,755,440	1,799,200	43,760
Fines and forfeitures	152,500	152,500	99,099	(53,401)
Interest and rents	54,650	54,650	9,398	(45,252)
Miscellaneous	130,860	334,760	503,785	169,025
Total revenues	13,633,719	13,917,047	14,303,449	386,402
Expenditures				
Current:				
General government administration	8,575,299	8,668,825	7,899,081	(769,744)
Public safety	4,405,858	4,793,223	4,747,187	(46,036)
Public works	434,418	434,418	427,962	(6,456)
Health and social services	1,071,487	897,394	875,555	(21,839)
Parks, recreation and culture	149,240	139,240	140,881	1,641
Community development	12,917	12,917	11,378	(1,539)
Total expenditures	14,649,219	14,946,017	14,102,044	(843,973)
Revenues over (under) expenditures	(1,015,500)	(1,028,970)	201,405	1,230,375
Other financing sources (uses)				
Transfers in	607,090	757,600	621,593	(136,007)
Transfers out	(515,208)	(515,208)	(455,560)	59,648
Total other financing sources	91,882	242,392	166,033	(76,359)
Net change in fund balance	(923,618)	(786,578)	367,438	1,154,016
Fund balance, beginning of year	7,836,447	7,836,447	7,836,447	-
Fund balance, end of year	\$ 6,912,829	\$ 7,049,869	\$ 8,203,885	\$ 1,154,016

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, 2013

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 939,586	\$ 939,586	\$ 934,073	\$ (5,513)
Interest and rents	2,500	2,500	4,281	1,781
Miscellaneous	100	100	2,702	2,602
Total revenues	942,186	942,186	941,056	(1,130)
Expenditures				
Current -				
Public safety	1,362,512	1,420,912	1,304,936	(115,976)
Revenues under expenditures	(420,326)	(478,726)	(363,880)	114,846
Other financing uses				
Transfers out	(24,500)	(24,500)	(24,500)	-
Net change in fund balance	(444,826)	(503,226)	(388,380)	114,846
Fund balance, beginning of year	1,511,229	1,511,229	1,511,229	-
Fund balance, end of year	\$ 1,066,403	\$ 1,008,003	\$ 1,122,849	\$ 114,846

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, 2013

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 1,430,017	\$ 1,430,017	\$ 1,396,947	\$ (33,070)
Intergovernmental -				
Federal/State	393,472	393,472	396,389	2,917
Charges for services	44,740	44,740	41,526	(3,214)
Miscellaneous	510,936	514,474	247,398	(267,076)
Total revenues	<u>2,379,165</u>	<u>2,382,703</u>	<u>2,082,260</u>	<u>(300,443)</u>
Expenditures				
Current -				
Health and social services	<u>2,379,165</u>	<u>2,379,165</u>	<u>2,217,046</u>	<u>(162,119)</u>
Net change in fund balance	-	3,538	(134,786)	(138,324)
Fund balance, beginning of year	<u>1,498,294</u>	<u>1,498,294</u>	<u>1,498,294</u>	-
Fund balance, end of year	<u>\$ 1,498,294</u>	<u>\$ 1,501,832</u>	<u>\$ 1,363,508</u>	<u>\$ (138,324)</u>

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

ST. JOSEPH COUNTY, MICHIGAN

Statement of Net Position

Proprietary Funds
December 31, 2013

	Business-type Activities - Enterprise Funds			Governmental Activities
	Tax Payment Fund	Nonmajor Funds	Total	Internal Service Fund
Assets				
Current assets:				
Cash and cash equivalents	\$ 14,791,513	\$ 363,124	\$ 15,154,637	\$ 438,033
Investments	3,062,449	250,000	3,312,449	-
Receivables:				
Property taxes	1,967,675	-	1,967,675	-
Accounts, net	321	2,030	2,351	-
Interest receivable	31,912	-	31,912	-
Due from other funds	704,708	-	704,708	-
Total current assets	<u>20,558,578</u>	<u>615,154</u>	<u>21,173,732</u>	<u>634,440</u>
Noncurrent assets -				
Equipment	-	49,091	49,091	-
Total assets	<u>20,558,578</u>	<u>664,245</u>	<u>21,222,823</u>	<u>634,440</u>
Liabilities				
Current liabilities:				
Accounts payable	460	3,084	3,544	553
Accrued liabilities	-	1,220	1,220	-
accrued compensated absences	-	-	-	633,887
Total liabilities	<u>460</u>	<u>4,304</u>	<u>4,764</u>	<u>634,440</u>
Net position				
Investment in capital assets	-	49,091	49,091	-
Unrestricted	<u>20,558,118</u>	<u>610,850</u>	<u>21,168,968</u>	<u>-</u>
Total net position	<u>\$ 20,558,118</u>	<u>\$ 659,941</u>	<u>\$ 21,218,059</u>	<u>\$ -</u>

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

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ST. JOSEPH COUNTY, MICHIGAN

Statement of Revenues, Expenses and Changes in Fund Net Position
 Proprietary Funds
 For the Year Ended December 31, 2013

	Business-type Activities - Enterprise Funds			Governmental Activities
	Tax Payment Fund	Nonmajor Funds	Total	Internal Service Fund
Operating revenues				
Charges for services	\$ -	\$ 278,289	\$ 278,289	\$ 2,314,179
Interest on taxes	748,553	-	748,553	-
Other revenues	-	64,907	64,907	-
Total operating revenues	748,553	343,196	1,091,749	2,314,179
Operating expenses				
Operations and administrative	-	194,327	194,327	2,314,179
Depreciation	-	5,814	5,814	-
Total operating expenses	-	200,141	200,141	2,314,179
Operating income	748,553	143,055	891,608	-
Nonoperating revenues				
Interest income	66,970	2,662	69,632	-
Income before transfers	815,523	145,717	961,240	-
Transfers out	(389,359)	(35,178)	(424,537)	-
Change in net position	426,164	110,539	536,703	-
Net position, beginning of year	20,131,954	549,402	20,681,356	-
Net position, end of year	\$ 20,558,118	\$ 659,941	\$ 21,218,059	\$ -

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, 2013

	Business-type Activities - Enterprise Funds			Governmental Activities
	Tax Payment Fund	Nonmajor Funds	Total	Internal Service Fund
Cash flows from operating activities				
Cash received from customers and users	\$ 440,385	\$ 303,289	\$ 743,674	\$ 2,301,318
Cash received from others	-	64,907	64,907	-
Cash paid to/for employees	-	(55,328)	(55,328)	(2,411,465)
Cash paid to suppliers	460	(138,512)	(138,052)	-
Net cash provided (used) by operating activities	440,845	174,356	615,201	(110,147)
Cash flows from non-capital financing activities				
Transfers out	(389,359)	(35,178)	(424,537)	-
Cash flows from capital and related financing activities				
Capital acquisitions	-	(9,641)	(9,641)	-
Cash flows from investing activities				
Purchase of investments	(1,712,449)	(250,000)	(1,962,449)	-
Interest received	66,970	2,662	69,632	-
Net cash used by investing activities	(1,645,479)	(247,338)	(1,892,817)	-
Net change in cash and cash equivalents	(1,593,993)	(117,801)	(1,711,794)	(110,147)
Cash and cash equivalents, beginning of year	16,385,506	480,925	16,866,431	548,180
Cash and cash equivalents, end of year	\$ 14,791,513	\$ 363,124	\$ 15,154,637	\$ 438,033

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ST. JOSEPH COUNTY, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended December 31, 2013

	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	\$ 748,553	\$ 143,055	\$ 891,608	\$ -
Adjustments to reconcile operating income to net cash provided (used) by operating activities				
Depreciation and amortization	-	5,814	5,814	-
Change in assets and liabilities:				
Taxes receivable	412,839	-	412,839	-
Accounts receivable	160	25,000	25,160	1,760
Interest receivable	(16,459)	-	(16,459)	-
Due from other funds	(704,708)	-	(704,708)	-
Prepays	-	-	-	(14,621)
Accounts payable	460	1,048	1,508	553
Accrued liabilities	-	(561)	(561)	-
Accrued compensated absences	-	-	-	(97,839)
Net cash provided (used) by operating activities	<u>\$ 440,845</u>	<u>\$ 174,356</u>	<u>\$ 615,201</u>	<u>\$ (110,147)</u>

concluded.

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

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ST. JOSEPH COUNTY, MICHIGAN

Statement of Fiduciary Net Position

Fiduciary Funds
December 31, 2013

Assets

Cash and cash equivalents	<u>\$ 1,302,982</u>
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Liabilities

Accounts payable	\$ 2,732
Due to individuals/agencies	1,181,920
Due to other governmental units	<u>118,330</u>

Total liabilities	<u>\$ 1,302,982</u>
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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, 2013

	Department of Public Works	Drainage Districts	Economic Development Corporation
Assets			
Cash and cash equivalents	\$ 513	\$ 434,835	\$ 46,003
Investments	-	-	-
Receivables:			
Special assessments	-	250,510	-
Accounts, net	43	-	13,065
Leases receivable	2,776,001	-	-
Inventories	-	-	-
Prepays	-	-	-
Capital assets not being depreciated	-	-	-
Capital assets being depreciated, net	-	1,702,885	690
Total assets	2,776,557	2,388,230	59,758
Liabilities			
Accounts payable	-	-	13,065
Accrued liabilities	-	-	-
Interest payable	13,521	9,105	-
Due to other governments	-	-	-
Unearned revenue	-	-	-
Advances from primary government	-	11,893	-
Long-term debt:			
Due within one year	126,212	94,196	-
Due in more than one year	2,636,824	298,754	-
Other noncurrent liability - net other postemployment benefit liability	-	-	-
Total liabilities	2,776,557	413,948	13,065
Deferred inflows of resources			
Taxes levied for a subsequent period	-	-	-
Net position			
Net investment in capital assets	-	1,309,935	690
Restricted for debt service	-	85,392	-
Unrestricted	-	578,955	46,003
Total net position	\$ -	\$ 1,974,282	\$ 46,693

