

St. Joseph  
County, Michigan



Year Ended  
December 31,  
2014

Financial  
Statements and  
Single Audit Act  
Compliance

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# ST. JOSEPH COUNTY, MICHIGAN

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**INDEPENDENT AUDITORS' REPORT**

June 11, 2015

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, 2014, 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, 2014, 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 management's discussion and analysis and the schedules of funding progress and employer contributions for the pension plan 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 fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules 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 fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 11, 2015, 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.

A handwritten signature in black ink that reads "Lehmann Lobson LLC". The signature is written in a cursive style with a large, prominent 'L' at the beginning.

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

# ST. JOSEPH COUNTY, MICHIGAN

## Management's Discussion and Analysis

As management of *St. Joseph County, Michigan* (the "County"), we offer this narrative overview and analysis of the financial activities of the County, for the year ended December 31, 2014.

### Financial Highlights

- The assets of the County exceeded its liabilities at the close of the fiscal year by \$44,155,076 (net position). Of this amount, \$27,493,307 (unrestricted net position) may be used to meet the government's ongoing obligations.
- The government's total net position decreased by \$2,025,854 or 4.4 percent over the prior year.
- As of the close of the fiscal year, the County's governmental funds reported combined ending fund balances of \$12,113,235, a decrease of \$1,429,819 or 10.6 percent less than the prior year fund balance. Of the total fund balance, the unassigned fund balance of \$6,144,918, or 50.7 percent, is available for spending. The restricted fund balance is \$5,766,531 or 47.6 percent of the total.
- At the end of the fiscal year the unassigned fund balance for the general fund was \$6,144,918, an amount equal to 33.5 percent of total general fund expenditures and transfers out.

### 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 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.

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

## ST. JOSEPH COUNTY, MICHIGAN

### Management's Discussion and Analysis

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, proprietary, 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 33 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, central dispatch, commission on aging and the facilities maintenance funds, each of which is considered to be a major fund. For purposes of financial statement presentation the budget stabilization and parks and recreation funds 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.

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.

# ST. JOSEPH COUNTY, MICHIGAN

## Management's Discussion and Analysis

### Government-wide Financial Analysis

As noted previously, net position may serve over time as a useful indicator of a government's financial position. In the case of St. Joseph County, assets exceeded liabilities and deferred inflows of resources \$44,155,076 at the close of the fiscal year, compared with the prior year when net position totaled \$46,180,930.

The County's net position includes \$10,878,688 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 County totals \$5,783,081. The remaining balance, unrestricted net position (\$27,493,307 or 62.3 percent), may be used to meet the government's ongoing obligations.

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
<b>Assets</b>						
Current and other assets	\$15,322,443	\$16,565,728	\$20,525,919	\$21,173,732	\$35,848,362	\$37,739,460
Capital assets, net	10,835,635	10,815,931	43,053	49,091	10,878,688	10,865,022
<b>Total assets</b>	<b>26,158,078</b>	<b>27,381,659</b>	<b>20,568,972</b>	<b>21,222,823</b>	<b>46,727,050</b>	<b>48,604,482</b>
<b>Liabilities</b>						
Other liabilities	1,602,310	1,475,268	17,915	4,764	1,620,225	1,480,032
Deferred inflows of resources	951,749	943,520	-	-	951,749	943,520
<b>Net position:</b>						
Net investment in capital assets	10,835,635	10,815,931	43,053	49,091	10,878,688	10,865,022
Restricted	5,783,081	5,339,169	-	-	5,783,081	5,339,169
Unrestricted	6,985,303	8,807,771	20,508,004	21,168,968	27,493,307	29,976,739
<b>Total net position</b>	<b>\$23,604,019</b>	<b>\$24,962,871</b>	<b>\$20,551,057</b>	<b>\$21,218,059</b>	<b>\$44,155,076</b>	<b>\$46,180,930</b>

# ST. JOSEPH COUNTY, MICHIGAN

## Management's Discussion and Analysis

	Change in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 3,417,055	\$ 3,704,588	\$ 951,248	\$ 1,091,749	\$ 4,368,303	\$ 4,796,337
Operating grants	4,914,484	4,919,452	-	-	4,914,484	4,919,452
General revenues:						
Property taxes	11,196,776	10,936,909	-	-	11,196,776	10,936,909
Investment earnings	62,665	12,944	71,020	69,632	133,685	82,576
<b>Total revenues</b>	<b>19,590,980</b>	<b>19,573,893</b>	<b>1,022,268</b>	<b>1,161,381</b>	<b>20,613,248</b>	<b>20,735,274</b>
<b>Expenses:</b>						
General government	9,678,956	8,113,897	-	-	9,678,956	8,113,897
Public safety	7,486,997	7,185,212	-	-	7,486,997	7,185,212
Public works	254,904	145,446	-	-	254,904	145,446
Health and social services	4,108,164	3,732,226	-	-	4,108,164	3,732,226
Parks, recreation and cultural	229,510	258,887	-	-	229,510	258,887
Community development	75,678	156,361	-	-	75,678	156,361
Unallocated depreciation	614,009	697,909	-	-	614,009	697,909
Other	-	-	190,884	200,141	190,884	200,141
<b>Total expenses</b>	<b>22,448,218</b>	<b>20,289,938</b>	<b>190,884</b>	<b>200,141</b>	<b>22,639,102</b>	<b>20,490,079</b>
Change in net position, before transfers	(2,857,238)	(716,045)	831,384	961,240	(2,025,854)	245,195
Transfers	1,498,386	424,537	(1,498,386)	(424,537)	-	-
<b>Change in net position</b>	<b>(1,358,852)</b>	<b>(291,508)</b>	<b>(667,002)</b>	<b>536,703</b>	<b>(2,025,854)</b>	<b>245,195</b>
<b>Net position:</b>						
Beginning of year	24,962,871	25,254,379	21,218,059	20,681,356	46,180,930	45,935,735
<b>End of year</b>	<b>\$23,604,019</b>	<b>\$24,962,871</b>	<b>\$20,551,057</b>	<b>\$21,218,059</b>	<b>\$ 44,155,076</b>	<b>\$46,180,930</b>

The preceding table shows that the total net position decreased by \$2,025,854 or 4.59% percent during 2014 as compared to an increase of \$245,195 in the prior year. The decrease in the governmental activities reflects the decrease in charges for services from the prior year and an increase in overall expenditures mainly in the general government, public safety and health and social services areas. The decrease in the business-type activities is related mainly to the decrease in charges for services.

# ST. JOSEPH COUNTY, MICHIGAN

## Management's Discussion and Analysis

### Fund Financial Analysis

*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 \$12,113,235. This represents a decrease of \$1,429,819 from the prior year. The general fund decreased its fund balance by \$1,873,731 from the prior year. The major component of the decrease was a \$2,000,000 transfer to the facilities maintenance fund for future building repair and replacement. The central dispatch fund balance decreased by \$581,315 and the commission on aging fund balance decreased by \$41,904. The facilities maintenance fund balance increased \$1,719,473 which is a result of the \$2,000,000 transfer from the general fund and \$281,659 of expenditures.

*Proprietary Funds.* Net position of the tax payment fund decreased by \$709,465 while net position of the other nonmajor enterprise funds increased by \$42,463. The tax payment fund had 2014 income of approximately \$692,000 and transfers out of approximately \$1,401,000. The transfers out were for the purposes of funding an economic development agreement with Southwest Michigan First in the amount of \$257,500; a sheriff deputy position for approximately \$89,000; and a payment to the Michigan Municipal Employees Retirement System (MERS) for approximately \$1,054,000 to provide additional funding to the Sheriff Administration Unit.

### General Fund Budgetary Highlights

The original general fund expenditure budget of \$14,627,050 increased to \$16,789,884 after revisions; however, actual expenditures totaled only \$15,971,037 for a net savings of \$818,847 or 4.9 percent under the revised budget. Expenditure savings came from many departments. See the detailed schedule of expenditures and other financing uses for more information.

Actual revenues were \$14,413,993 or within 3.6 percent of the revised budget of \$13,916,086. 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 2014, the County had invested \$10,878,688, net of \$13,067,709 accumulated depreciation, in a broad range of capital assets (see table below). Depreciation charges for the fiscal year totaled \$620,047.

The County expended approximately \$634,000 for capital asset additions in 2014. Of this total approximately \$196,000 is attributable to the ALERT software improvement project at central dispatch. A renovation project, to provide for a jail diversion unit, is underway at the jail. As of December 31, 2014 \$163,000 had been expended for the project which is expected to total approximately \$179,000. The County purchased a property including buildings for approximately \$184,000. Other significant additions were vehicles for the Sheriff's Department totaling \$52,000; a new generator for central dispatch totaling approximately \$34,000; and new computer servers totaling approximately \$5,000.

# ST. JOSEPH COUNTY, MICHIGAN

## Management's Discussion and Analysis

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 593,024	\$ 593,024	\$ -	\$ -	\$ 593,024	\$ 593,024
Construction in progress	163,203	-	-	-	163,203	-
Intangible assets	574,792	378,472	-	-	574,792	378,472
Infrastructure, net	-	-	-	-	-	-
Land improvements, net	765,813	820,247	-	-	765,813	820,247
Buildings and improvements, net	6,949,276	7,031,006	-	-	6,949,276	7,031,006
Vehicles and equipment, net	1,789,527	1,993,182	43,053	49,091	1,832,580	2,042,273
Depletable assets	-	-	-	-	-	-
Yard and storage	-	-	-	-	-	-
Drains, net	-	-	-	-	-	-
Total capital assets, net	<u>\$10,835,635</u>	<u>\$10,815,931</u>	<u>\$ 43,053</u>	<u>\$ 49,091</u>	<u>\$ 10,878,688</u>	<u>\$10,865,022</u>

*Long-term Debt.* The County (primary government) has no debt but 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.

	Beginning Balance	Additions	Reductions	Ending Balance
Outstanding bonds and notes as of December 31, 2014				
Component units:				
Board of Public Works -				
Water and sewer bonds	\$ 2,740,000	\$ -	\$ 125,000	\$ 2,615,000
Drainage districts -				
Drain bonds and notes	392,950	-	-	392,950
	<u>\$ 3,132,950</u>	<u>\$ -</u>	<u>\$ 125,000</u>	<u>\$ 3,007,950</u>
Debt limit (10% of SEV)				<u>\$253,100,569</u>
Available statutory debt limit				<u>\$250,092,619</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, 2013 was approximately \$2.53 billion; therefore the County's debt limitation was approximately \$253 million. The County remains well below its legal debt limit by over \$250 million.

# ST. JOSEPH COUNTY, MICHIGAN

## Management's Discussion and Analysis

### Economic Factors and Next Year's Budget and Rates

The following factors were considered when preparing the County's 2015 budget:

- Taxable property values for the County have remained flat for the last three 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 \$1,374,000 for 2015. The County must meet the Governor's County Incentive Program (CIP) requirements in order to receive \$275,000 of the total amount. All necessary requirements are being met in order to ensure the receipt of the CIP related revenues. These requirements include maintaining web-based financial "dashboards" and citizen's guides, a debt service report and a projected budget report for the general fund.
- 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 attract people to relocate to St. Joseph County.

### 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](mailto:smithj@stjosephcountymi.org).

## BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

# ST. JOSEPH COUNTY, MICHIGAN

## Statement of Net Position December 31, 2014

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and cash equivalents	\$ 6,283,217	\$ 11,859,331	\$ 18,142,548	\$ 3,837,496
Investments	5,805,861	6,673,559	12,479,420	1,050,662
Receivables, net	2,695,837	2,002,014	4,697,851	7,086,901
Internal balances	8,985	(8,985)	-	-
Other assets	528,543	-	528,543	1,156,721
Capital assets not being depreciated	1,331,019	-	1,331,019	560,002
Capital assets being depreciated, net	9,504,616	43,053	9,547,669	34,155,365
<b>Total assets</b>	<b>26,158,078</b>	<b>20,568,972</b>	<b>46,727,050</b>	<b>47,847,147</b>
<b>Liabilities</b>				
Accounts payable and accrued expenses	1,602,310	17,915	1,620,225	2,868,970
Interest payable	-	-	-	19,591
Unearned revenue	-	-	-	1,006,997
Long-term liabilities:				
Due within one year	-	-	-	835,057
Due in more than one year	-	-	-	5,003,570
Other noncurrent liability - net other postemployment benefit liability	-	-	-	1,195,884
<b>Total liabilities</b>	<b>1,602,310</b>	<b>17,915</b>	<b>1,620,225</b>	<b>10,930,069</b>
<b>Deferred inflows of resources</b>				
Taxes levied for a subsequent period	951,749	-	951,749	1,295,143
<b>Net position</b>				
Net investment in capital assets	10,835,635	43,053	10,878,688	31,918,808
Restricted for:				
Debt service	-	-	-	93,959
Capital projects	2,185,410	-	2,185,410	-
Highway projects	-	-	-	1,831,082
Public safety	1,798,377	-	1,798,377	-
Public works	137,045	-	137,045	-
Health and social services	1,321,604	-	1,321,604	-
Parks, recreation and cultural	107,525	-	107,525	-
Community development	34,548	-	34,548	-
Other state mandated programs	184,094	-	184,094	-
Permanent trust	14,478	-	14,478	-
Unrestricted	6,985,303	20,508,004	27,493,307	1,778,086
<b>Total net position</b>	<b>\$ 23,604,019</b>	<b>\$ 20,551,057</b>	<b>\$ 44,155,076</b>	<b>\$ 35,621,935</b>

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

ST. JOSEPH COUNTY, MICHIGAN

Statement of Activities

For the Year Ended December 31, 2014

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	\$ 9,678,956	\$ 1,785,416	\$ 3,062,728	\$ -	\$ (4,830,812)
Public safety	7,486,997	1,027,581	1,018,395	-	(5,441,021)
Public works	254,904	208,579	-	-	(46,325)
Health and social services	4,108,164	301,444	792,670	-	(3,014,050)
Parks, recreation and cultural	229,510	52,791	-	-	(176,719)
Community development	75,678	41,244	40,691	-	6,257
Unallocated depreciation	614,009	-	-	-	(614,009)
<b>Total governmental activities</b>	<b>22,448,218</b>	<b>3,417,055</b>	<b>4,914,484</b>	<b>-</b>	<b>(14,116,679)</b>
Business-type activities:					
Delinquent tax collection	-	856,716	-	-	856,716
Forfeiture/foreclosure	91,950	-	-	-	(91,950)
Inmate store	22,800	28,140	-	-	5,340
Three Rivers Community Center	49,224	66,392	-	-	17,168
Building Authority	26,910	-	-	-	(26,910)
<b>Total business-type activities</b>	<b>190,884</b>	<b>951,248</b>	<b>-</b>	<b>-</b>	<b>760,364</b>
<b>Total primary government</b>	<b>\$ 22,639,102</b>	<b>\$ 4,368,303</b>	<b>\$ 4,914,484</b>	<b>\$ -</b>	<b>\$ (13,356,315)</b>
Component units					
Board of Public Works	\$ 77,044	\$ -	\$ 77,044	\$ -	\$ -
Drainage Districts	92,947	1,000	-	232,075	140,128
Economic Development Corporation	372,105	-	371,376	-	(729)
Road Commission	8,489,643	688,007	6,696,743	-	(1,104,893)
Community Mental Health Authority	16,246,698	13,227,388	2,775,998	-	(243,312)
<b>Total component units</b>	<b>\$ 25,278,437</b>	<b>\$ 13,916,395</b>	<b>\$ 9,921,161</b>	<b>\$ 232,075</b>	<b>\$ (1,208,806)</b>

continued...

