

St. Joseph  
County, Michigan



Year Ended  
December 31,  
2015

Financial  
Statements and  
Single Audit Act  
Compliance

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# ST. JOSEPH COUNTY, MICHIGAN

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## INDEPENDENT AUDITORS' REPORT

May 27, 2016

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, 2015, 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 auditors' 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 entity'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, the financial statements referred to above 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, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the 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.

### *Implementation of GASB Statement No. 68*

As described in Note 16, the County implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, in the current year. Accordingly, beginning net position of governmental activities was restated. Our opinion is not modified with respect to this matter.

### *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 for the pension plan, as 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 May 27, 2016, 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 "Rehmann Lobarr LLC". The signature is written in a cursive, flowing style.

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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, 2015.

### Financial Highlights

- The County implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, in the current year. In addition to expanded disclosure requirements, the County is required to report its net pension liability on the statement of net position. This change has resulted in an additional liability impact of \$3,441,821 in the governmental activities.
- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$39,861,367 (net position). Of this amount, \$21,857,528 (unrestricted net position) may be used to meet the government's ongoing obligations.
- The government's total net position decreased by \$1,533,410 or 3.7 percent from the prior year.
- As of the close of the fiscal year, the County's governmental funds reported combined ending fund balances of \$10,929,232, a decrease of \$1,346,093 or 10.8 percent of the prior year fund balance. Of the total fund balance, the unassigned fund balance of \$5,285,779, or 48.4 percent, is available for spending. The restricted fund balance is \$5,418,975 or 49.6 percent of the total. Committed fund balance is \$12,189, or .1% of the total.
- At the end of the fiscal year the unassigned fund balance for the general fund was \$5,291,683, an amount equal to 25.6 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, deferred outflows of resources, 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.

# ST. JOSEPH COUNTY, MICHIGAN

## Management's Discussion and Analysis

The government-wide financial statements include not only the County itself (known as the primary government), but also five 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.

**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 36 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, facilities maintenance and the building authority 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 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 and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$39,861,367 at the close of the fiscal year.

The County's net position includes \$12,564,795 in capital assets comprised of land, buildings, vehicles and equipment less any outstanding related debt used to acquire those assets, of which there are none. 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 \$5,439,044. The remaining balance, unrestricted net position (\$21,857,528 or 54.8 percent), may be used to meet the government's ongoing obligations.

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
<b>Assets</b>						
Current and other assets	\$14,658,506	\$15,322,443	\$16,394,535	\$20,525,919	\$31,053,041	\$35,848,362
Capital assets, net	12,561,871	10,835,635	2,924	43,053	12,564,795	10,878,688
<b>Total assets</b>	<b>27,220,377</b>	<b>26,158,078</b>	<b>16,397,459</b>	<b>20,568,972</b>	<b>43,617,836</b>	<b>46,727,050</b>
Deferred outflows of resources	2,767,937	-	-	-	2,767,937	-
<b>Liabilities</b>						
Long-term liabilities	635,162	-	-	-	635,162	-
Other liabilities	4,891,769	1,602,310	18,867	17,915	4,910,636	1,620,225
<b>Total liabilities</b>	<b>5,526,931</b>	<b>1,602,310</b>	<b>18,867</b>	<b>17,915</b>	<b>5,545,798</b>	<b>1,620,225</b>
Deferred inflows of resources	978,608	951,749	-	-	978,608	951,749
<b>Net position</b>						
Investment						
in capital assets	12,561,871	10,835,635	2,924	43,053	12,564,795	10,878,688
Restricted	5,439,044	5,783,081	-	-	5,439,044	5,783,081
Unrestricted	5,481,860	6,985,303	16,375,668	20,508,004	21,857,528	27,493,307
<b>Total net position</b>	<b>\$23,482,775</b>	<b>\$23,604,019</b>	<b>\$16,378,592</b>	<b>\$20,551,057</b>	<b>\$39,861,367</b>	<b>\$44,155,076</b>