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



Road Commission	Community Mental Health Authority	Total
\$ 836,863	\$ 1,174,021	\$ 2,492,235
-	1,047,977	1,047,977
-	-	250,510
2,169,505	817,873	3,000,486
-	-	2,776,001
763,763	-	763,763
-	138,653	138,653
8,639,342	333,744	8,973,086
<u>22,272,433</u>	<u>2,376,416</u>	<u>26,352,424</u>
<u>34,681,906</u>	<u>5,888,684</u>	<u>45,795,135</u>
111,699	876,335	1,001,099
76,959	200,878	277,837
-	-	22,626
-	185,432	185,432
-	6,997	6,997
-	-	11,893
323,861	280,141	824,410
591,093	2,048,090	5,574,761
<u>1,093,441</u>	<u>-</u>	<u>1,093,441</u>
<u>2,197,053</u>	<u>3,597,873</u>	<u>8,998,496</u>
<u>1,266,060</u>	<u>-</u>	<u>1,266,060</u>
30,108,450	680,881	32,099,956
-	-	85,392
<u>1,110,343</u>	<u>1,609,930</u>	<u>3,345,231</u>
<u>\$ 31,218,793</u>	<u>\$ 2,290,811</u>	<u>\$ 35,530,579</u>

ST. JOSEPH COUNTY, MICHIGAN

Combining Statement of Activities Discretely Presented Component Units December 31, 2013

	Department of Public Works	Drainage Districts	Economic Development Corporation
Expenses			
Public works	\$ 736,434	\$ 100,696	\$ 491,795
Highways and streets	-	-	-
Community Mental Health	-	-	-
Total expenses	736,434	100,696	491,795
Program revenues			
Charges for services	-	-	-
Operating grants and contributions	735,819	700	448,427
Capital grants and contributions	-	74,285	-
Other	100	-	-
Total program revenues	735,919	74,985	448,427
Net program revenue (expense)	(515)	(25,711)	(43,368)
General revenues			
Property taxes	-	-	-
Unrestricted investment earnings	515	716	593
Total general revenues	515	716	593
Change in net position	-	(24,995)	(42,775)
Net position, beginning of year	-	1,999,277	89,468
Net position, end of year	\$ -	\$ 1,974,282	\$ 46,693

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



Road Commission	Community Mental Health Authority	Total
\$ -	\$ -	\$ 1,328,925
8,114,233	-	8,114,233
-	15,677,026	15,677,026
<u>8,114,233</u>	<u>15,677,026</u>	<u>25,120,184</u>
629,395	13,630,752	14,260,147
5,428,570	2,077,783	8,691,299
-	-	74,285
-	21,491	21,591
<u>6,057,965</u>	<u>15,730,026</u>	<u>23,047,322</u>
(2,056,268)	53,000	(2,072,862)
1,269,106	-	1,269,106
7,680	3,560	13,064
<u>1,276,786</u>	<u>3,560</u>	<u>1,282,170</u>
(779,482)	56,560	(790,692)
<u>31,998,275</u>	<u>2,234,251</u>	<u>36,321,271</u>
<u>\$ 31,218,793</u>	<u>\$ 2,290,811</u>	<u>\$ 35,530,579</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 drainage district and Economic Development 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. The County has no deferred outflows of resources as of year end.

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 of 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 property taxes. 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 -			
Parks, recreation and cultural	\$ 139,240	\$ 140,881	\$ 1,641

3. DEPOSITS AND INVESTMENTS

Following is a reconciliation of deposit and investment balances as of December 31, 2013:

	Primary Government	Component Units	Totals
Statement of Net Position			
Cash and cash equivalents	\$ 24,856,349	\$ 2,492,235	\$ 27,348,584
Investments	7,936,304	1,047,977	8,984,281
Statement of Fiduciary Net Position - Fiduciary Funds			
Cash and cash equivalents	1,302,982	-	1,302,982
Total	\$ 34,095,635	\$ 3,540,212	\$ 37,635,847
Deposits and investments			
Deposits			\$ 26,731,387
Investments			10,897,753
Cash on hand			6,707
Total			\$ 37,635,847

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.

	Maturity	Fair Value	Rating
Investments			
Federal Home Loan Bank	06/20/2014	\$ 495,715	AA+
Federal Home Loan Bank	07/17/2018	250,000	AA+
Federal Home Loan Bank	12/08/2017	97,311	AA+
Federal Farm Credit Bank	05/02/2016	500,020	AA+
Federal Farm Credit Bank	04/09/2015	500,005	AA+
Federal Farm Credit Bank	05/02/2016	525,021	AA+
Federal Farm Credit Bank	02/15/2017	597,186	AA+
Federal Farm Credit Bank	05/16/2017	450,000	AA+
Federal Farm Credit Bank	05/13/2016	99,592	AA+
Fannie Mae	08/22/2018	290,781	AA+
Fannie Mae	08/22/2018	242,318	AA+
Fannie Mae	08/28/2017	98,732	AA+
Fannie Mae	05/21/2018	96,731	AA+
Freddie Mac	11/27/2018	443,525	AA+
Freddie Mac	11/29/2018	250,000	AA+
Freddie Mac	12/27/2016	275,000	AA+
Freddie Mac	07/28/2017	99,368	AA+
Western Asset Govt MM	n/a	1,521,506	not rated
MBIA short term funds	n/a	4,064,942	not rated
		\$ 10,897,753	
Total			

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, \$21,778,816 of the County's bank balance of \$26,656,413 (total book balance was \$26,731,387) 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.

ST. JOSEPH COUNTY, MICHIGAN

Notes To Financial Statements

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.

4. RECEIVABLES

Receivables are comprised of the following at year end:

	Governmental Activities	Business-type Activities	Component Units
Taxes	\$ 1,749,836	\$ 1,967,675	\$ -
Accounts, net	292,190	2,351	3,000,486
Interest	11,682	31,912	-
Special assessments	-	-	250,510
Leases	-	-	2,776,001
Due from other governments	471,948	-	-
	<u>\$ 2,525,656</u>	<u>\$ 2,001,938</u>	<u>\$ 6,026,997</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, 2013. 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	\$ 367,781	\$ 3,544	\$ 1,001,099
Accrued liabilities	438,702	1,220	277,837
Due to other governments	34,898	-	185,432
Compensated absences	633,887	-	-
Advances	-	-	11,893
	<u>\$ 1,475,268</u>	<u>\$ 4,764</u>	<u>\$ 1,476,261</u>

ST. JOSEPH COUNTY, MICHIGAN

Notes To Financial Statements

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, 2013, due to/due from other funds consisted of the following:

	Due from Other Funds	Due to Other Funds
General fund	\$ -	\$ 576,524
Tax payment fund	704,708	-
Nonmajor Governmental Funds	-	258,150
Timing differences due to 9/30 funds	129,966	-
	<u>\$ 834,674</u>	<u>\$ 834,674</u>

For the year ended December 31, 2013, interfund transfers consisted of the following:

Transfers out	Transfers in		
	General Fund	Nonmajor Governmental Funds	Totals
General fund	\$ -	\$ 455,560	\$ 455,560
Central dispatch fund	24,500	-	24,500
Tax payment fund	389,359	-	389,359
Nonmajor governmental funds	172,556	74,219	246,775
Nonmajor enterprise funds	35,178	-	35,178
	<u>\$ 621,593</u>	<u>\$ 529,779</u>	<u>\$ 1,151,372</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, 2013, was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 593,024	\$ -	\$ -	\$ 593,024
Progress payments on software	142,682	235,790		378,472
	<u>735,706</u>	<u>235,790</u>	<u>-</u>	<u>971,496</u>
Capital assets being depreciated:				
Land improvements	1,838,075	-	-	1,838,075
Buildings and improvements	15,589,267	-	-	15,589,267
Vehicles and equipment	5,256,640	132,592	553,345	4,835,887
	<u>22,683,982</u>	<u>132,592</u>	<u>553,345</u>	<u>22,263,229</u>
Less accumulated depreciation for:				
Land improvements	961,292	56,536	-	1,017,828
Buildings and improvements	8,292,483	265,778	-	8,558,261
Vehicles and equipment	2,935,173	375,595	468,063	2,842,705
	<u>12,188,948</u>	<u>697,909</u>	<u>468,063</u>	<u>12,418,794</u>
Total capital assets being depreciated, net	<u>10,495,034</u>	<u>(565,317)</u>	<u>85,282</u>	<u>9,844,435</u>
Governmental activities capital assets, net	<u>\$ 11,230,740</u>	<u>\$ (329,527)</u>	<u>\$ 85,282</u>	<u>\$ 10,815,931</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	\$ 68,317	\$ 9,642	\$ -	\$ 77,959
Less accumulated depreciation for - Vehicles and equipment	23,054	5,814	-	28,868
Total capital assets being depreciated, net	\$ 45,263	\$ 3,828	\$ -	\$ 49,091

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	783,577	63,756	-	847,333
Total capital assets being depreciated, net	\$ 1,766,641	\$ (63,756)	\$ -	\$ 1,702,885

	Beginning Balance	Additions	Disposals	Ending Balance
Economic Development				
Capital assets, being depreciated - Equipment	\$ 9,887	\$ -	\$ 6,629	\$ 3,258
Less accumulated depreciation for - Equipment	8,163	339	5,934	2,568
Total capital assets being depreciated, net	\$ 1,724	\$ (339)	\$ 695	\$ 690

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	1,484,061	6,774	-	1,490,835
Road equipment	7,402,209	1,118,829	444,386	8,076,652
Shop equipment	352,804	13,211	26,551	339,464
Office equipment	185,611	3,199	-	188,810
Engineers' equipment	78,670	-	-	78,670
Yard and storage	24,355	-	-	24,355
Depleteable assets	128,851	-	-	128,851
Infrastructure	49,037,608	824,079	-	49,861,687
	<u>58,694,169</u>	<u>1,966,092</u>	<u>470,937</u>	<u>60,189,324</u>
Less accumulated depreciation for:				
Buildings and improvements	721,023	2,516	-	723,539
Equipment	6,156,026	597,252	467,868	6,285,410
Depleteable assets	87,621	-	-	87,621
Infrastructure	29,422,283	1,398,038	-	30,820,321
	<u>36,386,953</u>	<u>1,997,806</u>	<u>467,868</u>	<u>37,916,891</u>
Total capital assets being depreciated, net	<u>22,307,216</u>	<u>(31,714)</u>	<u>3,069</u>	<u>22,272,433</u>
Capital assets, net	<u>\$ 30,946,558</u>	<u>\$ (31,714)</u>	<u>\$ 3,069</u>	<u>\$ 30,911,775</u>

Depreciation expense was charged to the highway and streets function in 2013.