ST. JOSEPH COUNTY, MICHIGAN

**Statement of Activities**  
For the Year Ended December 31, 2014

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Totals	
Net (expenses) revenues	\$ (14,116,679)	\$ 760,364	\$ (13,356,315)	\$ (1,208,806)
General revenues and transfers:				
Property taxes	11,196,776	-	11,196,776	1,285,484
Unrestricted investment earnings	62,665	71,020	133,685	14,678
Transfers - internal activities	1,498,386	(1,498,386)	-	-
Total general revenues and transfers	12,757,827	(1,427,366)	11,330,461	1,300,162
Change in net position	(1,358,852)	(667,002)	(2,025,854)	91,356
Net position, beginning of year	24,962,871	21,218,059	46,180,930	35,530,579
Net position, end of year	\$ 23,604,019	\$ 20,551,057	\$ 44,155,076	\$ 35,621,935

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, 2014

	Special Revenue Funds			Capital Projects
	General	Central Dispatch	Commission on Aging	County Facilities Maintenance
<b>Assets</b>				
Cash and cash equivalents	\$ -	\$ 581,639	\$ 1,344,722	\$ 1,388,567
Investments	5,805,861	-	-	-
Receivables:				
Property taxes	899,971	951,749	-	-
Accounts, net	95,040	3,715	17,392	-
Interest receivable	19,260	-	-	-
Due from other governments	179,776	-	41,879	-
Due from other funds	210,220	-	-	-
Interfund receivable	-	-	-	743,037
Inventories	7,357	-	3,777	-
Prepays	177,879	35	9,866	-
Other assets	312,665	1,259	6,586	-
<b>Total assets</b>	<b>\$ 7,708,029</b>	<b>\$ 1,538,397</b>	<b>\$ 1,424,222</b>	<b>\$ 2,131,604</b>
<b>Liabilities</b>				
Accounts payable	\$ 183,337	\$ 3,606	\$ 48,710	\$ 1,600
Accrued liabilities	418,894	41,508	21,365	-
Due to other governmental units	-	-	32,543	-
Due to other funds	848	-	-	-
Interfund payable	119,647	-	-	-
<b>Total liabilities</b>	<b>722,726</b>	<b>45,114</b>	<b>102,618</b>	<b>1,600</b>
<b>Deferred inflows of resources</b>				
Unavailable property taxes	655,149	-	-	-
Taxes levied for a subsequent period	-	951,749	-	-
<b>Total deferred inflows of resources</b>	<b>655,149</b>	<b>951,749</b>	<b>-</b>	<b>-</b>
<b>Fund balances</b>				
Nonspendable	185,236	35	13,643	-
Restricted	-	541,499	1,307,961	2,130,004
Unassigned	6,144,918	-	-	-
<b>Total fund balances</b>	<b>6,330,154</b>	<b>541,534</b>	<b>1,321,604</b>	<b>2,130,004</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 7,708,029</b>	<b>\$ 1,538,397</b>	<b>\$ 1,424,222</b>	<b>\$ 2,131,604</b>

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



Nonmajor Governmental Funds	Total Governmental Funds
\$ 1,710,383	\$ 5,025,311
-	5,805,861
-	1,851,720
50,609	166,756
-	19,260
436,446	658,101
848	211,068
-	743,037
-	11,134
2,872	190,652
6,247	326,757
<u>\$ 2,207,405</u>	<u>\$ 15,009,657</u>
\$ 186,539	\$ 423,792
29,692	511,459
-	32,543
201,235	202,083
-	119,647
<u>417,466</u>	<u>1,289,524</u>
-	655,149
-	951,749
<u>-</u>	<u>1,606,898</u>
2,872	201,786
1,787,067	5,766,531
-	6,144,918
<u>1,789,939</u>	<u>12,113,235</u>
<u>\$ 2,207,405</u>	<u>\$ 15,009,657</u>

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# ST. JOSEPH COUNTY, MICHIGAN

## Reconciliation

Fund Balances for Governmental Funds  
to Net Position of Governmental Activities  
December 31, 2014

Fund balances - total governmental funds \$ 12,113,235

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

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

Capital assets not being depreciated	1,331,019
Capital assets being depreciated, net	9,504,616

The focus of governmental funds is on short-term financing. Accordingly, some assets are not  
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 taxes	<u>655,149</u>
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Net position of governmental activities	<u><u>\$ 23,604,019</u></u>
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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, 2014

	Special Revenue Funds			Capital Projects
	General	Central Dispatch	Commission on Aging	County Facilities Maintenance
<b>Revenues</b>				
Property taxes	\$ 8,773,969	\$ 947,758	\$ 1,424,061	\$ -
Licenses and permits	183,462	-	-	-
Intergovernmental	3,239,196	26,734	374,916	-
Charges for services	1,714,939	-	39,587	-
Fines and forfeitures	87,547	-	-	-
Interest and rents	56,400	4,728	-	1,132
Miscellaneous	358,480	183	260,152	-
<b>Total revenues</b>	<b>14,413,993</b>	<b>979,403</b>	<b>2,098,716</b>	<b>1,132</b>
<b>Expenditures</b>				
Current:				
General government	9,484,567	-	-	-
Public safety	4,813,602	1,494,718	-	-
Public works	495,900	-	-	-
Health and social services	1,070,719	-	2,140,620	-
Community development	4,428	-	-	-
Parks, recreation and cultural	101,821	-	-	-
Capital outlay	-	-	-	281,659
<b>Total expenditures</b>	<b>15,971,037</b>	<b>1,494,718</b>	<b>2,140,620</b>	<b>281,659</b>
Revenues under expenditures	(1,557,044)	(515,315)	(41,904)	(280,527)
<b>Other financing sources (uses)</b>				
Transfers in	2,076,540	-	-	2,000,000
Transfers out	(2,393,227)	(66,000)	-	-
<b>Total other financing sources (uses)</b>	<b>(316,687)</b>	<b>(66,000)</b>	<b>-</b>	<b>2,000,000</b>
<b>Net change in fund balances</b>	<b>(1,873,731)</b>	<b>(581,315)</b>	<b>(41,904)</b>	<b>1,719,473</b>
Fund balances, beginning of year	8,203,885	1,122,849	1,363,508	410,531
<b>Fund balances, end of year</b>	<b>\$ 6,330,154</b>	<b>\$ 541,534</b>	<b>\$ 1,321,604</b>	<b>\$ 2,130,004</b>

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



Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 11,145,788
7,215	190,677
1,057,053	4,697,899
436,189	2,190,715
230,410	317,957
9,067	71,327
76,453	695,268
<u>1,816,387</u>	<u>19,309,631</u>
218,144	9,702,711
948,591	7,256,911
16,504	512,404
896,825	4,108,164
71,250	75,678
127,689	229,510
70,799	352,458
<u>2,349,802</u>	<u>22,237,836</u>
<u>(533,415)</u>	<u>(2,928,205)</u>
277,354	4,353,894
(396,281)	(2,855,508)
<u>(118,927)</u>	<u>1,498,386</u>
(652,342)	(1,429,819)
<u>2,442,281</u>	<u>13,543,054</u>
<u>\$ 1,789,939</u>	<u>\$ 12,113,235</u>

## 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, 2014

Net change in fund balance - total governmental funds \$ (1,429,819)

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

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

Capital outlay	633,713
Depreciation expense	(614,009)

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 taxes receivable	<u>51,263</u>
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Change in net position of governmental activities \$ (1,358,852)

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, 2014

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Property taxes	\$ 8,654,622	\$ 8,654,622	\$ 8,773,969	\$ 119,347
Licenses and permits	172,375	172,375	183,462	11,087
Intergovernmental	2,815,964	3,116,964	3,239,196	122,232
Charges for services	1,619,815	1,619,815	1,714,939	95,124
Fines and forfeitures	101,000	101,000	87,547	(13,453)
Interest and rents	54,500	54,500	56,400	1,900
Miscellaneous	123,060	196,810	358,480	161,670
<b>Total revenues</b>	<b>13,541,336</b>	<b>13,916,086</b>	<b>14,413,993</b>	<b>497,907</b>
<b>Expenditures</b>				
Current:				
General government	8,488,916	10,043,808	9,484,567	(559,241)
Public safety	4,578,594	4,949,594	4,813,602	(135,992)
Public works	505,120	538,520	495,900	(42,620)
Health and social services	889,809	1,089,451	1,070,719	(18,732)
Community development	12,688	12,688	4,428	(8,260)
Parks, recreation and cultural	151,923	155,823	101,821	(54,002)
<b>Total expenditures</b>	<b>14,627,050</b>	<b>16,789,884</b>	<b>15,971,037</b>	<b>(818,847)</b>
Revenues under expenditures	(1,085,714)	(2,873,798)	(1,557,044)	1,316,754
<b>Other financing sources (uses)</b>				
Transfers in	1,086,378	2,229,555	2,076,540	(153,015)
Transfers out	(2,312,507)	(2,501,507)	(2,393,227)	108,280
<b>Total other financing sources (uses)</b>	<b>(1,226,129)</b>	<b>(271,952)</b>	<b>(316,687)</b>	<b>(44,735)</b>
Net change in fund balance	(2,311,843)	(3,145,750)	(1,873,731)	1,272,019
Fund balance, beginning of year	8,203,885	8,203,885	8,203,885	-
<b>Fund balance, end of year</b>	<b>\$ 5,892,042</b>	<b>\$ 5,058,135</b>	<b>\$ 6,330,154</b>	<b>\$ 1,272,019</b>

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, 2014

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 939,586	\$ 939,586	\$ 947,758	\$ 8,172
Intergovernmental	18,000	18,000	26,734	8,734
Interest and rents	2,500	2,500	4,728	2,228
Miscellaneous	100	100	183	83
	<u>960,186</u>	<u>960,186</u>	<u>979,403</u>	<u>19,217</u>
Total revenues				
Expenditures				
Current -				
Public safety	<u>1,527,510</u>	<u>1,599,575</u>	<u>1,494,718</u>	<u>(104,857)</u>
Revenues under expenditures	(567,324)	(639,389)	(515,315)	124,074
Other financing uses				
Transfers out	<u>(66,000)</u>	<u>(66,000)</u>	<u>(66,000)</u>	<u>-</u>
Net change in fund balance	(633,324)	(705,389)	(581,315)	124,074
Fund balance, beginning of year	<u>1,122,849</u>	<u>1,122,849</u>	<u>1,122,849</u>	<u>-</u>
Fund balance, end of year	<u>\$ 489,525</u>	<u>\$ 417,460</u>	<u>\$ 541,534</u>	<u>\$ 124,074</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 - Commission on Aging Fund

For the Year Ended December 31, 2014

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 1,451,072	\$ 1,451,072	\$ 1,424,061	\$ (27,011)
Intergovernmental	337,076	337,075	374,916	37,841
Charges for services	45,295	45,295	39,587	(5,708)
Miscellaneous	603,450	603,450	260,152	(343,298)
Total revenues	2,436,893	2,436,892	2,098,716	(338,176)
Expenditures				
Current -				
Health and social services	2,436,893	2,436,892	2,140,620	(296,272)
Net change in fund balance	-	-	(41,904)	(41,904)
Fund balance, beginning of year	1,363,508	1,363,508	1,363,508	-
Fund balance, end of year	\$ 1,363,508	\$ 1,363,508	\$ 1,321,604	\$ (41,904)

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

ST. JOSEPH COUNTY, MICHIGAN

Statement of Net Position

Proprietary Funds  
December 31, 2014

	Business-type Activities - Enterprise Funds			Governmental Activities
	Tax Payment Fund	Nonmajor Funds	Total	Internal Service Fund
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 11,151,770	\$ 707,561	\$ 11,859,331	\$ 634,516
Investments	6,473,285	200,274	6,673,559	-
Receivables:				
Property taxes	1,959,256	-	1,959,256	-
Accounts, net	-	240	240	-
Interest receivable	42,518	-	42,518	-
Due from other funds	221,824	-	221,824	-
Total current assets	<u>19,848,653</u>	<u>908,075</u>	<u>20,756,728</u>	<u>634,516</u>
Noncurrent assets -				
Equipment	-	43,053	43,053	-
Total assets	<u>19,848,653</u>	<u>951,128</u>	<u>20,799,781</u>	<u>634,516</u>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	-	17,915	17,915	-
Due to other funds	-	230,809	230,809	-
Accrued compensated absences	-	-	-	634,516
Total liabilities	<u>-</u>	<u>248,724</u>	<u>248,724</u>	<u>634,516</u>
<b>Net position</b>				
Investment in capital assets	-	43,053	43,053	-
Unrestricted	19,848,653	659,351	20,508,004	-
Total net position	<u>\$ 19,848,653</u>	<u>\$ 702,404</u>	<u>\$ 20,551,057</u>	<u>\$ -</u>

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

ST. JOSEPH COUNTY, MICHIGAN

Statement of Revenues, Expenses and Changes in Fund Net Position

Proprietary Funds

For the Year Ended December 31, 2014

	Business-type Activities - Enterprise Funds			Governmental Activities
	Tax Payment Fund	Nonmajor Funds	Total	Internal Service Fund
Operating revenues				
Charges for services	\$ -	\$ 328,869	\$ 328,869	\$ 2,129,818
Interest on taxes	622,379	-	622,379	-
Other revenues	-	-	-	-
<b>Total operating revenues</b>	<b>622,379</b>	<b>328,869</b>	<b>951,248</b>	<b>2,129,818</b>
Operating expenses				
Operations and administrative	-	184,846	184,846	2,129,818
Depreciation	-	6,038	6,038	-
<b>Total operating expenses</b>	<b>-</b>	<b>190,884</b>	<b>190,884</b>	<b>2,129,818</b>
Operating income	622,379	137,985	760,364	-
Nonoperating revenues				
Interest income	69,142	1,878	71,020	-
Income before transfers	691,521	139,863	831,384	-
Transfers in	-	189,000	189,000	-
Transfers out	(1,400,986)	(286,400)	(1,687,386)	-
Change in net position	(709,465)	42,463	(667,002)	-
Net position, beginning of year	20,558,118	659,941	21,218,059	-
Net position, end of year	\$ 19,848,653	\$ 702,404	\$ 20,551,057	\$ -