# ST. JOSEPH COUNTY, MICHIGAN

## Management's Discussion and Analysis

	Change in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 3,646,107	\$ 3,417,055	\$ 904,428	\$ 951,248	\$ 4,550,535	\$ 4,368,303
Operating grants	5,039,198	4,914,484	-	-	5,039,198	4,914,484
General revenues:						
Property taxes	11,518,891	11,196,776	-	-	11,518,891	11,196,776
Investment earnings	91,419	62,665	128,560	71,020	219,979	133,685
<b>Total revenues</b>	<b>20,295,615</b>	<b>19,590,980</b>	<b>1,032,988</b>	<b>1,022,268</b>	<b>21,328,603</b>	<b>20,613,248</b>
<b>Expenses</b>						
General government	11,138,113	9,678,956	-	-	11,138,113	9,678,956
Public safety	6,276,733	7,486,997	-	-	6,276,733	7,486,997
Public works	236,113	254,904	-	-	236,113	254,904
Health and social services	3,815,342	4,135,074	-	-	3,815,342	4,135,074
Parks, recreation and cultural	333,304	229,510	-	-	333,304	229,510
Community development	202,184	75,678	-	-	202,184	75,678
Unallocated depreciation	645,526	614,009	-	-	645,526	614,009
Forfeiture/foreclosure	-	-	140,772	91,950	140,772	91,950
Inmate store	-	-	18,124	22,800	18,124	22,800
Community center	-	-	55,802	49,224	55,802	49,224
<b>Total expenses</b>	<b>22,647,315</b>	<b>22,475,128</b>	<b>214,698</b>	<b>163,974</b>	<b>22,862,013</b>	<b>22,639,102</b>
Change in net position, before transfers	(2,351,700)	(2,884,148)	818,290	858,294	(1,533,410)	(2,025,854)
Transfers	4,794,286	1,498,386	(4,794,286)	(1,498,386)	-	-
<b>Change in net position</b>	<b>2,442,586</b>	<b>(1,385,762)</b>	<b>(3,975,996)</b>	<b>(640,092)</b>	<b>(1,533,410)</b>	<b>(2,025,854)</b>
<b>Net position</b>						
Beginning of year as restated	23,604,019	24,989,781	20,551,057	21,191,149	44,155,076	46,180,930
Restatement for GASB 68	(2,563,830)	-	(196,469)	-	(2,760,299)	-
<b>End of year</b>	<b>\$23,482,775</b>	<b>\$23,604,019</b>	<b>\$16,378,592</b>	<b>\$20,551,057</b>	<b>\$ 39,861,367</b>	<b>\$44,155,076</b>

The preceding table shows that the total net position decreased by \$4,293,709 or 10.8% percent during 2015 as compared to a decrease of \$2,025,854 in the prior year.

# 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 \$10,929,232. This represents a decrease of \$1,346,093 from the prior year. The general fund decreased its fund balance by \$852,155 from the prior year. The major component of the decrease was a \$1,000,000 transfer to the facilities maintenance fund. The central dispatch fund balance decreased by \$536,363 and the commission on aging fund balance increased by \$72,690. The facilities maintenance fund balance increased \$148,952 which is a result of a \$1,000,000 transfer from the general fund and current year expenditures of approximately \$853,000, which include building maintenance and improvements of approximately \$282,000; land improvements of approximately \$155,000; and property acquisitions of approximately \$416,000. The building authority fund balance decreased by \$149,901 primarily to expenditures exceeding transfers in.

*Proprietary Funds.* Net position of the tax payment fund decreased by \$3,937,287. The tax payment fund had operating revenues of approximately \$598,000 and transfers out of approximately \$4,661,000. The transfers out were for the purposes of funding an economic development agreement with Southwest Michigan First in the amount of \$250,000; a sheriff deputy position for approximately \$90,000; a payment to the Michigan Municipal Employees Retirement System (MERS) for approximately \$2,901,000; and for the construction of the Sturgis Enrichment Center in the amount of \$1,289,000. Construction of the Enrichment Center was in process at year end, and was expected to be finished in 2016 at a total cost of \$2,600,000.

### General Fund Budgetary Highlights

The original general fund expenditure budget of \$15,272,910 increased to \$18,882,461 after amendments; however, actual expenditures totaled only \$17,858,501 for a net savings of \$1,023,960 or 5.4 percent under the amended budget. Expenditure savings came from many departments. See the detailed schedule of expenditures and other financing uses for more information.

Actual revenues were \$14,892,332 or within 7.3 percent of the amended budget of \$13,880,576. 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 2015, the County had invested \$12,564,795, net of accumulated depreciation, in a broad range of capital assets (see table below). Depreciation charges for the fiscal year totaled \$651,277.

The County expended approximately \$2,372,000 for capital asset additions in 2015. The County Building Authority is constructing a building in Sturgis which is intended to house the Sturgis Enrichment Center. As of December 31, 2015, \$1,308,000 had been expended for the project which is expected to total approximately \$2,600,000. During 2015, the County completed a \$174,000 jail renovation which provides a diversion unit. The County purchased a property, at a cost of approximately \$330,000, which is to be developed into a new County Park. A second piece of property was purchased and modified, at a total cost of approximately \$80,000, for use as a future parking lot. A sewer expansion project is underway at Cade Lake Park. As of December 31, 2015, \$102,000 has been expended for the project. Other significant additions were six vehicles for the Sheriff's Department totaling \$196,000; new computer servers totaling approximately \$23,000; a new truck, including a specialty cap, for Animal Control in the amount of \$33,000; a Gazebo for the Rawson Mill Park for approximately \$19,000. Three of the six Sheriff Department vehicles, totaling \$93,000, were originally budgeted to be purchased in 2016 but were purchased in 2015 to take advantage of significant savings available with an earlier purchase.