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
Capital assets being depreciated:				
Buildings	2,722,978	-	-	2,722,978
Equipment and furnishings	406,433	16,975	-	423,408
Computers	71,541	-	-	71,541
Vehicles	86,044	-	-	86,044
	<u>3,286,996</u>	<u>16,975</u>	<u>-</u>	<u>3,303,971</u>
Less accumulated depreciation for:				
Buildings	352,186	110,133	-	462,319
Equipment and furnishings	271,274	48,382	-	319,656
Computers	71,541	-	-	71,541
Vehicles	68,603	5,436	-	74,039
	<u>763,604</u>	<u>163,951</u>	<u>-</u>	<u>927,555</u>
Total capital assets being depreciated, net	<u>2,523,392</u>	<u>(146,976)</u>	<u>-</u>	<u>2,376,416</u>
Capital assets, net	<u>\$ 2,857,136</u>	<u>\$ (146,976)</u>	<u>\$ -</u>	<u>\$ 2,710,160</u>

8. LONG-TERM DEBT

Long-term debt activity for the year ended December 31, 2013, was as follows:

Discretely presented component units

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Board of Public Works					
General obligation bonds	\$ 4,605,000	\$ -	\$ 1,865,000	\$ 2,740,000	\$ 125,000
Bond premium	24,248	-	1,212	23,036	1,212
	<u>\$ 4,629,248</u>	<u>\$ -</u>	<u>\$ 1,866,212</u>	<u>\$ 2,763,036</u>	<u>\$ 126,212</u>
Drainage Districts					
Drain bonds and notes	\$ 486,549	\$ -	\$ 93,599	\$ 392,950	\$ 94,196
Road Commission					
Installment leases	\$ 446,378	\$ 606,246	\$ 249,299	\$ 803,325	\$ 268,861
Compensated absences	118,438	177,972	184,781	111,629	55,000
	<u>\$ 564,816</u>	<u>\$ 784,218</u>	<u>\$ 434,080</u>	<u>\$ 914,954</u>	<u>\$ 323,861</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	\$ 2,082,360	\$ -	\$ 53,081	\$ 2,029,279	\$ 55,927
Compensated absences	282,208	316,744	300,000	298,952	224,214
	<u>\$ 2,364,568</u>	<u>\$ 316,744</u>	<u>\$ 353,081</u>	<u>\$ 2,328,231</u>	<u>\$ 280,141</u>

	Interest Rates	Maturity Date	Amount of Original Issue	Amount Outstanding
Public Works				
Water Supply #13	5.25%	2017	\$ 165,000	\$ 60,000
Water Supply #16	3.50-4.65%	2019	335,000	165,000
Water Supply #17	.750-3.25%	2032	2,600,000	2,515,000
				<u>\$ 2,740,000</u>

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

Year Ended December 31,	Principal	Interest
2014	\$ 125,000	\$ 77,063
2015	130,000	74,504
2016	135,000	71,730
2017	145,000	67,943
2018	135,000	64,213
2019-2023	630,000	273,309
2024-2028	735,000	180,363
2029-2032	705,000	57,990
	<u>\$ 2,740,000</u>	<u>\$ 867,115</u>

	Interest Rates	Maturity Date	Amount of Original Issue	Amount Outstanding
Drain Notes				
Felker	4.00%	2016	\$ 427,000	\$ 128,100
Colon #1	4.40%	2017	365,780	118,479
Grover and Coohan	4.19%	2020	220,000	146,371
				<u>\$ 392,950</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
2014	\$ 94,196	\$ 16,598
2015	94,821	12,631
2016	95,472	8,649
2017	53,450	4,619
2018	17,579	2,304
2019-2020	37,432	2,387
	<u>\$ 392,950</u>	<u>\$ 47,188</u>

Road Commission

The Road Commission has entered into two installment purchase agreements for seven trucks calling for four remaining payments from \$126,578 to \$277,935 from 2014 through 2017, which includes interest from 2.6% to 3.1%.

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

Year Ended December 31,	Principal	Interest
2014	\$ 268,861	\$ 25,263
2015	277,935	16,190
2016	126,578	6,818
2017	129,951	3,444
	<u>\$ 803,325</u>	<u>\$ 51,715</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
2014	\$ 55,927	\$ 105,605
2015	58,946	102,586
2016	62,130	99,402
2017	65,482	96,050
2018	69,018	92,514
2019-2023	405,183	402,477
2024-2028	527,029	280,631
2029-2033	685,524	122,136
2034	100,040	1,899
	<u>\$ 2,029,279</u>	<u>\$ 1,303,300</u>

During 2013, the Board of Public works had a refunded of a portion of the outstanding bonds for the Village of Constantine. These bonds (1998 Limited Tax General Obligation Sewage Disposal System with a remaining amount due of \$585,000 and the 2002 Limited Tax General Obligation Sewage Disposal System with a remaining amount due of \$1,155,000) were originally issued with the full faith and credit of the County. The bonds were refunded and the outstanding debt was reassigned to the Village of Constantine for a total of \$1,740,000. As of December 31, 2013, the County has no responsibility for this debt.

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 \$1,000 for property coverage.

ST. JOSEPH COUNTY, MICHIGAN

Notes To Financial Statements

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.

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, 2013.

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 AND COMMITMENT

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.

ST. JOSEPH COUNTY, MICHIGAN

Notes To Financial Statements

The County is currently upgrading its computer system software in the Central Dispatch department. There has been expended \$378,471 through 2013 with a remaining amount of \$193,000 remaining to be spent. The project is expected to be completed during 2014.

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 2013 levies was \$1,887,043,088. The general operating tax rate for these levies were 4.5482 mills with an additional .5000 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 2013 rate for the general division is 2%; the Sheriff Department POAM/FOP division is 11%; and the Sheriff Administration division is 29.89%. 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 9.57%, and the Sheriff Administration division employees are required to contribute 9.57%. 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.

On January 1, 2013, the County implemented a new hybrid plan for all new hires into the general unit. The existing general unit plan was closed but remains in existence. No new hires will be added to that plan. The new hybrid plan has two components. The defined contribution piece requires a contribution of 1% of an employees wage. The defined benefit piece requires a contribution of 4.69% of an employees wage, which results in an employer expense of 5.69% of covered payroll. Employees are not required to contribute but can if they choose to.

ST. JOSEPH COUNTY, MICHIGAN

Notes To Financial Statements

For the year ended December 31, 2013, the annual MERS pension cost of \$40,020, \$27,003, \$258,398 and \$76,317 for the general division, the general division hybrid plan, 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, 2012 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 3% 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.

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, 2012, 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	\$ 21,658,935	\$ 19,104,458	\$ (2,554,477)	113.4%	\$ 4,717,236	0.0%
Sheriff POAM	10,689,070	12,537,353	1,848,283	85.3%	2,125,772	86.9%
Sheriff Admin	1,596,901	2,651,028	1,054,127	60.2%	245,043	430.2%

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	2011	\$ 101,794	100%	\$ -
	2012	98,413	100%	-
	2013	40,020	100%	-
General Division Hybrid Plan	2013	27,003	100%	-
Sheriff POAM	2011	\$ 227,534	100%	\$ -
	2012	235,240	100%	-
	2013	258,398	100%	-
Sheriff Admin	2011	\$ 50,486	100%	\$ -
	2012	69,004	100%	-
	2013	76,317	100%	-

ST. JOSEPH COUNTY, MICHIGAN

Notes To Financial Statements

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.

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, 2013, the Commission on Aging made the required contribution of \$38,806.

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, 2013, the Road Commission contributed \$119,711 (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.

ST. JOSEPH COUNTY, MICHIGAN

Notes To Financial Statements

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 members' salaries and 9.5% of all other eligible employees' compensation. Total contributions for the year ended September 30, 2013 were \$204,755.

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 12, 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 (37 active plan members, and 1 retiree 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, 2013, 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.

ST. JOSEPH COUNTY, MICHIGAN

Notes To Financial Statements

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	\$ 119,184
Interest on net OPEB obligation	34,450
Adjustment to annual required contribution	<u>(38,854)</u>
Net OPEB cost (expense)	114,780
Contributions made	<u>(5,617)</u>
Increase in net OPEB obligation	109,163
Net OPEB obligation, beginning of year	<u>984,278</u>
Net OPEB obligation, end of year	<u><u>\$ 1,093,441</u></u>

The Road Commission's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2013 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	\$ 287,356	0%	\$ 863,914
2012	121,997	1.3%	984,278
2013	114,780	4.9%	1,093,441

Funded Status and Funding Progress. As of December 31, 2013, 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.

ST. JOSEPH COUNTY, MICHIGAN

Notes To Financial Statements

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.

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, 2013, was 30 years.