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, 2014

	Business-type Activities - Enterprise Funds			Governmental Activities
	Tax Payment Fund	Nonmajor Funds	Total	Internal Service Fund
<b>Cash flows from operating activities</b>				
Cash received from customers and users	\$ 1,102,937	\$ 330,659	\$ 1,433,596	\$ 2,313,364
Cash received from others	-	230,809	230,809	-
Cash paid to/for employees	-	(56,415)	(56,415)	(2,227,028)
Cash paid to suppliers	-	(114,820)	(114,820)	-
<b>Net cash provided by operating activities</b>	<b>1,102,937</b>	<b>390,233</b>	<b>1,493,170</b>	<b>86,336</b>
<b>Cash flows from noncapital financing activities</b>				
Transfers in	-	189,000	189,000	-
Transfers out	(1,400,986)	(286,400)	(1,687,386)	-
<b>Net cash used by noncapital financing activities</b>	<b>(1,400,986)</b>	<b>(97,400)</b>	<b>(1,498,386)</b>	<b>-</b>
<b>Cash flows from investing activities</b>				
Purchase of investments	(3,410,836)	49,726	(3,361,110)	-
Sale of investments	-	-	-	-
Interest received	69,142	1,878	71,020	-
<b>Net cash provided (used) by investing activities</b>	<b>(3,341,694)</b>	<b>51,604</b>	<b>(3,290,090)</b>	<b>-</b>
<b>Net change in cash and cash equivalents</b>	<b>(3,639,743)</b>	<b>344,437</b>	<b>(3,295,306)</b>	<b>86,336</b>
Cash and cash equivalents, beginning of year	14,791,513	363,124	15,154,637	548,180
<b>Cash and cash equivalents, end of year</b>	<b>\$ 11,151,770</b>	<b>\$ 707,561</b>	<b>\$ 11,859,331</b>	<b>\$ 634,516</b>

continued...

ST. JOSEPH COUNTY, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended December 31, 2014

	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	\$ 622,379	\$ 137,985	\$ 760,364	\$ -
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation and amortization	-	6,038	6,038	-
Change in assets and liabilities:				
Taxes receivable	8,419	-	8,419	-
Accounts receivable	321	1,790	2,111	1,760
Interest receivable	(10,606)	-	(10,606)	-
Due from other funds	482,884	-	482,884	-
Prepays	-	-	-	181,786
Accounts payable	(460)	14,831	14,371	-
Accrued liabilities	-	(1,220)	(1,220)	-
Due to other funds	-	230,809	230,809	-
Accrued compensated absences	-	-	-	(97,210)
Net cash provided by operating activities	<u>\$ 1,102,937</u>	<u>\$ 390,233</u>	<u>\$ 1,493,170</u>	<u>\$ 86,336</u>

concluded.

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

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# ST. JOSEPH COUNTY, MICHIGAN

## Statement of Fiduciary Assets and Liabilities

Fiduciary Funds  
December 31, 2014

### Assets

Cash and cash equivalents	<u>\$ 1,405,406</u>
---------------------------	---------------------

### Liabilities

Due to individuals/agencies	\$ 1,267,083
Due to other governmental units	<u>138,323</u>

Total liabilities	<u>\$ 1,405,406</u>
-------------------	---------------------

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, 2014

	Board of Public Works	Drainage Districts	Economic Development Corporation	Road Commission
<b>Assets</b>				
Cash and cash equivalents	\$ -	\$ 491,948	\$ 57,528	\$ 1,928,520
Investments	-	-	-	-
Receivables:				
Special assessments	-	291,005	-	-
Accounts, net	-	-	1,563	1,088,139
Property taxes	-	-	-	1,295,143
Leases receivable	2,649,831	-	-	-
Inventories	-	-	-	1,004,957
Prepays	-	-	-	12,869
Capital assets not being depreciated	-	-	-	226,258
Capital assets being depreciated, net	-	1,639,130	352	30,185,469
<b>Total assets</b>	<b>2,649,831</b>	<b>2,422,083</b>	<b>59,443</b>	<b>35,741,355</b>
<b>Liabilities</b>				
Accounts payable	-	1,084	7,313	133,021
Accrued liabilities	-	-	5,406	59,703
Interest payable	13,007	6,584	-	-
Due to other governments	-	-	-	-
Unearned revenue	-	-	-	1,000,000
Long-term debt:				
Due within one year	130,000	94,821	-	332,935
Due in more than one year	2,506,824	203,928	-	316,355
Other noncurrent liability - net other postemployment benefit liability	-	-	-	1,195,884
<b>Total liabilities</b>	<b>2,649,831</b>	<b>306,417</b>	<b>12,719</b>	<b>3,037,898</b>
<b>Deferred inflows of resources</b>				
Taxes levied for a subsequent period	-	-	-	1,295,143
<b>Net position</b>				
Net investment in capital assets	-	1,340,381	352	29,877,263
Restricted for debt service	-	93,959	-	-
Restricted for highway projects	-	-	-	1,831,082
Unrestricted (deficit)	-	681,326	46,372	(300,031)
<b>Total net position</b>	<b>\$ -</b>	<b>\$ 2,115,666</b>	<b>\$ 46,724</b>	<b>\$ 31,408,314</b>

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



Community Mental Health Authority	Total
\$ 1,359,500	\$ 3,837,496
1,050,662	1,050,662
-	291,005
1,761,220	2,850,922
-	1,295,143
-	2,649,831
-	1,004,957
138,895	151,764
333,744	560,002
<u>2,330,414</u>	<u>34,155,365</u>
<u>6,974,435</u>	<u>47,847,147</u>
1,832,565	1,973,983
289,986	355,095
-	19,591
539,892	539,892
6,997	1,006,997
277,301	835,057
1,976,463	5,003,570
-	<u>1,195,884</u>
<u>4,923,204</u>	<u>10,930,069</u>
-	<u>1,295,143</u>
700,812	31,918,808
-	93,959
-	1,831,082
<u>1,350,419</u>	<u>1,778,086</u>
<u>\$ 2,051,231</u>	<u>\$ 35,621,935</u>

# ST. JOSEPH COUNTY, MICHIGAN

## Combining Statement of Activities Discretely Presented Component Units For the Year Ended December 31, 2014

	Board of Public Works	Drainage Districts	Economic Development Corporation	Road Commission
<b>Expenses</b>				
Public works	\$ 77,044	\$ 92,947	\$ 372,105	\$ -
Highways and streets	-	-	-	8,489,643
Community Mental Health	-	-	-	-
<b>Total expenses</b>	<b>77,044</b>	<b>92,947</b>	<b>372,105</b>	<b>8,489,643</b>
<b>Program revenues</b>				
Charges for services	-	-	-	119,616
Operating grants and contributions	76,944	-	371,376	6,696,743
Capital grants and contributions	-	232,075	-	-
Other	100	1,000	-	568,391
<b>Total program revenues</b>	<b>77,044</b>	<b>233,075</b>	<b>371,376</b>	<b>7,384,750</b>
<b>Net program revenues (expenses)</b>	<b>-</b>	<b>140,128</b>	<b>(729)</b>	<b>(1,104,893)</b>
<b>General revenues</b>				
Property taxes	-	-	-	1,285,484
Unrestricted investment earnings	-	1,256	760	8,930
<b>Total general revenues</b>	<b>-</b>	<b>1,256</b>	<b>760</b>	<b>1,294,414</b>
<b>Change in net position</b>	<b>-</b>	<b>141,384</b>	<b>31</b>	<b>189,521</b>
<b>Net position, beginning of year</b>	<b>-</b>	<b>1,974,282</b>	<b>46,693</b>	<b>31,218,793</b>
<b>Net position, end of year</b>	<b>\$ -</b>	<b>\$ 2,115,666</b>	<b>\$ 46,724</b>	<b>\$ 31,408,314</b>

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



Community Mental Health Authority	Total
\$ -	\$ 542,096
-	8,489,643
<u>16,246,698</u>	<u>16,246,698</u>
<u>16,246,698</u>	<u>25,278,437</u>
13,221,868	13,341,484
2,775,998	9,921,061
-	232,075
<u>5,520</u>	<u>575,011</u>
<u>16,003,386</u>	<u>24,069,631</u>
(243,312)	(1,208,806)
-	1,285,484
<u>3,732</u>	<u>14,678</u>
<u>3,732</u>	<u>1,300,162</u>
(239,580)	91,356
<u>2,290,811</u>	<u>35,530,579</u>
<u>\$ 2,051,231</u>	<u>\$ 35,621,935</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*

**St. Joseph County Board of Public Works (BPW)** - The 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** - The 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.

**Economic Development Corporation (EDC)** - The 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 (RC)** - The RC is governed by a five-member Board of Road Commissioners that is appointed by the County Board of Commissioners. The RC maintains local, state 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 RC, excluding capital lease purchase agreements. Complete financial statements for the RC may be obtained by contacting the St. Joseph County Road Commission at 20914 M-86, Centreville, Michigan 49032.

## ST. JOSEPH COUNTY, MICHIGAN

### Notes To Financial Statements

St. Joseph County Community Mental Health Authority (CMH) - The CMH 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.

#### *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 (Agency) - The 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.

#### **Basis of Presentation**

##### *Government-wide and Fund Financial Statements*

*Government-wide Financial Statements.* 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*.

*Fund Financial Statements.* 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 county-wide senior services programs and the millage approved by county voters for the operation of the facility.

The *facilities maintenance fund* accounts for the maintenance activities needed in various County buildings.

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, Liabilities, Deferred Inflows of Resources, and Equity

##### *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 money market 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, 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. Other assets consist of refunded insurance amounts and amounts paid in advance for workmen's compensation liabilities.

#### *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
Land improvements	10-50
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	8-50

### *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, if any, 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.

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 when incurred.

# ST. JOSEPH COUNTY, MICHIGAN

## Notes To Financial Statements

### *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 Balance*

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, assigned, 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 no amounts in excess over appropriations in its major funds.

### 3. DEPOSITS AND INVESTMENTS

Following is a reconciliation of deposit and investment balances as of December 31, 2014:

	Primary Government	Component Units	Totals
<b>Statement of Net Position</b>			
Cash and cash equivalents	\$ 18,142,548	\$ 3,837,496	\$ 21,980,044
Investments	12,479,420	1,050,662	13,530,082
<b>Statement of Fiduciary Net Position - Fiduciary Funds</b>			
Cash and cash equivalents	1,405,406	-	1,405,406
<b>Total</b>	<b>\$ 32,027,374</b>	<b>\$ 4,888,158</b>	<b>\$ 36,915,532</b>
<b>Deposits and investments</b>			
Deposits			\$ 23,378,453
Investments			13,530,082
Cash on hand			6,997
<b>Total</b>			<b>\$ 36,915,532</b>

# 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	12/29/2014	\$ 350,003	AA+
Federal Home Loan Bank	06/27/2017	299,721	AA+
Federal Home Loan Bank	09/19/2017	200,023	AA+
Federal Home Loan Bank	11/28/2017	298,842	AA+
Federal Home Loan Bank	12/08/2017	98,849	AA+
Federal Home Loan Bank	12/27/2017	399,908	AA+
Federal Home Loan Bank	01/30/2018	273,133	AA+
Federal Home Loan Bank	03/29/2018	220,108	AA+
Federal Home Loan Bank	05/28/2019	499,145	AA+
Federal Home Loan Bank	06/29/2019	298,443	AA+
Federal Home Loan Bank	08/27/2019	200,274	AA+
Federal Home Loan Bank	12/30/2019	496,730	AA+
Federal Home Loan Mortgage Corporation	12/08/2017	298,695	AA+
Federal Home Loan Mortgage Corporation	11/27/2018	451,058	AA+
Federal Farm Credit Bank	05/13/2016	99,690	AA+
Federal Farm Credit Bank	10/24/2016	349,654	AA+
Federal Farm Credit Bank	02/15/2017	598,704	AA+
Federal Farm Credit Bank	05/16/2017	445,797	AA+
Federal National Mortgage Association	12/19/2016	248,693	AA+
Federal National Mortgage Association	08/28/2017	99,651	AA+
Federal National Mortgage Association	11/22/2017	248,183	AA+
Federal National Mortgage Association	11/28/2017	99,856	AA+
Federal National Mortgage Association	12/20/2017	347,246	AA+
Federal National Mortgage Association	1/22/2018	496,215	AA+
Federal National Mortgage Association	05/21/2018	98,337	AA+
Federal National Mortgage Association	08/22/2018	248,413	AA+
Federal Home Loan Mortgage Corporation	12/27/2016	274,596	AA+
Federal Home Loan Mortgage Corporation	07/28/2017	99,962	AA+
Federal Home Loan Mortgage Corporation	11/29/2018	244,090	AA+
Commercial paper	8/10/2015	498,785	A1+
Western Asset Government Money Market	01/16/2015	499,970	A1
Western Asset Government Money Market	08/28/2017	522,711	AA+
Western Asset Government Money Market	12/26/2017	274,428	AA+
Western Asset Government Money Market	02/28/2018	499,070	AA+
Western Asset Government Money Market	08/22/2018	298,095	AA+
Michigan Class Liquid Asset Money Market	n/a	<u>2,553,004</u>	AAAm
Total		<u>\$ 13,530,082</u>	

## ST. JOSEPH COUNTY, MICHIGAN

### Notes To Financial Statements

*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, \$18,857,309 of the County's bank balance of \$23,475,938 (total book balance was \$23,378,453) was exposed to custodial credit risk because it was uninsured and uncollateralized.