# ST. JOSEPH COUNTY, MICHIGAN

## Management's Discussion and Analysis

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 1,004,219	\$ 593,024	\$ -	\$ -	\$ 1,004,219	\$ 593,024
Construction in progress	1,541,856	163,203	-	-	1,541,856	163,203
Intangible assets	596,214	574,792	-	-	596,214	574,792
Land improvements, net	727,380	765,813	-	-	727,380	765,813
Buildings and improvements, net	6,904,522	6,949,276	-	-	6,904,522	6,949,276
Vehicles and equipment, net	1,787,680	1,789,527	2,924	43,053	1,790,604	1,832,580
<b>Total capital assets, net</b>	<b>\$12,561,871</b>	<b>\$10,835,635</b>	<b>\$ 2,924</b>	<b>\$ 43,053</b>	<b>\$ 12,564,795</b>	<b>\$10,878,688</b>

*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.

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, 2014 was approximately \$2.53 billion; therefore the County's debt limitation was approximately \$253 million.

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

The following factors were considered when preparing the County's 2016 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 has been projected at \$1,374,000 for 2016. 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).

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## BASIC FINANCIAL STATEMENTS

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**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

# ST. JOSEPH COUNTY, MICHIGAN

## Statement of Net Position December 31, 2015

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and cash equivalents	\$ 6,941,023	\$ 8,245,328	\$ 15,186,351	\$ 3,731,187
Investments	3,773,076	6,401,133	10,174,209	1,053,068
Receivables, net	2,770,683	2,430,551	5,201,234	7,443,055
Internal balances	682,477	(682,477)	-	-
Other assets	491,247	-	491,247	1,246,851
Capital assets not being depreciated	3,142,289	-	3,142,289	8,973,086
Capital assets being depreciated, net	9,419,582	2,924	9,422,506	27,605,203
<b>Total assets</b>	<b>27,220,377</b>	<b>16,397,459</b>	<b>43,617,836</b>	<b>50,052,450</b>
<b>Deferred outflows of resources</b>				
Deferred pension amounts	2,767,937	-	2,767,937	-
<b>Liabilities</b>				
Accounts payable and accrued expenses	1,449,948	18,867	1,468,815	3,378,796
Interest payable	-	-	-	19,038
Unearned revenue	-	-	-	62,833
Long-term liabilities:				
Due within one year	77,140	-	77,140	796,991
Due in more than one year	558,022	-	558,022	4,789,995
Other noncurrent liabilities:				
Net pension liability	3,441,821	-	3,441,821	-
Net other postemployment obligation	-	-	-	1,217,920
<b>Total liabilities</b>	<b>5,526,931</b>	<b>18,867</b>	<b>5,545,798</b>	<b>10,265,573</b>
<b>Deferred inflows of resources</b>				
Taxes levied for a subsequent period	978,608	-	978,608	1,339,397

continued...

# ST. JOSEPH COUNTY, MICHIGAN

## Statement of Net Position

December 31, 2015

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Net position</b>				
Net investment in capital assets	\$ 12,561,871	\$ 2,924	\$ 12,564,795	\$ 33,885,739
Restricted for:				
Debt service	-	-	-	7,687
Capital projects	2,339,931	-	2,339,931	-
Highway projects	-	-	-	2,013,945
Public safety	1,393,016	-	1,393,016	-
Public works	169	-	169	-
Health and social services	1,394,294	-	1,394,294	-
Parks, recreation and cultural	123,018	-	123,018	-
Community development	34,548	-	34,548	-
Other state mandated programs	139,568	-	139,568	-
Permanent trust	14,500	-	14,500	-
Unrestricted	5,481,860	16,375,668	21,857,528	2,540,109
<b>Total net position</b>	<u>\$ 23,482,775</u>	<u>\$ 16,378,592</u>	<u>\$ 39,861,367</u>	<u>\$ 38,447,480</u>

concluded.