ST. JOSEPH COUNTY, MICHIGAN

Notes To Financial Statements

14. FUND BALANCES - GOVERNMENTAL FUNDS

	General Fund	Central Dispatch	Commission on Aging	Nonmajor Governmental Funds	Total
Nonspendable:					
Inventory	\$ 7,357	\$ -	\$ 3,072	\$ -	\$ 10,429
Prepays	4,285	-	13,193	3,676	21,154
	<u>11,642</u>	<u>-</u>	<u>16,265</u>	<u>3,676</u>	<u>31,583</u>
Restricted for:					
General government	\$ -	\$ -	\$ -	\$ 226,808	\$ 226,808
Public safety	-	1,122,849	-	1,175,918	2,298,767
Public works	-	-	-	238,427	238,427
Health and social services	-	-	1,347,243	561,774	1,909,017
Parks, recreation and cultural	-	-	-	110,414	110,414
Community development	-	-	-	4,590	4,590
Capital projects	-	-	-	516,736	516,736
Permanent trust	-	-	-	14,469	14,469
Total restricted	<u>-</u>	<u>1,122,849</u>	<u>1,347,243</u>	<u>2,849,136</u>	<u>5,319,228</u>
Unassigned	<u>8,192,243</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,192,243</u>
Total fund balances, governmental funds	<u>\$ 8,203,885</u>	<u>\$ 1,122,849</u>	<u>\$ 1,363,508</u>	<u>\$ 2,852,812</u>	<u>\$ 13,543,054</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, 2013 was as follows:

	Governmental Activities	Business-type Activities	Component Units
Capital assets:			
Capital assets not being depreciated	\$ 971,496	\$ -	\$ 8,973,086
Capital assets being depreciated, net	9,844,435	49,091	26,352,424
	<u>10,815,931</u>	<u>49,091</u>	<u>35,325,510</u>
Related debt:			
Bonds, notes, mortgage and installment leases	-	-	(3,225,554)
	<u>-</u>	<u>-</u>	<u>(3,225,554)</u>
Net investment in capital assets	<u>\$ 10,815,931</u>	<u>\$ 49,091</u>	<u>\$ 32,099,956</u>

16. SUBSEQUENT EVENT

In March 2014 the County Board of Commissioners passed two resolutions to address the underfunding of the County's Sheriff Administration Division of the Michigan Municipal Employees Retirement System (MERS). The first resolution stipulated that the County would make a voluntary, one-time payment of \$1,054,127 to MERS to fund this division. The funds to make this payment were transferred to the County's General Fund from the Tax Payment Fund. The second resolution stipulates that all Sheriff Administration employees, hired after March 18, 2014, will participate in the General Hybrid Division rather than the Sheriff Administration Division of MERS.



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%
2012	21,658,935	19,104,458	(2,554,477)	113.4%	4,717,236	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%
2012	10,689,070	12,537,353	1,848,283	85.3%	2,125,772	86.9%
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%
2012	1,596,901	2,651,028	1,054,127	60.2%	245,043	430.2%

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				
	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%
	2013	40,020	40,020	100.0%
GENERAL DIVISION - HYBRID PLAN				
	2013	27,003	27,003	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	234,240	234,240	100.0%
	2013	258,398	258,398	100.0%
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%
	2013	76,317	76,317	100.0%

**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, 2013

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Taxes				
Property taxes	\$ 7,972,622	\$ 7,972,622	\$ 8,052,524	\$ 79,902
Industrial facilities tax	225,000	225,000	246,659	21,659
Delinquent taxes	457,000	457,000	415,661	(41,339)
Total taxes	<u>8,654,622</u>	<u>8,654,622</u>	<u>8,714,844</u>	<u>60,222</u>
Permits and regulatory licenses				
Marriage	3,125	3,125	3,593	468
Dog licenses	146,500	146,500	141,990	(4,510)
Pistol permits	18,050	18,050	38,361	20,311
Total permits and regulatory licenses	<u>167,675</u>	<u>167,675</u>	<u>183,944</u>	<u>16,269</u>
Intergovernmental - federal/state				
SCAAP grant	5,000	5,000	1,156	(3,844)
Cooperative reimbursement - FOC	620,000	620,000	613,751	(6,249)
Cooperative reimbursement - Prosecutor	70,000	70,000	66,023	(3,977)
Cooperative reimbursement - Prosecuting attorney	-	-	2,719	2,719
FEMA	18,000	18,000	28,865	10,865
Judicial salary	102,845	102,845	102,961	116
Drug case flow grant	900	900	946	46
Victims rights	7,000	7,000	12,381	5,381
Marine safety grant	22,000	22,000	17,552	(4,448)
Juvenile officer grant	27,317	27,317	27,317	-
Probate court	45,724	45,724	45,837	113
Circuit court	45,724	45,724	45,724	-
District court	91,448	91,448	91,561	113
Traffic safety	-	-	12,830	12,830
Convention and tourism	258,019	289,987	289,987	-
Cigarette tax	380	2,440	2,440	-
Liquor license fees	12,000	12,000	14,914	2,914
State aid-case flow assistance	17,600	17,600	17,317	(283)
State court equity funding	330,000	330,000	306,393	(23,607)
Election reimbursement	4,100	4,100	43,369	39,269
State revenue sharing	1,059,058	1,059,058	1,224,238	165,180
Miscellaneous	26,257	26,257	24,898	(1,359)
Total intergovernmental - federal/state	<u>2,763,372</u>	<u>2,797,400</u>	<u>2,993,179</u>	<u>195,779</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, 2013

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Charges for services				
General government:				
Circuit Court	\$ 639,500	\$ 639,500	\$ 558,397	\$ (81,103)
District Court	20,300	20,300	23,079	2,779
Probate Court	55,700	55,700	44,221	(11,479)
Treasurer	6,000	6,000	4,774	(1,226)
Clerk	232,965	232,965	257,138	24,173
Register of deeds	351,575	351,575	388,902	37,327
Friend of the Court	92,000	92,000	83,116	(8,884)
Sheriff Department	138,750	194,150	306,981	112,831
Equalization	105,200	105,200	90,260	(14,940)
Animal control	8,500	8,500	6,431	(2,069)
Miscellaneous	59,550	49,550	35,901	(13,649)
Total charges for services	1,710,040	1,755,440	1,799,200	43,760
Fines and forfeitures				
Ordinance fines and costs	145,000	145,000	91,514	(53,486)
Bond forfeitures	5,000	5,000	6,105	1,105
Miscellaneous	2,500	2,500	1,480	(1,020)
Total fines and forfeitures	152,500	152,500	99,099	(53,401)
Interest and rents				
Interest on investments	50,350	50,350	6,310	(44,040)
Rental fees	4,300	4,300	3,088	(1,212)
Total interest and rents	54,650	54,650	9,398	(45,252)
Other				
Sale of capital assets	500	500	550	50
Reimbursements and refunds	91,052	91,052	121,625	30,573
Miscellaneous	39,308	243,208	381,610	138,402
Total other	130,860	334,760	503,785	169,025
Total revenues	13,633,719	13,917,047	14,303,449	386,402
Other financing sources				
Transfers in	607,090	757,600	621,593	(136,007)
Total revenues and other financing sources	\$ 14,240,809	\$ 14,674,647	\$ 14,925,042	\$ 250,395

continued...

ST. JOSEPH COUNTY, MICHIGAN

Detailed Schedule of Expenditures and Other Financing Uses
 Budget and Actual - General Fund
 For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
General government				
Board of commissioners	\$ 150,148	\$ 182,007	\$ 178,281	\$ (3,726)
Circuit court	308,802	319,465	295,615	(23,850)
District court	999,312	1,001,082	973,806	(27,276)
Friend of the court	727,628	832,710	808,746	(23,964)
Jury commission	820	820	476	(344)
Probate court	334,498	323,263	303,024	(20,239)
Family court	682,206	682,306	575,645	(106,661)
Appeals court	40,100	40,100	28,428	(11,672)
Public defender	466,000	466,000	465,000	(1,000)
Administrator	166,181	166,181	152,185	(13,996)
Elections	5,950	40,550	40,458	(92)
Finance	254,870	260,208	254,734	(5,474)
Clerk	501,661	530,836	486,335	(44,501)
Equalization	305,922	311,572	298,701	(12,871)
Human resources	349,104	373,354	342,985	(30,369)
Geographic information systems	134,613	134,613	131,616	(2,997)
Prosecuting attorney	651,196	652,696	591,773	(60,923)
Register of Deeds	163,516	163,516	162,819	(697)
Treasurer	265,383	265,383	248,024	(17,359)
Cooperative Extension	236,233	236,233	210,307	(25,926)
Information Technology	308,562	328,190	289,606	(38,584)
Building and Grounds	353,012	358,712	320,614	(38,098)
Utilities	350,225	342,125	325,264	(16,861)
Insurance	341,731	336,931	155,559	(181,372)
Drain Commission	92,671	92,671	88,907	(3,764)
Court security	99,692	99,692	93,228	(6,464)
Contingency	200,000	42,346	-	(42,346)
Other	85,263	85,263	76,945	(8,318)
Total general government	8,575,299	8,668,825	7,899,081	(769,744)
Public safety				
Sheriff - General	2,062,847	2,318,247	2,301,179	(17,068)
Sheriff - Corrections	10,351	10,351	5,704	(4,647)
Jail	2,054,593	2,145,023	2,139,202	(5,821)
Marine safety	56,143	56,143	50,835	(5,308)
Animal Control	149,253	180,603	171,026	(9,577)
Emergency Services	72,171	82,356	79,251	(3,105)
Other	500	500	(10)	(510)
Total public safety	4,405,858	4,793,223	4,747,187	(46,036)

continued...