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

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

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

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

# ST. JOSEPH COUNTY, MICHIGAN

## Notes To Financial Statements

### 4. RECEIVABLES

Receivables are comprised of the following at year end:

	Governmental Activities	Business-type Activities	Component Units
Taxes	\$ 1,851,720	\$ 1,959,256	\$ 1,295,143
Accounts, net	166,756	240	2,850,922
Interest	19,260	42,518	-
Special assessments	-	-	291,005
Leases	-	-	2,649,831
Due from other governments	658,101	-	-
	<u>\$ 2,695,837</u>	<u>\$ 2,002,014</u>	<u>\$ 7,086,901</u>

Leases receivable in the Board 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, 2014. 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	\$ 423,792	\$ 17,915	\$ 1,973,983
Accrued liabilities	511,459	-	355,095
Due to other governments	32,543	-	539,892
Compensated absences	634,516	-	-
	<u>\$ 1,602,310</u>	<u>\$ 17,915</u>	<u>\$ 2,868,970</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, 2014, due to/due from other funds consisted of the following:

	Due from Other Funds	Due to Other Funds
General fund	\$ 210,220	\$ 848
Tax payment fund	221,824	-
Nonmajor governmental funds	-	201,235
Timing differences due to 9/30 funds	-	230,809
	<u>\$ 432,044</u>	<u>\$ 432,892</u>

For the year ended December 31, 2014, interfund transfers consisted of the following:

Transfers out	Transfers in				Totals
	General Fund	County Facilities Maintenance	Nonmajor Governmental Funds	Nonmajor Enterprise Funds	
General fund	\$ -	\$ 2,000,000	\$ 204,227	\$ 189,000	\$ 2,393,227
Central dispatch fund	66,000	-	-	-	66,000
Tax payment fund	1,400,986	-	-	-	1,400,986
Nonmajor governmental funds	323,154	-	73,127	-	396,281
Nonmajor enterprise funds	286,400	-	-	-	286,400
	<u>\$ 2,076,540</u>	<u>\$ 2,000,000</u>	<u>\$ 277,354</u>	<u>\$ 189,000</u>	<u>\$ 4,542,894</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, 2014, was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 593,024	\$ -	\$ -	\$ 593,024
Construction in progress	-	163,203	-	163,203
Progress payments on software	378,472	196,320	-	574,792
	<u>971,496</u>	<u>359,523</u>	<u>-</u>	<u>1,331,019</u>
Capital assets being depreciated:				
Land improvements	1,838,075	-	-	1,838,075
Buildings and improvements	15,589,267	183,116	-	15,772,383
Vehicles and equipment	4,835,887	91,074	-	4,926,961
	<u>22,263,229</u>	<u>274,190</u>	<u>-</u>	<u>22,537,419</u>
Less accumulated depreciation for:				
Land improvements	1,017,828	54,434	-	1,072,262
Buildings and improvements	8,558,261	264,846	-	8,823,107
Vehicles and equipment	2,842,705	294,729	-	3,137,434
	<u>12,418,794</u>	<u>614,009</u>	<u>-</u>	<u>13,032,803</u>
Total capital assets				
being depreciated, net	<u>9,844,435</u>	<u>(339,819)</u>	<u>-</u>	<u>9,504,616</u>
Capital assets, net	<u>\$ 10,815,931</u>	<u>\$ 19,704</u>	<u>\$ -</u>	<u>\$ 10,835,635</u>

Depreciation expense in governmental activities is not allocated by function.

# ST. JOSEPH COUNTY, MICHIGAN

## Notes To Financial Statements

### 7. CAPITAL ASSETS (Continued)

	Beginning Balance	Additions	Disposals	Ending Balance
<b>Business-type activities</b>				
Capital assets being depreciated - Vehicles and equipment	\$ 77,959	\$ -	\$ -	\$ 77,959
Less accumulated depreciation for - Vehicles and equipment	28,868	6,038	-	34,906
Total capital assets being depreciated, net	<u>\$ 49,091</u>	<u>\$ (6,038)</u>	<u>\$ -</u>	<u>\$ 43,053</u>
<u>Discretely presented component units</u>				
<b>Drainage Districts</b>				
Capital assets being depreciated - Drain infrastructure	\$ 2,550,218	\$ -	\$ -	\$ 2,550,218
Less accumulated depreciation for - Drain infrastructure	847,333	63,755	-	911,088
Total capital assets being depreciated, net	<u>\$ 1,702,885</u>	<u>\$ (63,755)</u>	<u>\$ -</u>	<u>\$ 1,639,130</u>
<b>Economic Development</b>				
Capital assets, being depreciated - Equipment	\$ 3,258	\$ -	\$ -	\$ 3,258
Less accumulated depreciation for - Equipment	2,568	338	-	2,906
Total capital assets being depreciated, net	<u>\$ 690</u>	<u>\$ (338)</u>	<u>\$ -</u>	<u>\$ 352</u>

# ST. JOSEPH COUNTY, MICHIGAN

## Notes To Financial Statements

### 7. CAPITAL ASSETS (Continued)

	Beginning Balance	Additions	Disposals	Ending Balance
Road Commission				
Capital assets not being depreciated:				
Land	\$ 226,258	\$ -	\$ -	\$ 226,258
Capital assets being depreciated:				
Buildings and improvements	1,490,835	-	-	1,490,835
Equipment	8,707,951	795,549	551,202	8,952,298
Depleteable assets	128,851	-	-	128,851
Infrastructure	58,274,771	876,895	-	59,151,666
	<u>68,602,408</u>	<u>1,672,444</u>	<u>551,202</u>	<u>69,723,650</u>
Less accumulated depreciation for:				
Buildings and improvements	723,539	2,055	-	725,594
Equipment	6,288,684	755,651	540,126	6,504,209
Depleteable assets	84,347	-	-	84,347
Infrastructure	30,820,321	1,403,710	-	32,224,031
	<u>37,916,891</u>	<u>2,161,416</u>	<u>540,126</u>	<u>39,538,181</u>
Total capital assets being depreciated, net	<u>30,685,517</u>	<u>(488,972)</u>	<u>11,076</u>	<u>30,185,469</u>
Capital assets, net	<u>\$ 30,911,775</u>	<u>\$ (488,972)</u>	<u>\$ 11,076</u>	<u>\$ 30,411,727</u>

Depreciation expense was charged to the highway and streets function.

# ST. JOSEPH COUNTY, MICHIGAN

## Notes To Financial Statements

### 7. CAPITAL ASSETS (Concluded)

	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	8,542	-	2,731,520
Equipment and furnishings	423,408	54,446	-	477,854
Computers	71,541	-	-	71,541
Vehicles	86,044	59,100	-	145,144
	<u>3,303,971</u>	<u>122,088</u>	<u>-</u>	<u>3,426,059</u>
Less accumulated depreciation for:				
Buildings	462,319	110,202	-	572,521
Equipment and furnishings	319,656	52,452	-	372,108
Computers	71,541	-	-	71,541
Vehicles	74,039	5,436	-	79,475
	<u>927,555</u>	<u>168,090</u>	<u>-</u>	<u>1,095,645</u>
Total capital assets being depreciated, net	<u>2,376,416</u>	<u>(46,002)</u>	<u>-</u>	<u>2,330,414</u>
Capital assets, net	<u>\$ 2,710,160</u>	<u>\$ (46,002)</u>	<u>\$ -</u>	<u>\$ 2,664,158</u>

### 8. LONG-TERM DEBT

Long-term debt activity for the year ended December 31, 2014, was as follows:

#### Discretely presented component units

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Board of Public Works					
General obligation bonds	\$ 2,740,000	\$ -	\$ 125,000	\$ 2,615,000	\$ 130,000
Bond premium	23,036	-	1,212	21,824	-
	<u>\$ 2,763,036</u>	<u>\$ -</u>	<u>\$ 126,212</u>	<u>\$ 2,636,824</u>	<u>\$ 130,000</u>
Drainage Districts					
Drain bonds and notes	\$ 392,950	\$ -	\$ 94,201	\$ 298,749	\$ 94,821
Road Commission					
Installment leases	\$ 803,325	\$ -	\$ 268,861	\$ 534,464	\$ 277,935
Compensated absences	111,629	203,500	200,303	114,826	55,000
	<u>\$ 914,954</u>	<u>\$ 203,500</u>	<u>\$ 469,164</u>	<u>\$ 649,290</u>	<u>\$ 332,935</u>

# ST. JOSEPH COUNTY, MICHIGAN

## Notes To Financial Statements

### 8. LONG-TERM DEBT (Continued)

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Community Mental Health Authority					
Mortgage payable	\$ 2,029,279	\$ -	\$ 65,933	\$ 1,963,346	\$ 59,487
Compensated absences	298,952	57,967	66,501	290,418	217,814
	<u>\$ 2,328,231</u>	<u>\$ 57,967</u>	<u>\$ 132,434</u>	<u>\$ 2,253,764</u>	<u>\$ 277,301</u>

	Interest Rates	Maturity Date	Amount of Original Issue	Amount Outstanding
Public Works				
Water Supply #13	5.25%	2017	\$ 240,000	\$ 45,000
Water Supply #16	3.50-4.65%	2019	335,000	140,000
Water Supply #17	.750-3.25%	2032	2,600,000	2,430,000
				<u>\$ 2,615,000</u>

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

Year Ended December 31,	Principal	Interest
2015	\$ 130,000	\$ 74,504
2016	135,000	71,730
2017	145,000	67,943
2018	135,000	64,213
2019	140,000	60,749
2020-2024	625,000	273,309
2025-2029	765,000	180,363
2030-2032	540,000	57,990
	<u>\$ 2,615,000</u>	<u>\$ 850,801</u>

	Interest Rates	Maturity Date	Amount of Original Issue	Amount Outstanding
Drain Notes				
Felker	4.00%	2016	\$ 427,000	\$ 85,400
Colon #1	4.40%	2017	365,780	109,790
Grover and Coohan	4.19%	2020	220,000	103,559
				<u>\$ 298,749</u>

# ST. JOSEPH COUNTY, MICHIGAN

## Notes To Financial Statements

### 8. LONG-TERM DEBT (Continued)

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

Year Ended December 31,	Principal	Interest
2015	\$ 94,821	\$ 12,631
2016	95,472	8,649
2017	53,450	4,619
2018	17,579	2,304
2019	18,316	1,567
2020	19,111	800
	<u>\$ 298,749</u>	<u>\$ 30,570</u>

#### Road Commission

The Road Commission has entered into two installment purchase agreements for seven trucks and has three remaining payments on these agreements ranging from \$126,578 to \$277,935 from 2015 through 2017. These agreements call for interest of 2.6% and 3.1%.

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

Year Ended December 31,	Principal	Interest
2015	\$ 277,935	\$ 16,190
2016	126,578	6,818
2017	129,951	3,444
	<u>\$ 534,464</u>	<u>\$ 26,452</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

### 8. LONG-TERM DEBT (Concluded)

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

Year Ended September 30,	Principal	Interest
2015	\$ 59,487	\$ 102,045
2016	62,699	98,833
2017	66,083	95,449
2018	69,650	91,882
2019	73,412	88,120
2020-2024	430,971	376,689
2025-2029	560,579	247,081
2030-2034	640,465	79,576
	<u>\$ 1,963,346</u>	<u>\$ 1,179,675</u>

### 9. RISK MANAGEMENT

#### *Primary Government*

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

The County participates in the Michigan Municipal Risk Management Authority (MMRMA) for general and automobile liability, motor vehicle physical damage and property damage coverages. The MMRMA provides risk management, underwriting, reinsurance and claim review and processing services for all member governments pursuant to its charter. Under most circumstances, the County's maximum loss retention per occurrence is \$75,000 for general and automobile liability, \$15,000 for motor vehicle physical damage, and \$1,000 for property coverage.

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

## ST. JOSEPH COUNTY, MICHIGAN

### Notes To Financial Statements

#### *Road Commission*

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

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

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

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

The Road Commission is also self-insured for workers' compensation as a member of the County Road Association Self Insurance Fund. The estimated amount of the IBNR, or "incurred but not reported" claims associated with the self-insurance arrangements is not considered to be material at December 31, 2014.

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.

The County is currently upgrading its computer system software in the Central Dispatch department. There has been expenditures of \$574,792 through 2014. The project is expected to be completed during 2015 with a cost of approximately \$21,400.

# ST. JOSEPH COUNTY, MICHIGAN

## Notes To Financial Statements

### 11. PROPERTY TAXES

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

Property taxes are levied on the assessed taxable value of the property as established by local units, accepted by the County and equalized under State statute at approximately 50% of the current estimated market value. The assessed and taxable value of real and personal property for the 2013 levies was \$1,903,498,661. 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 Plan provides 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 County is required to contribute at an actuarially determined rate of annual covered payroll for certain divisions and a flat rate for certain other divisions. The 2014 rate for the general division was a flat rate of \$2,353; the Sheriff Department POAM/FOP division was 11%; and the Sheriff Administration division was 32.47% for the first quarter of 2014 and then switched to a flat fee for the remainder of the year, with the County contributing \$6,300 in April and \$1,468 per month for the remainder of the year. In addition, the County made a supplemental contribution to the Sheriff Administration Plan of \$1,054,127. The County general division employees are required to contribute 1.0%, whereas both the Sheriff Department POAM/FOP division and Sheriff Administration division employees are required to contribute 10.42%. 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 hybrid plan for all new hires into the general division. The existing general plan was closed but remains in existence. No new hires will be added to that unit. The hybrid plan has two components. The defined contribution portion requires a contribution of 1% of an employees wage. The defined benefit portion 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, 2014, the annual MERS pension cost of \$28,236, \$65,026, \$229,876 and \$1,094,851 for the general division, general division hybrid, 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, 2013 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; (b) projected salary increase 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, 2013, the most recent actuarial valuation date, was as follows:

	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded (Overfunded) AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
General	\$ 22,125,397	\$ 20,162,487	\$ (1,962,910)	109.7%	\$ 4,717,236	-41.6%
Hybrid	22,891	53,909	31,018	42.5%	-	0%
Sheriff POAM	11,343,664	14,088,377	2,744,713	80.5%	2,125,772	129.1%
Sheriff Admin	1,666,920	2,799,799	1,132,879	59.5%	245,043	462.3%

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

	December 31, Year Ended	Three-Year Trend Information		
		Pension Cost Annual	Contributed Percentage	Obligation Net Pension
General	2012	\$ 98,413	100%	\$ -
	2013	40,020	100%	-
	2014	28,236	100%	-
Hybrid	2013	27,003	100%	-
	2014	65,026	100%	-
Sheriff POAM	2012	235,240	100%	-
	2013	258,398	100%	-
	2014	229,876	100%	-
Sheriff Admin	2012	69,004	100%	-
	2013	76,317	100%	-
	2014	1,094,851	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, provide multi-year 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. 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, 2014, the Commission on Aging made the required contribution of \$36,425.

#### *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, Grand Rapids, Michigan is the trustee and administers the pension plan. The Plan has 41 participants.

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 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 two years of continuous service and fully vested after six years of continuous service.

For the plan year ended December 31, 2014, the Road Commission contributed \$112,957 (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 plan provides retirement and death benefits to plan members and their beneficiaries and covers 52 employees as of September 30, 2014.

The Authority's defined contribution plan is administered by third party insurance companies. 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, 2014 were \$144,269.