ST. JOSEPH COUNTY, MICHIGAN

Detailed Schedule of Expenditures and Other Financing Uses
 Budget and Actual - General Fund
 For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Public works				
Public works	\$ 10,775	\$ 10,775	\$ 5,814	\$ (4,961)
Soil	14,000	14,000	14,000	-
Soil Conservation	39,643	39,643	38,148	(1,495)
Appropriation to road commission	370,000	370,000	370,000	-
Total public works	<u>434,418</u>	<u>434,418</u>	<u>427,962</u>	<u>(6,456)</u>
Health and social services				
Child care probate	42,699	42,699	26,660	(16,039)
District health	271,170	274,602	274,601	(1)
Community Mental Health	347,268	347,268	347,268	-
Health and human services appropriation	4,200	4,200	4,086	(114)
Health and human services appropriation - child care	200,000	-	-	-
Medical examiner	38,100	38,100	32,626	(5,474)
Substance abuse	129,010	144,994	144,994	-
Veterans	10,450	16,050	15,940	(110)
Veterans services	28,590	29,481	29,380	(101)
Total health and social services	<u>1,071,487</u>	<u>897,394</u>	<u>875,555</u>	<u>21,839</u>
Parks, recreation and culture	<u>149,240</u>	<u>139,240</u>	<u>140,881</u>	<u>1,641</u>
Community development				
Planning	12,917	12,917	11,378	(1,539)
Total expenditures	<u>14,649,219</u>	<u>14,946,017</u>	<u>14,102,044</u>	<u>(843,973)</u>
Other financing uses - transfers out				
Appropriations:				
Probate Child Care	200,000	200,000	200,000	-
Disaster Relief	500	500	-	(500)
Other operating transfers out	181,752	181,752	122,604	(59,148)
Other:				
Secondary Road Patrol	106,956	106,956	106,956	-
Information technology	20,000	20,000	20,000	-
Land Corners	6,000	6,000	6,000	-
Total other financing uses	<u>515,208</u>	<u>515,208</u>	<u>455,560</u>	<u>(59,648)</u>
Total expenditures and other financing uses	<u>\$ 15,164,427</u>	<u>\$ 15,461,225</u>	<u>\$ 14,557,604</u>	<u>\$ (903,621)</u>

concluded.

ST. JOSEPH COUNTY, MICHIGAN

Combining Balance Sheet
 Nonmajor Governmental Funds
 December 31, 2013

	Special Revenue Funds				
	Central Dispatch Wireless	Meyer Broadway Park	Facilities and Land Acquisition	Friend of the Court	Family Counseling
Assets					
Cash and cash equivalents	\$ 586,476	\$ 94,661	\$ 3,802	\$ 18,357	\$ 11,009
Receivables-					
Accounts, net	-	-	-	-	-
Due from other governmental units	48,101	-	-	-	-
Prepays	-	-	-	-	-
Other assets	-	-	-	-	-
Total assets	<u>\$ 634,577</u>	<u>\$ 94,661</u>	<u>\$ 3,802</u>	<u>\$ 18,357</u>	<u>\$ 11,009</u>
Liabilities					
Accounts payable	\$ 2,552	\$ 1,166	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	<u>2,552</u>	<u>1,166</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances					
Nonspendable	-	-	-	-	-
Restricted	632,025	93,495	3,802	18,357	11,009
Total fund balances	<u>632,025</u>	<u>93,495</u>	<u>3,802</u>	<u>18,357</u>	<u>11,009</u>
Total liabilities and fund balances	<u>\$ 634,577</u>	<u>\$ 94,661</u>	<u>\$ 3,802</u>	<u>\$ 18,357</u>	<u>\$ 11,009</u>

Special Revenue Funds					
Cade Lake Park	Court Caseflow Assistance	Waste Management	Traffic Safety Program	Remonumentation Grant	Animal Shelter Donation
\$ 17,157	\$ 14,614	\$ 185,330	\$ 144,496	\$ -	\$ 57,545
-	-	53,097	-	-	-
-	-	-	-	26,736	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 17,157</u>	<u>\$ 14,614</u>	<u>\$ 238,427</u>	<u>\$ 144,496</u>	<u>\$ 26,736</u>	<u>\$ 57,545</u>
\$ 238	\$ -	\$ -	\$ -	\$ 1,064	\$ -
-	-	-	-	-	-
-	-	-	-	25,672	-
<u>238</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,736</u>	<u>-</u>
-	-	-	-	-	-
<u>16,919</u>	<u>14,614</u>	<u>238,427</u>	<u>144,496</u>	<u>-</u>	<u>57,545</u>
<u>16,919</u>	<u>14,614</u>	<u>238,427</u>	<u>144,496</u>	<u>-</u>	<u>57,545</u>
<u>\$ 17,157</u>	<u>\$ 14,614</u>	<u>\$ 238,427</u>	<u>\$ 144,496</u>	<u>\$ 26,736</u>	<u>\$ 57,545</u>

continued...

ST. JOSEPH COUNTY, MICHIGAN

Combining Balance Sheet
 Nonmajor Governmental Funds
 December 31, 2013

	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	\$ 74,287	\$ 18,317	\$ 65,776	\$ 59,635
Receivables-					
Accounts, net	-	-	-	-	-
Due from other governmental units	-	-	29,698	7,990	-
Prepays	-	-	986	-	-
Other assets	-	-	-	-	-
Total assets	<u>\$ 1,242</u>	<u>\$ 74,287</u>	<u>\$ 49,001</u>	<u>\$ 73,766</u>	<u>\$ 59,635</u>
Liabilities					
Accounts payable	\$ -	\$ -	\$ 500	\$ 3,999	\$ 500
Accrued liabilities	-	-	832	755	-
Due to other funds	-	-	24,950	35,879	25,448
Total liabilities	<u>-</u>	<u>-</u>	<u>26,282</u>	<u>40,633</u>	<u>25,948</u>
Fund balances					
Nonspendable	-	-	986	-	-
Restricted	1,242	74,287	21,733	33,133	33,687
Total fund balances	<u>1,242</u>	<u>74,287</u>	<u>22,719</u>	<u>33,133</u>	<u>33,687</u>
Total liabilities and fund balances	<u>\$ 1,242</u>	<u>\$ 74,287</u>	<u>\$ 49,001</u>	<u>\$ 73,766</u>	<u>\$ 59,635</u>

Special Revenue Funds					
Local Corrections Officers Training	Law Enforcement	Drug Law Enforcement	Secondary Road Patrol	Homeland Security Grant	County Law Library
\$ 60,297	\$ -	\$ 205,878	\$ 103,192	\$ -	\$ 1,374
-	82,650	-	-	-	-
-	-	-	-	22,423	-
-	-	-	2,690	-	-
-	7,578	-	7,429	-	-
<u>\$ 60,297</u>	<u>\$ 90,228</u>	<u>\$ 205,878</u>	<u>\$ 113,311</u>	<u>\$ 22,423</u>	<u>\$ 1,374</u>
\$ 584	\$ 80	\$ 71,672	\$ -	\$ 530	\$ 458
-	-	-	2,635	-	-
-	38,258	-	91,558	16,385	-
<u>584</u>	<u>38,338</u>	<u>71,672</u>	<u>94,193</u>	<u>16,915</u>	<u>458</u>
-	-	-	2,690	-	-
<u>59,713</u>	<u>51,890</u>	<u>134,206</u>	<u>16,428</u>	<u>5,508</u>	<u>916</u>
<u>59,713</u>	<u>51,890</u>	<u>134,206</u>	<u>19,118</u>	<u>5,508</u>	<u>916</u>
<u>\$ 60,297</u>	<u>\$ 90,228</u>	<u>\$ 205,878</u>	<u>\$ 113,311</u>	<u>\$ 22,423</u>	<u>\$ 1,374</u>

continued...

ST. JOSEPH COUNTY, MICHIGAN

Combining Balance Sheet
 Nonmajor Governmental Funds
 December 31, 2013

	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	\$ 82,090	\$ 4,590	\$ 7,665	\$ 534,211	\$ 4,862
Receivables-					
Accounts, net	-	-	-	-	-
Due from other governmental units	-	-	-	78,493	1,302
Prepays	-	-	-	-	-
Other assets	-	-	-	-	-
Total assets	<u>\$ 82,090</u>	<u>\$ 4,590</u>	<u>\$ 7,665</u>	<u>\$ 612,704</u>	<u>\$ 6,164</u>
Liabilities					
Accounts payable	\$ -	\$ -	\$ 378	\$ 58,336	\$ -
Accrued liabilities	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>378</u>	<u>58,336</u>	<u>-</u>
Fund balances					
Nonspendable	-	-	-	-	-
Restricted	82,090	4,590	7,287	554,368	6,164
Total fund balances	<u>82,090</u>	<u>4,590</u>	<u>7,287</u>	<u>554,368</u>	<u>6,164</u>
Total liabilities and fund balances	<u>\$ 82,090</u>	<u>\$ 4,590</u>	<u>\$ 7,665</u>	<u>\$ 612,704</u>	<u>\$ 6,164</u>

Capital Projects Funds			Permanent Trust Fund	
Board of Public Works Administration	Information Technology Improvement	County Facilities Maintenance	Cemetery	Total
\$ -	\$ 106,205	\$ 411,031	\$ 14,457	\$ 2,888,556
-	-	-	12	135,759
-	-	-	-	214,743
-	-	-	-	3,676
-	-	-	-	15,007
<u>\$ -</u>	<u>\$ 106,205</u>	<u>\$ 411,031</u>	<u>\$ 14,469</u>	<u>\$ 3,257,741</u>
\$ -	\$ -	\$ 500	\$ -	\$ 142,557
-	-	-	-	4,222
-	-	-	-	258,150
-	-	500	-	404,929
-	-	-	-	3,676
-	106,205	410,531	14,469	2,849,136
-	106,205	410,531	14,469	2,852,812
<u>\$ -</u>	<u>\$ 106,205</u>	<u>\$ 411,031</u>	<u>\$ 14,469</u>	<u>\$ 3,257,741</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, 2013

	Special Revenue Funds				
	Central Dispatch Wireless	Meyer Broadway Park	Facilities and Land Acquisition	Friend of the Court	Family Counseling
Revenues					
Licenses and permits	\$ -	\$ -	\$ -	\$ -	\$ 7,045
Intergovernmental- Federal/state	-	-	-	-	-
Charges for services	-	5,653	-	17,770	-
Fines and forfeitures	200,859	-	-	-	-
Interest and rent	1,545	5,278	4	65	-
Miscellaneous	-	1,524	-	-	-
Total revenues	202,404	12,455	4	17,835	7,045
Expenditures					
Current:					
General government	-	-	-	500	4,975
Public safety	99,776	-	-	-	-
Public works	-	-	-	-	-
Health and social services	-	-	-	-	-
Community development	-	-	-	-	-
Parks, recreation and culture	-	67,414	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	99,776	67,414	-	500	4,975
Revenues over (under) expenditures	102,628	(54,959)	4	17,335	2,070
Other financing sources (uses)					
Transfers in	-	63,195	-	-	-
Transfers out	-	-	-	(20,970)	-
Total other financing sources (uses)	-	63,195	-	(20,970)	-
Net change in fund balances	102,628	8,236	4	(3,635)	2,070
Fund balances, beginning of year	529,397	85,259	3,798	21,992	8,939
Fund balances, end of year	\$ 632,025	\$ 93,495	\$ 3,802	\$ 18,357	\$ 11,009

Special Revenue Funds					
Cade Lake Park	Court Caseflow Assistance	Waste Management	Traffic Safety Program	Remonumentation Grant	Animal Shelter Donation
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	44,560	-
43,092	-	201,967	30,078	-	-
-	-	-	-	-	-
-	-	-	-	-	-
25	-	-	-	-	8,188
<u>43,117</u>	<u>-</u>	<u>201,967</u>	<u>30,078</u>	<u>44,560</u>	<u>8,188</u>
-	-	-	-	48,860	-
-	-	-	24,240	-	1,984
-	-	17,484	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
50,592	-	-	-	-	-
-	-	-	-	-	-
<u>50,592</u>	<u>-</u>	<u>17,484</u>	<u>24,240</u>	<u>48,860</u>	<u>1,984</u>
<u>(7,475)</u>	<u>-</u>	<u>184,483</u>	<u>5,838</u>	<u>(4,300)</u>	<u>6,204</u>
-	-	-	-	6,000	-
-	-	(140,424)	-	(8,283)	(6,000)
-	-	(140,424)	-	(2,283)	(6,000)
(7,475)	-	44,059	5,838	(6,583)	204
<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>\$ 16,919</u>	<u>\$ 14,614</u>	<u>\$ 238,427</u>	<u>\$ 144,496</u>	<u>\$ -</u>	<u>\$ 57,545</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, 2013

	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	-	-	57,270	103,264	-
Charges for services	-	62,838	-	-	41,791
Fines and forfeitures	-	-	-	-	-
Interest and rent	-	165	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	-	63,003	57,270	103,264	41,791
Expenditures					
Current:					
General government	-	46,147	57,264	-	-
Public safety	-	-	-	114,288	28,600
Public works	-	-	-	-	-
Health and social services	-	-	-	-	-
Community development	-	-	-	-	-
Parks, recreation and culture	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	-	46,147	57,264	114,288	28,600
Revenues over (under) expenditures	-	16,856	6	(11,024)	13,191
Other financing sources (uses)					
Transfers in	-	-	-	11,024	-
Transfers out	-	-	-	-	(11,024)
Total other financing sources (uses)	-	-	-	11,024	(11,024)
Net change in fund balances	-	16,856	6	-	2,167
Fund balances, beginning of year	1,242	57,431	22,713	33,133	31,520
Fund balances, end of year	\$ 1,242	\$ 74,287	\$ 22,719	\$ 33,133	\$ 33,687

Special Revenue Funds					
Local Corrections Officers Training	Law Enforcement	Drug Law Enforcement	Secondary Road Patrol	Homeland Security Grant	County Law Library
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	390,428	3,500	72,090	85,904	-
18,690	6,073	8,872	-	-	-
-	-	123,993	-	-	-
-	-	-	-	-	-
-	-	50	-	-	6,500
<u>18,690</u>	<u>396,501</u>	<u>136,415</u>	<u>72,090</u>	<u>85,904</u>	<u>6,500</u>
-	-	-	-	-	7,460
27,654	385,545	167,560	191,025	86,176	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>27,654</u>	<u>385,545</u>	<u>167,560</u>	<u>191,025</u>	<u>86,176</u>	<u>7,460</u>
<u>(8,964)</u>	<u>10,956</u>	<u>(31,145)</u>	<u>(118,935)</u>	<u>(272)</u>	<u>(960)</u>
-	-	88,227	106,956	-	-
<u>(10,000)</u>	<u>(10,074)</u>	<u>(40,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(10,000)</u>	<u>(10,074)</u>	<u>48,227</u>	<u>106,956</u>	<u>-</u>	<u>-</u>
<u>(18,964)</u>	<u>882</u>	<u>17,082</u>	<u>(11,979)</u>	<u>(272)</u>	<u>(960)</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>\$ 59,713</u>	<u>\$ 51,890</u>	<u>\$ 134,206</u>	<u>\$ 19,118</u>	<u>\$ 5,508</u>	<u>\$ 916</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, 2013

	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	-	149,231	4,669	622,260	28,622
Charges for services	-	-	-	-	-
Fines and forfeitures	370	-	-	-	-
Interest and rent	-	-	-	-	-
Miscellaneous	-	-	-	975	-
Total revenues	370	149,231	4,669	623,235	28,622
Expenditures					
Current:					
General government	5,933	-	-	-	-
Public safety	-	-	6,241	-	-
Public works	-	-	-	-	-
Health and social services	-	-	-	613,044	26,581
Community development	-	144,983	-	-	-
Parks, recreation and culture	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	5,933	144,983	6,241	613,044	26,581
Revenues over (under) expenditures	(5,563)	4,248	(1,572)	10,191	2,041
Other financing sources (uses)					
Transfers in	-	-	-	200,000	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	200,000	-
Net change in fund balances	(5,563)	4,248	(1,572)	210,191	2,041
Fund balances, beginning of year	87,653	342	8,859	344,177	4,123
Fund balances, end of year	\$ 82,090	\$ 4,590	\$ 7,287	\$ 554,368	\$ 6,164

Capital Projects Funds			Permanent Trust Fund	
Board of Public Works Administration	Information Technology Improvement	County Facilities Maintenance	Cemetery	Total
\$ -	\$ -	\$ -	\$ -	\$ 7,045
-	-	-	-	1,561,798
-	-	-	-	436,824
-	-	-	-	325,222
-	-	713	29	7,799
-	-	-	-	17,262
-	-	713	29	2,355,950
-	-	-	-	171,139
-	-	-	-	1,133,089
-	-	-	-	17,484
-	-	-	-	639,625
-	-	-	-	144,983
-	-	-	-	118,006
-	(7,600)	34,377	-	26,777
-	(7,600)	34,377	-	2,251,103
-	7,600	(33,664)	29	104,847
-	20,000	34,377	-	529,779
-	-	-	-	(246,775)
-	20,000	34,377	-	283,004
-	27,600	713	29	387,851
-	78,605	409,818	14,440	2,464,961
\$ -	\$ 106,205	\$ 410,531	\$ 14,469	\$ 2,852,812

concluded.

ST. JOSEPH COUNTY, MICHIGAN

Combining Statement of Net Position

Nonmajor Enterprise Funds

December 31, 2013

	Forfeiture/ Foreclosure Fund	Inmate Store Fund	Three Rivers Community Center	Total
Assets				
Current assets:				
Cash and cash equivalents	\$ 313,469	\$ 22,731	\$ 26,924	\$ 363,124
Investments	250,000	-	-	250,000
Receivables-				
Accounts, net	2,030	-	-	2,030
Total current assets	565,499	22,731	26,924	615,154
Noncurrent assets -				
Equipment, net	-	4,431	44,660	49,091
Total assets	565,499	27,162	71,584	664,245
Liabilities				
Current liabilities:				
Accounts payable	1,230	790	1,064	3,084
Accrued liabilities	-	-	1,220	1,220
Total current liabilities	1,230	790	2,284	4,304
Net position				
Net investment in capital assets	-	4,431	44,660	49,091
Unrestricted	564,269	21,941	24,640	610,850
Total net position	\$ 564,269	\$ 26,372	\$ 69,300	\$ 659,941

ST. JOSEPH COUNTY, MICHIGAN

Combining Statement of Revenues, Expenses and Changes in Fund Net Position Nonmajor Enterprise Funds For the Year Ended December 31, 2013

	Forfeiture/ Foreclosure Fund	Inmate Store Fund	Three Rivers Community Center	Total
Operating revenues				
Charges for services	\$ 248,737	\$ 29,427	\$ 125	\$ 278,289
Other revenues	-	-	64,907	64,907
Total operating revenues	248,737	29,427	65,032	343,196
Operating expenses				
Operations and administrative	108,465	31,735	54,127	194,327
Depreciation and amortization	-	1,049	4,765	5,814
Total operating expenses	108,465	32,784	58,892	200,141
Operating income	140,272	(3,357)	6,140	143,055
Nonoperating revenues				
Interest income	2,662	-	-	2,662
Income before transfers	142,934	(3,357)	6,140	145,717
Transfers out	(35,178)	-	-	(35,178)
Change in net position	107,756	(3,357)	6,140	110,539
Net position, beginning of year	456,513	29,729	63,160	549,402
Net position, end of year	\$ 564,269	\$ 26,372	\$ 69,300	\$ 659,941