## ST. JOSEPH COUNTY, MICHIGAN

### Notes To Financial Statements

Also, the Authority contributes 6.2% of all non-union employees' salary to the plan. Employees are also required to contribute 6.2% of their salary into this plan. These contributions are made in lieu of federal social security contributions. Under this plan, employees are 100% vested in their account. Employees of the Authority not eligible to participate in this plan are covered by the federal social security system. Total contributions for the year ended September 30, 2014 were \$64,680.

### 13. OTHER POSTEMPLOYMENT BENEFITS

#### *Road Commission*

*Plan Description.* The Road Commission administers a single-employer defined benefit healthcare plan (the "Plan"). 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 one retiree receiving benefits that were required to pay 100% of the premiums).

*Funding Policy.* The contribution requirements of Plan members and the Road Commission are established and may be amended by the Road Commission 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, 2014, the Road Commission contributed \$5,326 to the Plan.

*Annual OPEB Cost and Net OPEB Obligation.* The Plan's annual other postemployment benefit (OPEB) cost 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 30 years.

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

Annual required contribution	\$ 114,346
Interest on net OPEB obligation	38,270
Adjustment to annual required contribution	<u>(44,847)</u>
Net OPEB cost	107,769
Contributions made	<u>5,326</u>
Increase in net OPEB obligation	102,443
Net OPEB obligation, beginning of year	<u>1,093,441</u>
Net OPEB obligation, end of year	<u>\$ 1,195,884</u>

## ST. JOSEPH COUNTY, MICHIGAN

### Notes To Financial Statements

The Road Commission's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2014 and the preceding years were as follows:

Three-Year Trend Information				
Year Ended	Annual OPEB Cost	Percentage of Cost Contributed	Net OPEB Obligation	
2012	\$ 121,997	1.3%	\$ 984,278	
2013	114,780	4.9%	1,093,441	
2014	107,769	4.9%	1,195,884	

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

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

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

The following simplifying assumptions were made:

*Retirement age for active employees* - based on the historical average retirement age for the covered group, active plan members were assumed to retire at age 65.

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

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

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

## ST. JOSEPH COUNTY, MICHIGAN

### Notes To Financial Statements

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

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

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

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

Based on the historical and expected returns of the Road Commission's short-term investment portfolio, a discount rate of 3.5 percent was used. In addition, a simplified version of the entry age actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2014, was 29 years.

ST. JOSEPH COUNTY, MICHIGAN

Notes To Financial Statements

14. FUND BALANCES - GOVERNMENTAL FUNDS

	General	Central Dispatch	Commission on Aging	County Facilities Maintenance	Nonmajor Governmental Funds	Total
Nonspendable:						
Inventory	\$ 7,357	\$ -	\$ 3,777	\$ -	\$ -	\$ 11,134
Prepays	177,879	35	9,866	-	2,872	190,652
	<u>185,236</u>	<u>35</u>	<u>13,643</u>	<u>-</u>	<u>2,872</u>	<u>201,786</u>
Restricted for:						
General government	\$ -	\$ -	\$ -	\$ -	\$ 128,884	\$ 128,884
Public safety	-	541,499	-	-	1,227,016	1,768,515
Public works	-	-	-	-	137,045	137,045
Health and social services	-	-	1,307,961	-	84,408	1,392,369
Parks, recreation and cultural	-	-	-	-	105,282	105,282
Community development	-	-	-	-	34,548	34,548
Capital projects	-	-	-	2,130,004	55,406	2,185,410
Permanent trust	-	-	-	-	14,478	14,478
	<u>-</u>	<u>541,499</u>	<u>1,307,961</u>	<u>2,130,004</u>	<u>1,787,067</u>	<u>5,766,531</u>
Unassigned	6,144,918	-	-	-	-	6,144,918
Total fund balances, governmental funds	<u>\$ 6,330,154</u>	<u>\$ 541,534</u>	<u>\$ 1,321,604</u>	<u>\$ 2,130,004</u>	<u>\$ 1,789,939</u>	<u>\$ 12,113,235</u>

15. NET INVESTMENT IN CAPITAL ASSETS

The composition of the net investment in capital assets as of December 31, 2014 was as follows:

	Governmental Activities	Business-type Activities	Component Units
Capital assets:			
Capital assets not being depreciated	\$ 1,331,019	\$ -	\$ 560,002
Capital assets being depreciated, net	9,504,616	43,053	34,155,365
	<u>10,835,635</u>	<u>43,053</u>	<u>34,715,367</u>
Related debt:			
Bonds, notes, mortgage and installment leases	-	-	(2,796,559)
Net investment in capital assets	<u>\$ 10,835,635</u>	<u>\$ 43,053</u>	<u>\$ 31,918,808</u>



## REQUIRED SUPPLEMENTARY INFORMATION

# 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)
<b>GENERAL DIVISION</b>						
2008	\$ 18,702,990	\$ 15,062,639	\$ (3,640,351)	124.2%	\$ 5,054,679	0.0%
2009	19,444,044	15,363,396	(4,080,648)	126.6%	4,903,868	0.0%
2010	20,193,872	16,427,920	(3,765,862)	122.9%	5,023,036	0.0%
2011	21,102,816	17,829,186	(3,273,630)	118.4%	4,989,325	0.0%
2012	21,658,935	19,104,458	(2,554,477)	113.4%	4,992,012	0.0%
2013	22,125,397	20,162,487	(1,962,910)	109.7%	4,717,236	0.0%
<b>GENERAL DIVISION - HYBRID PLAN</b>						
2013	\$ 22,891	\$ 53,909	\$ 31,018	42.5%	\$ -	0.0%
<b>SHERIFF DEPARTMENT - POAM</b>						
2008	\$ 8,944,804	\$ 10,500,122	\$ 1,555,318	85.2%	\$ 2,012,984	77.3%
2009	9,119,682	10,638,662	1,518,980	85.7%	1,939,737	78.3%
2010	9,633,210	11,343,482	1,710,272	84.9%	1,989,637	86.0%
2011	10,175,774	11,918,253	1,742,479	85.4%	1,999,503	87.1%
2012	10,689,070	12,537,353	1,848,283	85.3%	2,119,196	87.2%
2013	11,343,664	14,088,377	2,744,713	80.5%	2,125,772	129.1%
<b>SHERIFF - ADMINISTRATION DIVISION</b>						
2008	\$ 1,385,273	\$ 1,974,724	\$ 589,451	70.2%	\$ 237,302	248.4%
2009	1,483,402	2,208,358	724,956	67.2%	161,269	449.5%
2010	1,531,862	2,391,338	859,476	64.1%	277,800	309.4%
2011	1,556,814	2,547,748	990,934	61.1%	223,598	443.2%
2012	1,596,901	2,651,028	1,054,127	60.2%	238,928	441.2%
2013	1,666,920	2,799,799	1,132,879	59.5%	245,043	462.3%

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
<b>GENERAL DIVISION</b>				
	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%
	2014	28,236	28,236	100.0%
<b>GENERAL DIVISION - HYBRID PLAN</b>				
	2013	\$ 27,003	\$ 27,003	100.0%
	2014	65,026	65,026	100.0%
<b>SHERIFF DEPARTMENT - POAM</b>				
	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%
	2014	229,786	229,876	100.0%
<b>SHERIFF - ADMINISTRATION DIVISION</b>				
	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%
	2014	1,094,851	1,094,851	100.0%

A supplemental payment of \$1,054,127 was made during 2014 by the County to the Sheriff - Administration Division

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**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**

ST. JOSEPH COUNTY, MICHIGAN

Detailed Schedule of Revenues and Other Financing Sources

Budget and Actual - General Fund  
For the Year Ended December 31, 2014

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Property taxes				
Property taxes	\$ 7,972,622	\$ 7,972,622	\$ 8,125,946	\$ 153,324
Industrial facilities tax	225,000	225,000	248,487	23,487
Delinquent taxes	457,000	457,000	399,536	(57,464)
<b>Total property taxes</b>	<b>8,654,622</b>	<b>8,654,622</b>	<b>8,773,969</b>	<b>119,347</b>
Licenses and permits				
Marriage	3,225	3,225	3,482	257
Dog licenses	143,000	143,000	145,634	2,634
Pistol permits	26,150	26,150	34,346	8,196
<b>Total licenses and permits</b>	<b>172,375</b>	<b>172,375</b>	<b>183,462</b>	<b>11,087</b>
Intergovernmental				
SCAAP grant	2,500	2,500	1,292	(1,208)
Cooperative reimbursement - FOC	620,000	620,000	591,824	(28,176)
Cooperative reimbursement - Prosecutor	70,000	70,000	76,538	6,538
Cooperative reimbursement - Prosecuting attorney	-	-	2,486	2,486
Judicial salary	102,845	102,845	103,254	409
Drug case flow grant	1,000	1,000	1,155	155
Victims rights	9,000	9,000	11,186	2,186
Marine safety grant	22,000	22,000	17,879	(4,121)
Juvenile officer grant	27,317	27,317	27,317	-
Probate court	45,724	45,724	45,724	-
Circuit court	45,724	45,724	45,724	-
District court	91,448	91,448	91,448	-
Traffic safety	-	-	14,118	14,118
Convention and tourism	284,554	331,554	331,991	437
Liquor license fees	12,000	12,000	15,336	3,336
State aid-case flow assistance	17,400	17,400	14,430	(2,970)
State court equity funding	330,000	330,000	321,408	(8,592)
Election reimbursement	10,000	10,000	37,230	27,230
State revenue sharing	1,098,195	1,098,195	1,183,778	85,583
Miscellaneous	26,257	26,257	45,376	19,119
<b>Total intergovernmental</b>	<b>2,815,964</b>	<b>3,116,964</b>	<b>3,239,196</b>	<b>122,232</b>

continued...

ST. JOSEPH COUNTY, MICHIGAN

Detailed Schedule of Revenues and Other Financing Sources  
 Budget and Actual - General Fund  
 For the Year Ended December 31, 2014

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Charges for services				
General government:				
Circuit court	\$ 537,450	\$ 537,450	\$ 542,562	\$ 5,112
District court	20,300	20,300	18,539	(1,761)
Probate court	55,700	55,700	27,477	(28,223)
Treasurer	6,500	6,500	3,031	(3,469)
Clerk	234,865	234,865	255,034	20,169
Register of deeds	355,600	355,600	362,066	6,466
Friend of the court	87,000	87,000	75,442	(11,558)
Sheriff department	158,650	158,650	271,610	112,960
Equalization	134,200	134,200	131,242	(2,958)
Animal control	10,000	10,000	3,389	(6,611)
Miscellaneous	19,550	19,550	24,547	4,997
Total charges for services	<u>1,619,815</u>	<u>1,619,815</u>	<u>1,714,939</u>	<u>95,124</u>
Fines and forfeitures				
Ordinance fines and costs	95,000	95,000	76,817	(18,183)
Bond forfeitures	5,000	5,000	9,815	4,815
Miscellaneous	1,000	1,000	915	(85)
Total fines and forfeitures	<u>101,000</u>	<u>101,000</u>	<u>87,547</u>	<u>(13,453)</u>
Interest and rents				
Interest on investments	50,200	50,200	53,312	3,112
Rental fees	4,300	4,300	3,088	(1,212)
Total interest and rents	<u>54,500</u>	<u>54,500</u>	<u>56,400</u>	<u>1,900</u>
Miscellaneous				
Sale of capital assets	500	500	2,760	2,260
Reimbursements and refunds	108,052	171,802	179,204	7,402
Other	14,508	24,508	176,516	152,008
Total miscellaneous	<u>123,060</u>	<u>196,810</u>	<u>358,480</u>	<u>161,670</u>
Total revenues	13,541,336	13,916,086	14,413,993	497,907
Other financing sources				
Transfers in	<u>1,086,378</u>	<u>2,229,555</u>	<u>2,076,540</u>	<u>(153,015)</u>
Total revenues and other financing sources	<u>\$ 14,627,714</u>	<u>\$ 16,145,641</u>	<u>\$ 16,490,533</u>	<u>\$ 344,892</u>

concluded.

ST. JOSEPH COUNTY, MICHIGAN

Detailed Schedule of Expenditures and Other Financing Uses  
 Budget and Actual - General Fund  
 For the Year Ended December 31, 2014

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>General government</b>				
Board of commissioners	\$ 151,624	\$ 276,654	\$ 275,100	\$ (1,554)
Circuit court	302,547	303,247	288,412	(14,835)
District court	1,000,211	1,002,204	980,565	(21,639)
Friend of the court	751,293	810,708	783,292	(27,416)
Jury commission	420	620	564	(56)
Probate court	330,968	330,968	290,773	(40,195)
Family court	684,155	684,405	613,272	(71,133)
Appeals court	40,000	40,000	21,841	(18,159)
Public defender	470,000	471,000	470,810	(190)
Administrator	154,832	186,793	186,759	(34)
Elections	89,230	89,230	55,668	(33,562)
Finance	274,290	362,565	351,680	(10,885)
Clerk	521,781	608,142	576,948	(31,194)
Equalization	289,964	248,964	237,183	(11,781)
Human resources	375,003	386,038	311,952	(74,086)
Geographic information systems	159,601	159,601	143,979	(15,622)
Prosecuting attorney	611,443	638,243	636,428	(1,815)
Register of deeds	172,213	172,213	151,644	(20,569)
Treasurer	274,086	278,286	251,081	(27,205)
Cooperative extension	244,913	244,913	185,857	(59,056)
Information technology	302,328	302,328	260,498	(41,830)
Building and grounds	358,257	406,757	406,570	(187)
Utilities	342,125	371,125	363,676	(7,449)
Insurance	246,236	1,327,363	1,336,853	9,490
Drain commission	141,786	141,831	123,805	(18,026)
Court security	104,508	104,508	85,679	(18,829)
Other	95,102	95,102	93,678	(1,424)
<b>Total general government</b>	<b>8,488,916</b>	<b>10,043,808</b>	<b>9,484,567</b>	<b>(559,241)</b>
<b>Public safety</b>				
Sheriff - general	2,188,602	2,442,602	2,331,291	(111,311)
Sheriff - corrections	10,554	10,554	6,299	(4,255)
Jail	2,186,394	2,288,894	2,280,165	(8,729)
Marine safety	29,304	29,304	17,884	(11,420)
Animal control	163,740	178,240	177,963	(277)
<b>Total public safety</b>	<b>4,578,594</b>	<b>4,949,594</b>	<b>4,813,602</b>	<b>(135,992)</b>

continued...