ST. JOSEPH COUNTY, MICHIGAN

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

For the Year Ended December 31, 2013

	Forfeiture/ Foreclosure Fund	Inmate Store Fund	Three Rivers Community Center	Total
Cash flows from operating activities				
Cash received from customers	\$ 273,597	\$ 29,427	\$ 265	\$ 303,289
Cash received from others	-	-	64,907	64,907
Cash paid to/for employees	-	-	(55,328)	(55,328)
Cash paid to suppliers	(107,235)	(31,277)	-	(138,512)
Net cash provided (used) by operating activities	166,362	(1,850)	9,844	174,356
Cash flows from non-capital and related financing activities				
Transfers out	(35,178)	-	-	(35,178)
Cash flows from capital and related financing activities				
Capital acquisitions	-	-	(9,641)	(9,641)
Cash flows from investing activities				
Purchase of investments	(250,000)	-	-	(250,000)
Interest received	2,662	-	-	2,662
Net cash used by investing activities	(247,338)	-	-	(247,338)
Net change in cash and cash equivalents	(116,154)	(1,850)	203	(117,801)
Cash and cash equivalents, beginning of year	429,623	24,581	26,721	480,925
Cash and cash equivalents, end of year	\$ 313,469	\$ 22,731	\$ 26,924	\$ 363,124
Cash flows from operating activities				
Operating income (loss)	\$ 140,272	\$ (3,357)	\$ 6,140	\$ 143,055
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation and amortization	-	1,049	4,765	5,814
Change in assets and liabilities:				
Accounts receivable	24,860	-	140	25,000
Accounts payable	1,230	458	(640)	1,048
Accrued liabilities	-	-	(561)	(561)
Net cash provided (used) by operating activities	\$ 166,362	\$ (1,850)	\$ 9,844	\$ 174,356

ST. JOSEPH COUNTY, MICHIGAN

Combining Statement of Fiduciary Assets and Liabilities
 Agency Funds
 For the Year Ended December 31, 2013

	Trust and Agency	Library	Inmate Trust Account	Total
Assets				
Cash and cash equivalents	\$ 1,210,402	\$ 79,127	\$ 13,453	\$ 1,302,982
Liabilities				
Accounts payable	\$ 2,732	\$ -	\$ -	\$ 2,732
Due to individuals/agencies	1,089,340	79,127	13,453	1,181,920
Due to other governmental units	118,330	-	-	118,330
Total liabilities	\$ 1,210,402	\$ 79,127	\$ 13,453	\$ 1,302,982

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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, 2013

	Debt Service Funds		
	Regular Drain	Fish Lake Drain	Lamberson Dam Drain
Assets			
Cash and cash equivalents	\$ 77,491	\$ 7,811	\$ 90
Special assessments receivable	169,628	-	-
Capital assets being depreciated, net	-	-	-
Total assets	<u>\$ 247,119</u>	<u>\$ 7,811</u>	<u>\$ 90</u>
Liabilities			
Interest payable	\$ -	\$ -	\$ -
Advances from primary government	-	-	-
Long-term debt:			
Due within one year	-	-	-
Due in more than one year	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources - special assessments	169,628	-	-
Fund balances			
Restricted	<u>77,491</u>	<u>7,811</u>	<u>90</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 247,119</u>	<u>\$ 7,811</u>	<u>\$ 90</u>
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
\$ 211,944	\$ 17,730	\$ 21,580	\$ 34,867	\$ 9,454	\$ 16,716
63,824	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 275,768</u>	<u>\$ 17,730</u>	<u>\$ 21,580</u>	<u>\$ 34,867</u>	<u>\$ 9,454</u>	<u>\$ 16,716</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
37,621	-	-	-	-	-
238,147	17,730	21,580	34,867	9,454	16,716
<u>\$ 275,768</u>	<u>\$ 17,730</u>	<u>\$ 21,580</u>	<u>\$ 34,867</u>	<u>\$ 9,454</u>	<u>\$ 16,716</u>

continued...

ST. JOSEPH COUNTY, MICHIGAN

Statement of Net Position and Governmental Funds

Balance Sheet

Drainage Districts Component Unit

December 31, 2013

	Capital Projects Funds		
	Grey Lake Level Study	Pleasant/Clear Lake Proposed Assessment	Eberhard Lake Level
Assets			
Cash and cash equivalents	\$ 1,038	\$ 36,024	\$ 90
Special assessments receivable	-	17,058	-
Capital assets being depreciated, net	-	-	-
Total assets	<u>\$ 1,038</u>	<u>\$ 53,082</u>	<u>\$ 90</u>
Liabilities			
Interest payable	\$ -	\$ -	\$ -
Advances from primary government	-	11,893	-
Long-term debt:			
Due within one year	-	-	-
Due in more than one year	-	-	-
Total liabilities	<u>-</u>	<u>11,893</u>	<u>-</u>
Deferred inflows of resources	-	14,920	-
Fund balances			
Restricted	<u>1,038</u>	<u>26,269</u>	<u>90</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,038</u>	<u>\$ 53,082</u>	<u>\$ 90</u>
Net position:			
Net investment in capital assets			
Restricted			
Unrestricted			
Total net position			



Total	GASB 34 Adjustments	Statement of Net Position
\$ 434,835	\$ -	\$ 434,835
250,510	-	250,510
-	1,702,885	1,702,885
<u>\$ 685,345</u>	<u>1,702,885</u>	<u>2,388,230</u>

\$ -	\$ 9,105	\$ 9,105
11,893	-	11,893
-	94,196	94,196
-	298,754	298,754

<u>11,893</u>	<u>402,055</u>	<u>413,948</u>
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<u>222,169</u>	<u>(222,169)</u>	-
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<u>451,283</u>	<u>(451,283)</u>	-
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\$ 685,345

1,309,935	1,309,935
85,392	85,392
<u>578,955</u>	<u>578,955</u>
<u>\$ 1,974,282</u>	<u>\$ 1,974,282</u>

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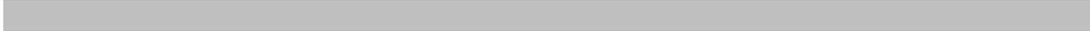
ST. JOSEPH COUNTY, MICHIGAN

Reconciliation	
Fund Balances for Governmental Funds to Net Position of Governmental Activities Drainage Districts Component Unit December 31, 2013	
Fund balances - governmental funds	\$ 451,283
Amounts reported for <i>governmental activities</i> 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	1,702,885
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 inflows of resources in the governmental funds and, therefore, not included in fund balance.	
Deferred inflows from special assessments	222,169
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	(392,950)
Interest payable	<u>(9,105)</u>
Net position of governmental activities	<u>\$ 1,974,282</u>

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, 2013

	Debt Service Funds		
	Regular Drain	Fish Lake Drain	Lamberson Dam Drain
Revenues			
Special assessments	\$ 105,358	\$ -	\$ -
Interest revenue	151	12	-
Miscellaneous	-	-	-
Total revenues	105,509	12	-
Expenditures / expenses			
Public works	-	-	-
Debt service:			
Principal	93,599	-	-
Interest and fiscal charges	20,603	-	-
Total expenditures / expenses	114,202	-	-
Revenues over (under) expenditures/expenses	(8,693)	12	-
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources	-	-	-
Net change in fund balances	(8,693)	12	-
Change in net position	-	-	-
Fund balance / net position, beginning of year	86,184	7,799	90
Fund balance / net position, end of year	\$ 77,491	\$ 7,811	\$ 90



Capital Projects Funds					
Regular Drain	Long Lake Level Revolving	Klinger Lake Level	Revolving Drain	Revolving Drain Maintenance	Omena Lake Proposed Assessment
\$ 40,413	\$ -	\$ -	\$ -	\$ -	\$ -
333	29	35	58	15	27
700	-	-	-	-	-
<u>41,446</u>	<u>29</u>	<u>35</u>	<u>58</u>	<u>15</u>	<u>27</u>
24	363	-	16,813	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>24</u>	<u>363</u>	<u>-</u>	<u>16,813</u>	<u>-</u>	<u>-</u>
<u>41,422</u>	<u>(334)</u>	<u>35</u>	<u>(16,755)</u>	<u>15</u>	<u>27</u>
-	-	-	4,000	-	-
<u>(4,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(4,000)</u>	<u>-</u>	<u>-</u>	<u>4,000</u>	<u>-</u>	<u>-</u>
<u>37,422</u>	<u>(334)</u>	<u>35</u>	<u>(12,755)</u>	<u>15</u>	<u>27</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>
<u>\$ 238,147</u>	<u>\$ 17,730</u>	<u>\$ 21,580</u>	<u>\$ 34,867</u>	<u>\$ 9,454</u>	<u>\$ 16,716</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, 2013

	Capital Projects Funds		
	Grey Lake Level Study	Pleasant/Clear Lake Proposed Assessment	Eberhard Lake Level
Revenues			
Special assessments	\$ -	\$ 22,013	\$ -
Interest revenue	2	54	-
Miscellaneous	-	-	-
Total revenues	2	22,067	-
Expenditures / expenses			
Public works	-	799	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	355	-
Total expenditures / expenses	-	1,154	-
Revenues over (under) expenditures/expenses	2	20,913	-
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources	-	-	-
Net change in fund balances	2	20,913	-
Change in net position	-	-	-
Fund balance / net position, beginning of year	1,036	5,356	90
Fund balance / net position, end of year	\$ 1,038	\$ 26,269	\$ 90

Total	GASB 34 Adjustments	Statement of Activities
\$ 167,784	\$ (93,499)	\$ 74,285
716	-	716
700	-	700
<u>169,200</u>	<u>(93,499)</u>	<u>75,701</u>
17,999	63,756	81,755
93,599	(93,599)	-
20,958	(2,017)	18,941
<u>132,556</u>	<u>(31,860)</u>	<u>100,696</u>
<u>36,644</u>	<u>(61,639)</u>	<u>(24,995)</u>
4,000	(4,000)	-
<u>(4,000)</u>	<u>4,000</u>	<u>-</u>
-	-	-
<u>36,644</u>	<u>(36,644)</u>	<u>-</u>
-	(24,995)	(24,995)
<u>414,639</u>	<u>1,584,638</u>	<u>1,999,277</u>
<u>\$ 451,283</u>	<u>\$ 1,522,999</u>	<u>\$ 1,974,282</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, 2013

Net change in fund balance - total governmental funds \$ 36,644

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 inflows from special assessments (93,499)

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 (63,756)

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.