ST. JOSEPH COUNTY, MICHIGAN

**Detailed Schedule of Expenditures and Other Financing Uses**  
 Budget and Actual - General Fund  
 For the Year Ended December 31, 2014

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Public works</b>				
Public works	\$ 120	\$ 120	\$ -	\$ (120)
Soil	14,000	14,000	14,000	-
Appropriation to road commission	491,000	524,400	481,900	(42,500)
<b>Total public works</b>	<u>505,120</u>	<u>538,520</u>	<u>495,900</u>	<u>(42,620)</u>
<b>Health and social services</b>				
Child care probate	43,049	46,049	30,172	(15,877)
District health	270,924	270,924	270,924	-
Community mental health	347,268	515,580	515,579	(1)
Health and human services appropriation	10,000	10,000	9,808	(192)
Medical examiner	38,100	40,600	38,988	(1,612)
Substance abuse	142,277	166,077	165,996	(81)
Veterans	10,450	12,480	12,480	-
Veterans services	27,741	27,741	26,772	(969)
<b>Total health and social services</b>	<u>889,809</u>	<u>1,089,451</u>	<u>1,070,719</u>	<u>18,732</u>
<b>Parks, recreation and cultural</b>				
Administration	102,623	102,623	86,810	(15,813)
Parks services	49,300	53,200	15,011	(38,189)
<b>Total parks, recreation and cultural</b>	<u>151,923</u>	<u>155,823</u>	<u>101,821</u>	<u>(54,002)</u>
<b>Community development</b>				
Planning	12,688	12,688	4,428	(8,260)
<b>Total expenditures</b>	<u>14,627,050</u>	<u>16,789,884</u>	<u>15,971,037</u>	<u>(818,847)</u>
<b>Other financing uses</b>				
Transfers out	2,312,507	2,501,507	2,393,227	(108,280)
<b>Total expenditures and other financing uses</b>	<u>\$ 16,939,557</u>	<u>\$ 19,291,391</u>	<u>\$ 18,364,264</u>	<u>\$ (927,127)</u>

concluded.

ST. JOSEPH COUNTY, MICHIGAN

Combining Balance Sheet  
 Nonmajor Governmental Funds  
 December 31, 2014

	Special Revenue Funds				
	Central Dispatch Wireless	Meyer Broadway Park	Facilities and Land Acquisition	Friend of the Court	Family Counseling
<b>Assets</b>					
Cash and cash equivalents	\$ 684,352	\$ 112,855	\$ -	\$ 16,804	\$ 14,386
Receivables-					
Property taxes	-	-	-	-	-
Accounts, net	-	-	-	-	-
Due from other governmental units	52,249	-	-	-	-
Due from other funds	-	-	848	-	-
Prepays	2,872	-	-	-	-
Other assets	-	-	-	-	-
<b>Total assets</b>	<u>\$ 739,473</u>	<u>\$ 112,855</u>	<u>\$ 848</u>	<u>\$ 16,804</u>	<u>\$ 14,386</u>
<b>Liabilities</b>					
Accounts payable	\$ 1,305	\$ 5,993	\$ 848	\$ -	\$ 930
Accrued liabilities	1,695	1,915	-	-	-
Due to other funds	-	-	-	-	-
<b>Total liabilities</b>	<u>3,000</u>	<u>7,908</u>	<u>848</u>	<u>-</u>	<u>930</u>
<b>Fund balances</b>					
Nonspendable	2,872	-	-	-	-
Restricted	733,601	104,947	-	16,804	13,456
<b>Total fund balances</b>	<u>736,473</u>	<u>104,947</u>	<u>-</u>	<u>16,804</u>	<u>13,456</u>
<b>Total liabilities and fund balances</b>	<u>\$ 739,473</u>	<u>\$ 112,855</u>	<u>\$ 848</u>	<u>\$ 16,804</u>	<u>\$ 14,386</u>

Special Revenue Funds					
Cade Lake Park	Court Caseflow Assistance	Waste Management	Traffic Safety Program	Remonumentation Grant	Animal Shelter Donation
\$ 2,152	\$ 14,614	\$ 86,436	\$ 144,112	\$ -	\$ 64,568
-	-	-	-	-	-
-	-	50,609	-	-	-
-	-	-	-	36,331	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 2,152</u>	<u>\$ 14,614</u>	<u>\$ 137,045</u>	<u>\$ 144,112</u>	<u>\$ 36,331</u>	<u>\$ 64,568</u>
\$ 1,817	\$ -	\$ -	\$ 400	\$ 19,793	\$ 145
-	-	-	-	-	-
-	-	-	-	16,537	-
<u>1,817</u>	<u>-</u>	<u>-</u>	<u>400</u>	<u>36,330</u>	<u>145</u>
-	-	-	-	-	-
335	14,614	137,045	143,712	1	64,423
<u>335</u>	<u>14,614</u>	<u>137,045</u>	<u>143,712</u>	<u>1</u>	<u>64,423</u>
<u>\$ 2,152</u>	<u>\$ 14,614</u>	<u>\$ 137,045</u>	<u>\$ 144,112</u>	<u>\$ 36,331</u>	<u>\$ 64,568</u>

continued...

ST. JOSEPH COUNTY, MICHIGAN

Combining Balance Sheet  
 Nonmajor Governmental Funds  
 December 31, 2014

	Special Revenue Funds				
	Veterans Memorial	Register of Deeds Automation	Victims Rights Advocacy	Community Correction Advisory Board	Community Correction Program
<b>Assets</b>					
Cash and cash equivalents	\$ 1,242	\$ 60,288	\$ 10,961	\$ 6,050	\$ 49,160
Receivables-					
Property taxes	-	-	-	-	-
Accounts, net	-	-	-	-	-
Due from other governmental units	-	-	13,963	21,847	-
Due from other funds	-	-	-	-	-
Prepays	-	-	-	-	-
Other assets	-	-	-	-	-
<b>Total assets</b>	<u>\$ 1,242</u>	<u>\$ 60,288</u>	<u>\$ 24,924</u>	<u>\$ 27,897</u>	<u>\$ 49,160</u>
<b>Liabilities</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ 6,968	\$ 2,475
Accrued liabilities	-	-	2,204	1,861	-
Due to other funds	-	-	-	-	-
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>2,204</u>	<u>8,829</u>	<u>2,475</u>
<b>Fund balances</b>					
Nonspendable	-	-	-	-	-
Restricted	1,242	60,288	22,720	19,068	46,685
<b>Total fund balances</b>	<u>1,242</u>	<u>60,288</u>	<u>22,720</u>	<u>19,068</u>	<u>46,685</u>
<b>Total liabilities and fund balances</b>	<u>\$ 1,242</u>	<u>\$ 60,288</u>	<u>\$ 24,924</u>	<u>\$ 27,897</u>	<u>\$ 49,160</u>

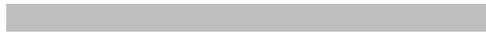
Special Revenue Funds					
Local Corrections Officers Training	Law Enforcement	Drug Law Enforcement	Secondary Road Patrol	Homeland Security Grant	County Law Library
\$ 59,655	\$ 37,957	\$ 102,221	\$ -	\$ 5,176	\$ 1,401
-	-	-	-	-	-
-	-	-	-	-	-
-	12,176	-	49,863	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	2,006	-	4,241	-	-
<u>\$ 59,655</u>	<u>\$ 52,139</u>	<u>\$ 102,221</u>	<u>\$ 54,104</u>	<u>\$ 5,176</u>	<u>\$ 1,401</u>
\$ 2,387	\$ 40	\$ 1,477	\$ -	\$ -	\$ 400
-	5,303	-	8,568	-	-
-	-	-	42,416	-	-
<u>2,387</u>	<u>5,343</u>	<u>1,477</u>	<u>50,984</u>	<u>-</u>	<u>400</u>
-	-	-	-	-	-
57,268	46,796	100,744	3,120	5,176	1,001
<u>57,268</u>	<u>46,796</u>	<u>100,744</u>	<u>3,120</u>	<u>5,176</u>	<u>1,001</u>
<u>\$ 59,655</u>	<u>\$ 52,139</u>	<u>\$ 102,221</u>	<u>\$ 54,104</u>	<u>\$ 5,176</u>	<u>\$ 1,401</u>

continued...

ST. JOSEPH COUNTY, MICHIGAN

Combining Balance Sheet  
 Nonmajor Governmental Funds  
 December 31, 2014

	Special Revenue Funds					
	Principal Residence Denial	Community Development Block Grant	State Court Administrator's Office	Sheriffs Justice Training	Child Care Probate Court	Veterans Trust Fund
<b>Assets</b>						
Cash and cash equivalents	\$ -	\$ 34,548	\$ -	\$ 6,643	\$ 121,985	\$ 2,933
Receivables-						
Property taxes	-	-	-	-	-	-
Accounts, net	-	-	-	-	-	-
Due from other governmental units	-	-	157,294	-	91,421	1,302
Due from other funds	-	-	-	-	-	-
Prepays	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
<b>Total assets</b>	<u>\$ -</u>	<u>\$ 34,548</u>	<u>\$ 157,294</u>	<u>\$ 6,643</u>	<u>\$ 213,406</u>	<u>\$ 4,235</u>
<b>Liabilities</b>						
Accounts payable	\$ -	\$ -	\$ 15,012	\$ 220	\$ 126,329	\$ -
Accrued liabilities	-	-	-	-	8,146	-
Due to other funds	-	-	142,282	-	-	-
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>157,294</u>	<u>220</u>	<u>134,475</u>	<u>-</u>
<b>Fund balances</b>						
Nonspendable	-	-	-	-	-	-
Restricted	-	34,548	-	6,423	78,931	4,235
<b>Total fund balances</b>	<u>-</u>	<u>34,548</u>	<u>-</u>	<u>6,423</u>	<u>78,931</u>	<u>4,235</u>
<b>Total liabilities and fund balances</b>	<u>\$ -</u>	<u>\$ 34,548</u>	<u>\$ 157,294</u>	<u>\$ 6,643</u>	<u>\$ 213,406</u>	<u>\$ 4,235</u>



Capital Projects Fund	Permanent Trust Fund	
Information Technology Improvement	Cemetery	Total
\$ 55,406	\$ 14,478	\$ 1,710,383
-	-	-
-	-	50,609
-	-	436,446
-	-	848
-	-	2,872
-	-	6,247
<u>\$ 55,406</u>	<u>\$ 14,478</u>	<u>\$ 2,207,405</u>
\$ -	\$ -	\$ 186,539
-	-	29,692
-	-	201,235
-	-	417,466
-	-	2,872
<u>55,406</u>	<u>14,478</u>	<u>1,787,067</u>
<u>55,406</u>	<u>14,478</u>	<u>1,789,939</u>
<u>\$ 55,406</u>	<u>\$ 14,478</u>	<u>\$ 2,207,405</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, 2014

	Special Revenue Funds				
	Central Dispatch Wireless	Meyer Broadway Park	Facilities and Land Acquisition	Friend of the Court	Family Counseling
<b>Revenues</b>					
Licenses and permits	\$ -	\$ -	\$ -	\$ -	\$ 7,215
Intergovernmental-					
Federal/state	-	-	-	-	-
Charges for services	-	6,078	-	18,490	-
Fines and forfeitures	220,550	-	-	-	-
Interest and rent	2,919	5,850	5	57	-
Miscellaneous	-	1,745	-	-	-
<b>Total revenues</b>	<b>223,469</b>	<b>13,673</b>	<b>5</b>	<b>18,547</b>	<b>7,215</b>
<b>Expenditures</b>					
Current:					
General government	-	-	-	-	4,768
Public safety	119,021	-	-	-	-
Public works	-	-	-	-	-
Health and social services	-	-	-	-	-
Community development	-	-	3,807	-	-
Parks, recreation and cultural	-	75,348	-	-	-
Capital outlay	-	-	-	-	-
<b>Total expenditures</b>	<b>119,021</b>	<b>75,348</b>	<b>3,807</b>	<b>-</b>	<b>4,768</b>
Revenues over (under) expenditures	104,448	(61,675)	(3,802)	18,547	2,447
<b>Other financing sources (uses)</b>					
Transfers in	-	73,127	-	-	-
Transfers out	-	-	-	(20,100)	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>73,127</b>	<b>-</b>	<b>(20,100)</b>	<b>-</b>
Net change in fund balances	104,448	11,452	(3,802)	(1,553)	2,447
Fund balances, beginning of year	632,025	93,495	3,802	18,357	11,009
Fund balances, end of year	\$ 736,473	\$ 104,947	\$ -	\$ 16,804	\$ 13,456

Special Revenue Funds					
Cade Lake Park	Court Caseflow Assistance	Waste Management	Traffic Safety Program	Remonumentation Grant	Animal Shelter Donation
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	60,551	-
35,471	-	208,579	32,680	-	-
-	-	-	-	-	-
-	-	-	-	-	-
286	-	-	-	-	14,418
<u>35,757</u>	<u>-</u>	<u>208,579</u>	<u>32,680</u>	<u>60,551</u>	<u>14,418</u>
-	-	-	-	64,850	-
-	-	-	33,464	-	2,540
-	-	16,504	-	-	-
-	-	-	-	-	-
-	-	56,710	-	-	-
52,341	-	-	-	-	-
-	-	-	-	-	-
<u>52,341</u>	<u>-</u>	<u>73,214</u>	<u>33,464</u>	<u>64,850</u>	<u>2,540</u>
<u>(16,584)</u>	<u>-</u>	<u>135,365</u>	<u>(784)</u>	<u>(4,299)</u>	<u>11,878</u>
-	-	-	-	6,000	-
-	-	(236,747)	-	(1,700)	(5,000)
-	-	(236,747)	-	4,300	(5,000)
(16,584)	-	(101,382)	(784)	1	6,878
<u>16,919</u>	<u>14,614</u>	<u>238,427</u>	<u>144,496</u>	<u>-</u>	<u>57,545</u>
<u>\$ 335</u>	<u>\$ 14,614</u>	<u>\$ 137,045</u>	<u>\$ 143,712</u>	<u>\$ 1</u>	<u>\$ 64,423</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, 2014

	Special Revenue Funds				
	Veterans Memorial	Register of Deeds Automation	Victims Rights Advocacy	Community Correction Advisory Board	Community Correction Program
<b>Revenues</b>					
Licenses and permits	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental-					
Federal/state	-	-	73,289	135,316	-
Charges for services	-	54,597	-	-	51,736
Fines and forfeitures	-	-	-	-	-
Interest and rent	-	227	-	-	-
Miscellaneous	-	-	-	-	-
<b>Total revenues</b>	<b>-</b>	<b>54,824</b>	<b>73,289</b>	<b>135,316</b>	<b>51,736</b>
<b>Expenditures</b>					
Current:					
General government	-	68,823	73,288	-	-
Public safety	-	-	-	149,381	38,738
Public works	-	-	-	-	-
Health and social services	-	-	-	-	-
Community development	-	-	-	-	-
Parks, recreation and cultural	-	-	-	-	-
Capital outlay	-	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>68,823</b>	<b>73,288</b>	<b>149,381</b>	<b>38,738</b>
Revenues over (under) expenditures	-	(13,999)	1	(14,065)	12,998
<b>Other financing sources (uses)</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>(13,999)</b>	<b>1</b>	<b>(14,065)</b>	<b>12,998</b>
Fund balances, beginning of year	1,242	74,287	22,719	33,133	33,687
<b>Fund balances, end of year</b>	<b>\$ 1,242</b>	<b>\$ 60,288</b>	<b>\$ 22,720</b>	<b>\$ 19,068</b>	<b>\$ 46,685</b>

Special Revenue Funds					
Local Corrections Officers Training	Law Enforcement	Drug Law Enforcement	Secondary Road Patrol	Homeland Security Grant	County Law Library
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	169,116	-	124,356	30,996	-
17,370	7,188	4,000	-	-	-
-	-	9,860	-	-	-
-	-	-	-	-	-
-	-	51,799	-	-	6,500
<u>17,370</u>	<u>176,304</u>	<u>65,659</u>	<u>124,356</u>	<u>30,996</u>	<u>6,500</u>
-	-	-	-	-	6,415
9,815	180,754	147,348	230,354	31,328	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>9,815</u>	<u>180,754</u>	<u>147,348</u>	<u>230,354</u>	<u>31,328</u>	<u>6,415</u>
<u>7,555</u>	<u>(4,450)</u>	<u>(81,689)</u>	<u>(105,998)</u>	<u>(332)</u>	<u>85</u>
-	-	88,227	90,000	-	-
(10,000)	(644)	(40,000)	-	-	-
<u>(10,000)</u>	<u>(644)</u>	<u>48,227</u>	<u>90,000</u>	<u>-</u>	<u>-</u>
(2,445)	(5,094)	(33,462)	(15,998)	(332)	85
<u>59,713</u>	<u>51,890</u>	<u>134,206</u>	<u>19,118</u>	<u>5,508</u>	<u>916</u>
<u>\$ 57,268</u>	<u>\$ 46,796</u>	<u>\$ 100,744</u>	<u>\$ 3,120</u>	<u>\$ 5,176</u>	<u>\$ 1,001</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, 2014

	Special Revenue Funds					
	Principal Residence Denial	Community Development Block Grant	State Court Administrator's Office	Sheriffs Justice Training	Child Care Probate Court	Veterans Trust Fund
<b>Revenues</b>						
Licenses and permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental-						
Federal/state	-	40,691	230,086	4,984	388,348	29,406
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Interest and rent	-	-	-	-	-	-
Miscellaneous	-	-	-	-	1,705	-
<b>Total revenues</b>	<b>-</b>	<b>40,691</b>	<b>230,086</b>	<b>4,984</b>	<b>390,053</b>	<b>29,406</b>
<b>Expenditures</b>						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	230,086	5,848	-	-
Public works	-	-	-	-	-	-
Health and social services	-	-	-	-	865,490	31,335
Community development	-	10,733	-	-	-	-
Parks, recreation and cultural	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>10,733</b>	<b>230,086</b>	<b>5,848</b>	<b>865,490</b>	<b>31,335</b>
Revenues over (under) expenditures	-	29,958	-	(864)	(475,437)	(1,929)
<b>Other financing sources (uses)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	(82,090)	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(82,090)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balances	(82,090)	29,958	-	(864)	(475,437)	(1,929)
Fund balances, beginning of year	82,090	4,590	-	7,287	554,368	6,164
Fund balances, end of year	\$ -	\$ 34,548	\$ -	\$ 6,423	\$ 78,931	\$ 4,235



Capital Projects Fund	Permanent Trust Fund	
Information Technology Improvement	Cemetery	Total
\$ -	\$ -	\$ 7,215
-	-	1,057,053
-	-	436,189
-	-	230,410
-	9	9,067
-	-	76,453
-	9	1,816,387
-	-	218,144
-	-	948,591
-	-	16,504
-	-	896,825
-	-	71,250
-	-	127,689
70,799	-	70,799
70,799	-	2,349,802
(70,799)	9	(533,415)
20,000	-	277,354
-	-	(396,281)
20,000	-	(118,927)
(50,799)	9	(652,342)
106,205	14,469	2,442,281
\$ 55,406	\$ 14,478	\$ 1,789,939

concluded.

# ST. JOSEPH COUNTY, MICHIGAN

## Combining Statement of Net Position

Nonmajor Enterprise Funds

December 31, 2014

	Forfeiture/ Foreclosure Fund	Inmate Store Fund	Three Rivers Community Center	Building Authority	Total
<b>Assets</b>					
Current assets:					
Cash and cash equivalents	\$ 453,669	\$ 28,231	\$ 47,883	\$ 177,778	\$ 707,561
Investments	200,274	-	-	-	200,274
Receivables-					
Accounts, net	-	-	240	-	240
Total current assets	653,943	28,231	48,123	177,778	908,075
Noncurrent assets -					
Equipment, net	-	3,534	39,519	-	43,053
Total assets	653,943	31,765	87,642	177,778	951,128
<b>Liabilities</b>					
Current liabilities:					
Accounts payable	1,000	53	1,174	15,688	17,915
Due to other funds	230,809	-	-	-	230,809
Total current liabilities	231,809	53	1,174	15,688	248,724
<b>Net position</b>					
Investment in capital assets	-	3,534	39,519	-	43,053
Unrestricted	422,134	28,178	46,949	162,090	659,351
Total net position	\$ 422,134	\$ 31,712	\$ 86,468	\$ 162,090	\$ 702,404

## ST. JOSEPH COUNTY, MICHIGAN

### Combining Statement of Revenues, Expenses

and Changes in Fund Net Position

Nonmajor Enterprise Funds

For the Year Ended December 31, 2014

	Forfeiture/ Foreclosure Fund	Inmate Store Fund	Three Rivers Community Center	Building Authority	Total
Operating revenues					
Charges for services	\$ 234,337	\$ 28,140	\$ 66,392	\$ -	\$ 328,869
Operating expenses					
Operations and administrative	91,950	21,903	44,083	26,910	184,846
Depreciation and amortization	-	897	5,141	-	6,038
Total operating expenses	91,950	22,800	49,224	26,910	190,884
Operating income (loss)	142,387	5,340	17,168	(26,910)	137,985
Nonoperating revenues					
Interest income	1,878	-	-	-	1,878
Income (loss) before transfers	144,265	5,340	17,168	(26,910)	139,863
Transfers in	-	-	-	189,000	189,000
Transfers out	(286,400)	-	-	-	(286,400)
Change in net position	(142,135)	5,340	17,168	162,090	42,463
Net position, beginning of year	564,269	26,372	69,300	-	659,941
Net position, end of year	\$ 422,134	\$ 31,712	\$ 86,468	\$ 162,090	\$ 702,404

ST. JOSEPH COUNTY, MICHIGAN

**Combining Statement of Cash Flows**  
 Nonmajor Enterprise Funds  
 For the Year Ended December 31, 2014

	Forfeiture/ Foreclosure Fund	Inmate Store Fund	Three Rivers Community Center	Building Authority	Total
<b>Cash flows from operating activities</b>					
Cash received from customers	\$ 236,367	\$ 28,140	\$ 66,152	\$ -	\$ 330,659
Cash received from others	230,809	-	-	-	230,809
Cash paid to local units for receivables	-	-	-	-	-
Cash paid to/for employees	-	-	(45,193)	(11,222)	(56,415)
Cash paid to suppliers	(92,180)	(22,640)	-	-	(114,820)
<b>Net cash provided (used) by operating activities</b>	<b>374,996</b>	<b>5,500</b>	<b>20,959</b>	<b>(11,222)</b>	<b>390,233</b>
<b>Cash flows from noncapital and related financing activities</b>					
Transfers in	-	-	-	189,000	189,000
Transfers out	(286,400)	-	-	-	(286,400)
<b>Net cash provided (used) by noncapital financing activities</b>	<b>(286,400)</b>	<b>-</b>	<b>-</b>	<b>189,000</b>	<b>(97,400)</b>
<b>Cash flows from investing activities</b>					
Sale of investments	49,726	-	-	-	49,726
Interest received	1,878	-	-	-	1,878
<b>Net cash provided by investing activities</b>	<b>51,604</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>51,604</b>
<b>Net change in cash and cash equivalents</b>	<b>140,200</b>	<b>5,500</b>	<b>20,959</b>	<b>177,778</b>	<b>344,437</b>
Cash and cash equivalents, beginning of year	313,469	22,731	26,924	-	363,124
<b>Cash and cash equivalents, end of year</b>	<b>\$ 453,669</b>	<b>\$ 28,231</b>	<b>\$ 47,883</b>	<b>\$ 177,778</b>	<b>\$ 707,561</b>
<b>Cash flows from operating activities</b>					
Operating income (loss)	\$ 142,387	\$ 5,340	\$ 17,168	\$ (26,910)	\$ 137,985
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation and amortization	-	897	5,141	-	6,038
Change in assets and liabilities:					
Accounts receivable	2,030	-	(240)	-	1,790
Accounts payable	(230)	(737)	110	15,688	14,831
Accrued liabilities	-	-	(1,220)	-	(1,220)
Due to other funds	230,809	-	-	-	230,809
<b>Net cash provided (used) by operating activities</b>	<b>\$ 374,996</b>	<b>\$ 5,500</b>	<b>\$ 20,959</b>	<b>\$ (11,222)</b>	<b>\$ 390,233</b>

ST. JOSEPH COUNTY, MICHIGAN

**Combining Statement of Fiduciary Assets and Liabilities**  
 Agency Funds  
 December 31, 2014

	Trust and Agency	Library	Inmate Trust Account	Total
<b>Assets</b>				
Cash and cash equivalents	<u>\$ 1,278,982</u>	<u>\$ 111,774</u>	<u>\$ 14,650</u>	<u>\$ 1,405,406</u>
<b>Liabilities</b>				
Due to individuals/agencies	\$ 1,140,659	\$ 111,774	\$ 14,650	\$ 1,267,083
Due to other governmental units	<u>138,323</u>	<u>-</u>	<u>-</u>	<u>138,323</u>
<b>Total liabilities</b>	<u>\$ 1,278,982</u>	<u>\$ 111,774</u>	<u>\$ 14,650</u>	<u>\$ 1,405,406</u>

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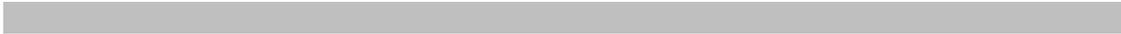
**COMPONENT UNIT FUND FINANCIAL  
STATEMENTS AND SCHEDULES**

ST. JOSEPH COUNTY, MICHIGAN

Statement of Net Position and Governmental Funds

Balance Sheet  
 Drainage Districts Component Unit  
 December 31, 2014

	Debt Service Funds		
	Regular Drain	Fish Lake Drain	Lamberson Dam Drain
<b>Assets</b>			
Cash and cash equivalents	\$ 86,038	\$ 7,831	\$ 90
Special assessments receivable	282,549	-	-
Capital assets being depreciated, net	-	-	-
<b>Total assets</b>	<u>\$ 368,587</u>	<u>\$ 7,831</u>	<u>\$ 90</u>
<b>Liabilities</b>			
Accounts payable	\$ -	\$ -	\$ -
Interest payable	-	-	-
Long-term debt:			
Due within one year	-	-	-
Due in more than one year	-	-	-
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources - special assessments	<u>282,549</u>	<u>-</u>	<u>-</u>
<b>Fund balances</b>			
Restricted	<u>86,038</u>	<u>7,831</u>	<u>90</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 368,587</u>	<u>\$ 7,831</u>	<u>\$ 90</u>



Capital Projects Funds					
Regular Drain	Long Lake Level Revolving	Klinger Lake Level	Revolving Drain	Revolving Drain Maintenance	Revolving Drain Fabius
\$ 219,236	\$ -	\$ 21,634	\$ 81,334	\$ 9,478	\$ 17,455
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 219,236</u>	<u>\$ -</u>	<u>\$ 21,634</u>	<u>\$ 81,334</u>	<u>\$ 9,478</u>	<u>\$ 17,455</u>
\$ 628	\$ -	\$ -	\$ -	\$ -	\$ 56
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>628</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>56</u>
-	-	-	-	-	-
<u>218,608</u>	<u>-</u>	<u>21,634</u>	<u>81,334</u>	<u>9,478</u>	<u>17,399</u>
<u>\$ 219,236</u>	<u>\$ -</u>	<u>\$ 21,634</u>	<u>\$ 81,334</u>	<u>\$ 9,478</u>	<u>\$ 17,455</u>

continued...