Repayment of bond principal 93,599

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 2,017

Change in net position of governmental activities \$ (24,995)

ST. JOSEPH COUNTY, MICHIGAN

Statement of Net Position and Governmental Funds

Balance Sheet
 Department of Public Works Component Unit
 December 31, 2013

	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	\$ -	\$ -
Accounts receivable	-	-	-	-	-
Lease receivable	-	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 32</u>	<u>\$ 318</u>	<u>\$ -</u>	<u>\$ -</u>
Liabilities					
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	\$ 25	\$ -	\$ -	\$ 513	\$ -	\$ 513
-	43	-	-	43	-	43
-	-	-	-	-	2,776,001	2,776,001
<u>\$ 138</u>	<u>\$ 68</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 556</u>	<u>2,776,001</u>	<u>2,776,557</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,521	\$ 13,521
-	-	-	-	-	126,212	126,212
-	-	-	-	-	2,636,824	2,636,824
-	-	-	-	-	2,776,557	2,776,557
138	68	-	-	556	(556)	-
<u>\$ 138</u>	<u>\$ 68</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 556</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, 2013

Fund balances - governmental funds	\$	556
------------------------------------	----	-----

Amounts reported for *governmental activities* 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	2,776,001
Interest payable	(13,521)
Bonds and notes payable	<u>(2,763,036)</u>

Net position of governmental activities	\$	<u><u>-</u></u>
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ST. JOSEPH COUNTY, MICHIGAN

Statement of Activities and Governmental Fund Revenues,
 Expenditures and Changes in Fund Balances
 Department of Public Works Component Unit
 For the Year Ended December 31, 2013

	Lockport Water Supply	Fish Lake Sewer	White Pigeon Klinger Lake Sewer Ext.	White Pigeon Water Supply	White Pigeon Sewer
Revenues					
Intergovernmental - local	\$ 33,558	\$ -	\$ -	\$ 18,844	\$ 152,612
Other revenue	-	-	-	-	100
Interest revenue	-	-	-	-	-
Total revenues	33,558	-	-	18,844	152,712
Expenditures / expenses					
Debt service:					
Principal	25,000	-	-	15,000	85,000
Interest and fiscal charges	8,558	-	-	3,844	67,712
Other	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures/expenses	33,558	-	-	18,844	152,712
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
\$ -	\$ -	\$ -	\$ -	\$ 205,014	\$ 530,805	\$ 735,819
-	-	-	-	100	-	100
-	-	-	515	515	-	515
-	-	-	515	205,629	530,805	736,434
-	-	-	-	125,000	(125,000)	-
-	-	-	-	80,114	(12,368)	67,746
-	-	-	220,281	220,281	-	220,281
-	-	-	448,407	448,407	-	448,407
-	-	-	668,688	873,802	(137,368)	736,434
-	-	-	(668,173)	(668,173)	668,173	-
138	68	-	668,173	668,729	(668,729)	-
<u>\$ 138</u>	<u>\$ 68</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 556</u>	<u>\$ (556)</u>	<u>\$ -</u>

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, 2013

Net change in fund balance - total governmental funds \$ (668,173)

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 collections attributable to bond principal and accrued interest 530,805

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.

Repayment of bond principal 125,000

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 12,368

Change in net position of governmental activities \$ -

ST. JOSEPH COUNTY, MICHIGAN

Statement of Net Position and Governmental Funds

Balance Sheet

Economic Development Corporation Component Unit

December 31, 2013

	Special Revenue	GASB 34 Adjustments	Statement of Net Position
Assets			
Cash and cash equivalents	\$ 46,003	\$ -	\$ 46,003
Due from other governments	13,065	-	13,065
Capital assets being depreciated, net	-	690	690
Total assets	<u>\$ 59,068</u>	<u>690</u>	<u>59,758</u>
Liabilities			
Accounts payable	\$ 13,065	-	13,065
Fund balance / net position			
Restricted	<u>46,003</u>	<u>(46,003)</u>	<u>-</u>
Total fund balance	<u>46,003</u>	<u>(46,003)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 59,068</u>		
Net position			
Investment in capital assets		690	690
Unrestricted		<u>46,003</u>	<u>46,003</u>
Total net position		<u>\$ 46,693</u>	<u>\$ 46,693</u>

ST. JOSEPH COUNTY, MICHIGAN

Reconciliation

Fund Balances for Governmental Funds
To Net Position of Governmental Activities
Economic Development Corporation Component Unit
December 31, 2013

Fund balances - governmental funds \$ 46,003

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 690

Net position of governmental activities \$ 46,693

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, 2013**

	Special Revenue	GASB 34 Adjustments	Statement of Activities
Revenues			
Intergovernmental:			
Federal/State	\$ 148,427	\$ -	\$ 148,427
Interest revenue	593	-	593
Miscellaneous	300,000	-	300,000
Total revenues	449,020	-	449,020
Expenditures / expenses			
Community development	490,761	1,034	491,795
Total expenditures / expenses	490,761	1,034	491,795
Net change in fund balance	(41,741)	41,741	-
Change in net position	-	(42,775)	(42,775)
Fund balance / net position, beginning of year	87,744	1,724	89,468
Fund balance / net position, end of year	<u>\$ 46,003</u>	<u>\$ 690</u>	<u>\$ 46,693</u>

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, 2013

Net change in fund balance - total governmental funds \$ (41,741)

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 (1,034)

Change in net position of governmental activities \$ (42,775)

SINGLE AUDIT ACT COMPLIANCE

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INDEPENDENT AUDITORS' REPORT ON THE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY OMB CIRCULAR A-133

May 30, 2014

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

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of *St. Joseph County* (the "County"), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated May 30, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



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ST. JOSEPH COUNTY, MICHIGAN

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2013

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	\$ 143,789
U.S. Department of Justice Juvenile Justice and Delinquency Prevention 2013 Basic Grant	16.540	MDCH	-n/a-	12,216
State Criminal Alien Assistance Program	16.606	Direct	2013-H2919-MI-CZ	1,156
Bullet Proof Vest Partnership Program	16.607	Direct	-n/a-	1,749
Total U.S. Department of Justice				15,121
U.S. Department of Transportation Hazardous Materials Emergency Planning	20.703	MSP	HM-HMP-0286-12-01-00	3,049
U.S. Environmental Protection Agency Brownfield Assessment and Clean-up	66.460	MDNR	BF00E367000	148,032
U.S. Department of Health and Human Services Aging Cluster:				
** Title III-D Special Programs for the Aging FY12/13 Disease Prevention	93.043	MDSAR3C	-n/a-	4,603
** Title III-B Special Programs for the Aging FY12/13 Disease Prevention	93.044	MDSAR3C	-n/a-	25,507
** Title III-C Special Programs for the Aging FY12/13 Nutrition Congregate	93.045	MDSAR3C	-n/a-	59,946
FY12/13 Nutrition Home Delivered Meals	93.045	MDSAR3C	-n/a-	49,487
** Title III-E National Family Caregiver Support	93.052	MDSAR3C	-n/a-	31,100
** Nutrition Services Incentive Program FY12/13 Elderly Feeding (Congregate)	93.053	MDSAR3C	-n/a-	38,483
FY12/13 Elderly Feeding (Home Delivered Meals)	93.053	MDSAR3C	-n/a-	59,403
				268,529

continued...

ST. JOSEPH COUNTY, MICHIGAN

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2013

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-13-75003	\$ 103,752
Title IV-D - Friend of the Court	93.563	DHS	CSCOM-13-75003	509,999
				<u>613,751</u>
Total U.S. Department of Health and Human Services				<u>882,280</u>
U.S. Department of Homeland Security				
Emergency Management Performance Grant	97.042	MSP	EMW-2012-EP-00033	5,598
Emergency Management Performance Grant	97.042	MSP	EMW-2013-EP-00026-S01	23,267
				<u>28,865</u>
State Domestic Preparedness	97.067	VBC	-n/a-	<u>85,904</u>
Total U.S. Department of Homeland Security				<u>114,769</u>
Total Expenditures of Federal Awards				<u>\$ 1,307,040</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, MICHIGAN

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, 2013. 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, 2013 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
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***

May 30, 2014

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, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated May 30, 2014.

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*.

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 Lobson LLC

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

May 30, 2014

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

Report on Compliance for Each Major Federal Program

We have audited *St. Joseph County's* (the "County") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the County's major federal program for the year ended December 31, 2013. The County's major federal program is 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.

Independent Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the County's major federal program 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 its major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on the 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 its major federal program for the year ended December 31, 2013.

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 its 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.

Handwritten signature in cursive script that reads "Rehmann Lobson LLC".

ST. JOSEPH COUNTY, MICHIGAN

Schedule of Findings and Questioned Costs For the Year Ended December 31, 2013

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>
93.563	Child Support Enforcement
Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 300,000</u>
Auditee qualified as low-risk auditee?	<u> X </u> yes _____ no

ST. JOSEPH COUNTY, MICHIGAN

Schedule of Findings and Questioned Costs For the Year Ended December 31, 2013

SECTION II - FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

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ST. JOSEPH COUNTY, MICHIGAN

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

None reported.

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