# ST. JOSEPH COUNTY, MICHIGAN

## Statement of Net Position and Governmental Funds

Balance Sheet

Drainage Districts Component Unit

December 31, 2014

	Capital Projects Funds			
	Omena Lake Proposed Assessment	Grey Lake Level Study	Pleasant/Clear Lake Proposed Assessment	Eberhard Lake Level
<b>Assets</b>				
Cash and cash equivalents	\$ 16,758	\$ 1,041	\$ 30,962	\$ 91
Special assessments receivable	-	-	8,456	-
Capital assets being depreciated, net	-	-	-	-
<b>Total assets</b>	<b>\$ 16,758</b>	<b>\$ 1,041</b>	<b>\$ 39,418</b>	<b>\$ 91</b>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ -	\$ 400	\$ -
Interest payable	-	-	-	-
Long-term debt:				
Due within one year	-	-	-	-
Due in more than one year	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>400</b>	<b>-</b>
Deferred inflows of resources	-	-	6,441	-
<b>Fund balances</b>				
Restricted	16,758	1,041	32,577	91
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 16,758</b>	<b>\$ 1,041</b>	<b>\$ 39,418</b>	<b>\$ 91</b>
<b>Net position</b>				
Net investment in capital assets				
Restricted				
Unrestricted				
<b>Total net position</b>				

Total	GASB 34 Adjustments	Statement of Net Position
\$ 491,948	\$ -	\$ 491,948
291,005	-	291,005
-	1,639,130	1,639,130
<u>\$ 782,953</u>	<u>1,639,130</u>	<u>2,422,083</u>
\$ 1,084	-	1,084
-	6,584	6,584
-	94,821	94,821
-	203,928	203,928
<u>1,084</u>	<u>305,333</u>	<u>306,417</u>
<u>288,990</u>	<u>(288,990)</u>	<u>-</u>
<u>492,879</u>	<u>(492,879)</u>	<u>-</u>
<u>\$ 782,953</u>		

1,340,381	1,340,381
93,959	93,959
<u>681,326</u>	<u>681,326</u>
<u>\$ 2,115,666</u>	<u>\$ 2,115,666</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, 2014

Fund balances - governmental funds	\$ 492,879
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	1,639,130
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	288,990
Long-term bonded debt is not due and payable in the current period and refundings, and interest payable are not reported in the governmental funds. Long-term debt payable Interest payable	(298,749) (6,584)
Net position of governmental activities	<u>\$ 2,115,666</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, 2014

	Debt Service Funds		
	Regular Drain	Fish Lake Drain	Lamberson Dam Drain
Revenues			
Special assessments	\$ 119,156	\$ -	\$ -
Interest revenue	251	20	-
Other revenue	-	-	-
<b>Total revenues</b>	<b>119,407</b>	<b>20</b>	<b>-</b>
Expenditures / expenses			
Public works	-	-	-
Capital outlay - construction and maintenance	-	-	-
Debt service:			
Principal	94,201	-	-
Interest and fiscal charges	16,659	-	-
<b>Total expenditures / expenses</b>	<b>110,860</b>	<b>-</b>	<b>-</b>
<b>Revenues over (under) expenditures/expenses</b>	<b>8,547</b>	<b>20</b>	<b>-</b>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
<b>Total other financing sources</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>8,547</b>	<b>20</b>	<b>-</b>
<b>Change in net position</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund balance / net position, beginning of year	77,491	7,811	90
<b>Fund balance / net position, end of year</b>	<b>\$ 86,038</b>	<b>\$ 7,831</b>	<b>\$ 90</b>



Capital Projects Funds					
Regular Drain	Long Lake Level Revolving	Klinger Lake Lake Level	Revolving Drain	Revolving Drain Maintenance	Revolving Drain Fabius
\$ 37,619	\$ -	\$ -	\$ -	\$ -	\$ -
624	-	54	108	24	44
1,000	-	-	-	-	-
<u>39,243</u>	<u>-</u>	<u>54</u>	<u>108</u>	<u>24</u>	<u>44</u>
2,143	-	-	10,280	-	375
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>2,143</u>	<u>-</u>	<u>-</u>	<u>10,280</u>	<u>-</u>	<u>375</u>
<u>37,100</u>	<u>-</u>	<u>54</u>	<u>(10,172)</u>	<u>24</u>	<u>(331)</u>
-	-	-	56,639	-	-
<u>(56,639)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(56,639)</u>	<u>-</u>	<u>-</u>	<u>56,639</u>	<u>-</u>	<u>-</u>
<u>(19,539)</u>	<u>-</u>	<u>54</u>	<u>46,467</u>	<u>24</u>	<u>(331)</u>
-	-	-	-	-	-
<u>238,147</u>	<u>-</u>	<u>21,580</u>	<u>34,867</u>	<u>9,454</u>	<u>17,730</u>
<u>\$ 218,608</u>	<u>\$ -</u>	<u>\$ 21,634</u>	<u>\$ 81,334</u>	<u>\$ 9,478</u>	<u>\$ 17,399</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, 2014

	Capital Projects Funds			
	Omena Lake Proposed Assessment	Grey Lake Level Study	Pleasant/Clear Lake Proposed Assessment	Eberhard Lake Level
Revenues				
Special assessments	\$ -	\$ -	\$ 8,479	\$ -
Interest revenue	42	3	85	1
	-	-	-	-
<b>Total revenues</b>	<b>42</b>	<b>3</b>	<b>8,564</b>	<b>1</b>
Expenditures / expenses				
Public works	-	-	2,133	-
Capital outlay - construction and maintenance	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	123	-
<b>Total expenditures / expenses</b>	<b>-</b>	<b>-</b>	<b>2,256</b>	<b>-</b>
<b>Revenues over (under) expenditures/expenses</b>	<b>42</b>	<b>3</b>	<b>6,308</b>	<b>1</b>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>42</b>	<b>3</b>	<b>6,308</b>	<b>1</b>
<b>Change in net position</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund balance / net position, beginning of year	16,716	1,038	26,269	90
Fund balance / net position, end of year	\$ 16,758	\$ 1,041	\$ 32,577	\$ 91

Total	GASB 34 Adjustments	Statement of Activities
\$ 165,254	\$ 66,821	\$ 232,075
1,256	-	1,256
1,000	-	1,000
<u>167,510</u>	<u>66,821</u>	<u>234,331</u>
14,931	63,755	78,686
-	-	-
94,201	(94,201)	-
16,782	(2,521)	14,261
<u>125,914</u>	<u>(32,967)</u>	<u>92,947</u>
<u>41,596</u>	<u>99,788</u>	<u>141,384</u>
56,639	(56,639)	-
(56,639)	56,639	-
-	-	-
<u>41,596</u>	<u>(41,596)</u>	<u>-</u>
-	141,384	141,384
<u>451,283</u>	<u>1,522,999</u>	<u>1,974,282</u>
<u>\$ 492,879</u>	<u>\$ 1,622,787</u>	<u>\$ 2,115,666</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, 2014

Net change in fund balance - total governmental funds \$ 41,596

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 66,821

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.

Depreciation expense (63,755)

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 94,201

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 2,521

Change in net position of governmental activities \$ 141,384

ST. JOSEPH COUNTY, MICHIGAN

**Statement of Net Position and Governmental Funds**

Balance Sheet  
 Board of Public Works Component Unit  
 December 31, 2014

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

Constantine Village Waste Water	Constantine Village Sewer	Constantine Village Sewer Construction	White Pigeon Sewer Construction	Total	GASB 34 Adjustments	Statement of Net Position
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	\$ 2,649,831	\$ 2,649,831
\$ -	\$ -	\$ -	\$ -	\$ -	13,007	13,007
-	-	-	-	-	130,000	130,000
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,506,824</u>	<u>2,506,824</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,649,831</u>	<u>2,649,831</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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  
Board of Public Works Component Unit  
December 31, 2014

Fund balances - governmental funds	\$ -
Amounts reported for <i>governmental activities</i> in the statement of net position are different because:	
Bonds payable of various municipalities are to be repaid by the municipality, and the amount due is not reported as receivable in the funds	
Leases receivable	2,649,831
Interest payable	(13,007)
Bonds and notes payable	<u>(2,636,824)</u>
Net position of governmental activities	<u><u>\$ -</u></u>

ST. JOSEPH COUNTY, MICHIGAN

Statement of Activities and Governmental Fund Revenues,  
Expenditures and Changes in Fund Balances  
Board of Public Works Component Unit  
For the Year Ended December 31, 2014

	Lockport Water Supply	Fish Lake Sewer	White Pigeon Klinger Lake Sewer Ext.	White Pigeon Water Supply	White Pigeon Sewer
<b>Revenues</b>					
Intergovernmental - local	\$ 32,633	\$ -	\$ -	\$ 18,506	\$ 151,975
Other revenue	-	-	-	-	100
<b>Total revenues</b>	<u>32,633</u>	<u>-</u>	<u>-</u>	<u>18,506</u>	<u>152,075</u>
<b>Expenditures / expenses</b>					
Debt service:					
Principal	25,000	-	-	15,000	85,000
Interest and fiscal charges	7,633	32	318	3,506	67,075
<b>Total expenditures/expenses</b>	<u>32,633</u>	<u>32</u>	<u>318</u>	<u>18,506</u>	<u>152,075</u>
<b>Net change in fund balances net position</b>	-	(32)	(318)	-	-
<b>Fund balances / net position, beginning of year</b>	<u>-</u>	<u>32</u>	<u>318</u>	<u>-</u>	<u>-</u>
<b>Fund balances / net position, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Constantine Village Waste Water	Constantine Village Sewer	Constantine Village Sewer Construction	White Pigeon Sewer Construction	Total	GASB 34 Adjustments	Statement of Activities
\$ -	\$ -	\$ -	\$ -	\$ 203,114	\$ (126,170)	\$ 76,944
-	-	-	-	100	-	100
-	-	-	-	203,214	(126,170)	77,044
-	-	-	-	125,000	(125,000)	-
138	68	-	-	78,770	(1,726)	77,044
138	68	-	-	203,770	(126,726)	77,044
(138)	(68)	-	-	(556)	556	-
138	68	-	-	556	(556)	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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  
Board of Public Works Component Unit  
For the Year Ended December 31, 2014

Net change in fund balance - total governmental funds	\$ (556)
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:	
Revenues in the statement of activities that do not provide current resources are not reported as revenues in the funds, but rather are deferred to subsequent fiscal years.	
Change in collections attributable to bond principal and accrued interest	(126,170)
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	<u>1,726</u>
Change in net position of governmental activities	<u>\$ -</u>

ST. JOSEPH COUNTY, MICHIGAN

Statement of Net Position and Governmental Funds

Balance Sheet

Economic Development Corporation Component Unit

December 31, 2014

	Special Revenue	GASB 34 Adjustments	Statement of Net Position
<b>Assets</b>			
Cash and cash equivalents	\$ 57,528	\$ -	\$ 57,528
Due from other governments	1,563	-	1,563
Capital assets being depreciated, net	-	352	352
<b>Total assets</b>	<u>\$ 59,091</u>	<u>352</u>	<u>59,443</u>
<b>Liabilities</b>			
Accounts payable	\$ 7,313	-	7,313
Accrued liabilities	5,406	-	5,406
<b>Total liabilities</b>	12,719	-	12,719
<b>Fund balance / net position</b>			
Restricted	46,372	(46,372)	-
<b>Total liabilities and fund balance</b>	<u>\$ 59,091</u>		
<b>Net position</b>			
Investment in capital assets		352	352
Unrestricted		46,372	46,372
<b>Total net position</b>		<u>\$ 46,724</u>	<u>\$ 46,724</u>

## ST. JOSEPH COUNTY, MICHIGAN

### Reconciliation

Fund Balances for Governmental Funds  
To Net Position of Governmental Activities  
Economic Development Corporation Component Unit  
December 31, 2014

Fund balances - governmental funds \$ 46,372

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 352

Net position of governmental activities \$ 46,724

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, 2014**

	Special Revenue	GASB 34 Adjustments	Statement of Activities
Revenues			
Intergovernmental:			
Federal/State	\$ 54,366	\$ -	\$ 54,366
Interest revenue	760	-	760
Miscellaneous	317,010	-	317,010
	<hr/>	<hr/>	<hr/>
Total revenues	372,136	-	372,136
Expenditures / expenses			
Community development	371,767	338	372,105
	<hr/>	<hr/>	<hr/>
Net change in fund balance	369	(369)	-
Change in net position	-	31	31
Fund balance / net position, beginning of year	46,003	690	46,693
	<hr/>	<hr/>	<hr/>
Fund balance / net position, end of year	<u>\$ 46,372</u>	<u>\$ 352</u>	<u>\$ 46,724</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, 2014

Net change in fund balance - total governmental funds \$ 369

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 (338)

Change in net position of governmental activities \$ 31

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## 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

June 11, 2015

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, Michigan* (the "County"), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated June 11, 2015, 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, *Audits of State and Local Governments and Non-Profit Organizations* 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, 2014

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-2012-1067-HOA	\$ 10,691
U.S. Department of Justice Juvenile Justice and Delinquency Prevention 2014 Basic Grant	16.540	MDCH	-n/a-	8,040
State Criminal Alien Assistance Program	16.606	Direct	2014-H2700-MI-AP	1,292
Bullet Proof Vest Partnership Program	16.607	Direct	-n/a-	1,993
Total U.S. Department of Justice				11,325
U.S. Department of Transportation Hazardous Materials Emergency Planning	20.703	MSP	HM-HMP-0347-13-01-00	2,884
U.S. Environmental Protection Agency Brownfield Assessment and Clean-up	66.460	MDNR	BF00E013370	4,063
Brownfield Assessment and Clean-up	66.460	MDNR	BF00E003670	48,103
Total U.S. Environmental Protection Agency				52,166
U.S. Department of Health and Human Services Aging Cluster:				
** Title III-D Special Programs for the Aging FY13/14 Disease Prevention	93.043	MDSAR3C	-n/a-	3,534
** Title III-B Special Programs for the Aging FY13/14 Disease Prevention	93.044	MDSAR3C	-n/a-	30,956
** Title III-C Special Programs for the Aging FY13/14 Nutrition Congregate	93.045	MDSAR3C	-n/a-	66,506
FY13/14 Nutrition Home Delivered Meals	93.045	MDSAR3C	-n/a-	48,312
** Title III-E National Family Caregiver Support	93.052	MDSAR3C	-n/a-	21,158
** Nutrition Services Incentive Program FY13/14 Elderly Feeding (Congregate)	93.053	MDSAR3C	-n/a-	23,190
FY13/14 Elderly Feeding (Home Delivered Meals)	93.053	MDSAR3C	-n/a-	56,366
				250,022

continued...

ST. JOSEPH COUNTY, MICHIGAN

**Schedule of Expenditures of Federal Awards**

For the Year Ended December 31, 2014

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	\$ 115,966
Title IV-D - Friend of the Court	93.563	DHS	CSCOM-13-75003	475,858
				<u>591,824</u>
Total U.S. Department of Health and Human Services				<u>841,846</u>
U.S. Department of Homeland Security				
Emergency Management Performance Grant	97.042	MSP	EMW-2014-EP-00023-S01	23,849
State Domestic Preparedness	97.067	VBC	-n/a-	30,996
				<u>54,845</u>
Total U.S. Department of Homeland Security				<u>54,845</u>
Total expenditures of federal awards				<u>\$ 973,757</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, 2014. 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.

### 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, 2014 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

June 11, 2015

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

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, Michigan* (the "County"), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 11, 2015.

#### Internal Control Over Financial Reporting

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

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

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

## Compliance and Other Matters

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

We noted a certain other matter that we reported to management of the County in a separate letter dated June 11, 2015.

## 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.

A handwritten signature in black ink that reads "Lehmann Johnson LLC". The signature is written in a cursive, flowing style.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR A MAJOR FEDERAL PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

June 11, 2015

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

**Report on Compliance for Each Major Federal Program**

We have audited *St. Joseph County Michigan'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, 2014. 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 its 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, 2014.

### **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 "Lehmann Lohman LLC".

# ST. JOSEPH COUNTY, MICHIGAN

## Schedule of Findings and Questioned Costs For the Year Ended December 31, 2014

### SECTION I - SUMMARY OF AUDITORS' RESULTS

#### Financial Statements

Type of auditors' report issued: Unmodified

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: Unmodified

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 program:

<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, 2014

### 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, 2014

None reported.

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