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

ST. JOSEPH COUNTY, MICHIGAN

Statement of Activities

For the Year Ended December 31, 2015

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	\$ 11,138,113	\$ 2,008,016	\$ 3,293,888	\$ -	\$ (5,836,209)
Public safety	6,276,733	1,016,219	696,452	-	(4,564,062)
Public works	236,113	184,969	-	-	(51,144)
Health and social services	3,815,342	328,399	927,187	-	(2,559,756)
Parks, recreation and cultural	333,304	108,504	-	-	(224,800)
Community development	202,184	-	121,671	-	(80,513)
Unallocated depreciation	645,526	-	-	-	(645,526)
Total governmental activities	<u>22,647,315</u>	<u>3,646,107</u>	<u>5,039,198</u>	<u>-</u>	<u>(13,962,010)</u>
Business-type activities:					
Delinquent tax collection	-	806,882	-	-	806,882
Forfeiture/foreclosure	140,772	-	-	-	(140,772)
Inmate store	18,124	31,041	-	-	12,917
Community center	55,802	66,505	-	-	10,703
Total business-type activities	<u>214,698</u>	<u>904,428</u>	<u>-</u>	<u>-</u>	<u>689,730</u>
Total primary government	<u>\$ 22,862,013</u>	<u>\$ 4,550,535</u>	<u>\$ 5,039,198</u>	<u>\$ -</u>	<u>\$ (13,272,280)</u>
Component units					
Board of Public Works	\$ 73,890	\$ -	\$ 73,890	\$ -	\$ -
Drainage Districts	93,531	-	-	9,608	(83,923)
Economic Development Corporation	543,320	-	496,943	-	(46,377)
Road Commission	7,855,632	18,770	9,434,372	-	1,597,510
Community Mental Health Authority	18,071,775	14,972,076	3,134,694	-	34,995
Total component units	<u>\$ 26,638,148</u>	<u>\$ 14,990,846</u>	<u>\$ 13,139,899</u>	<u>\$ 9,608</u>	<u>\$ 1,502,205</u>

continued...

ST. JOSEPH COUNTY, MICHIGAN

**Statement of Activities**  
For the Year Ended December 31, 2015

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Totals	
Net (expenses) revenues	\$ (13,962,010)	\$ 689,730	\$ (13,272,280)	\$ 1,502,205
General revenues and transfers				
Property taxes	11,518,891	-	11,518,891	1,320,894
Unrestricted investment earnings	91,419	128,560	219,979	13,348
Transfers - internal activities	4,794,286	(4,794,286)	-	-
Total general revenues and transfers	16,404,596	(4,665,726)	11,738,870	1,334,242
Change in net position	2,442,586	(3,975,996)	(1,533,410)	2,836,447
Net position, beginning of year, as restated	21,040,189	20,354,588	41,394,777	35,611,033
Net position, end of year	\$ 23,482,775	\$ 16,378,592	\$ 39,861,367	\$ 38,447,480

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, 2015

	Special Revenue Funds		
	General	Central Dispatch	Commission on Aging
<b>Assets</b>			
Cash and cash equivalents	\$ 197,199	\$ 24,919	\$ 1,466,321
Investments	3,773,076	-	-
Receivables:			
Property taxes	938,267	978,608	-
Accounts, net	24,227	-	16,715
Interest	37,681	-	-
Due from other governments	240,267	-	45,385
Due from other funds	993,184	-	-
Prepays	186,316	11,075	14,898
Other assets	266,786	1,288	4,786
<b>Total assets</b>	<b>\$ 6,657,003</b>	<b>\$ 1,015,890</b>	<b>\$ 1,548,105</b>
<b>Liabilities</b>			
Accounts payable	\$ 131,429	\$ 19,898	\$ 104,006
Accrued liabilities	250,319	12,213	26,522
Due to other governmental units	-	-	23,283
Due to other funds	131,700	-	-
<b>Total liabilities</b>	<b>513,448</b>	<b>32,111</b>	<b>153,811</b>
<b>Deferred inflows of resources</b>			
Unavailable property taxes	665,556	-	-
Taxes levied for a subsequent period	-	978,608	-
<b>Total deferred inflows of resources</b>	<b>665,556</b>	<b>978,608</b>	<b>-</b>
<b>Fund balances</b>			
Nonspendable	186,316	11,075	14,898
Restricted	-	-	1,379,396
Committed	-	-	-
Unassigned	5,291,683	(5,904)	-
<b>Total fund balances</b>	<b>5,477,999</b>	<b>5,171</b>	<b>1,394,294</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 6,657,003</b>	<b>\$ 1,015,890</b>	<b>\$ 1,548,105</b>

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



Capital Projects			
County Facilities Maintenance	Building Authority	Nonmajor Governmental Funds	Total Governmental Funds
\$ 2,362,398	\$ 548,112	\$ 1,706,912	\$ 6,305,861
-	-	-	3,773,076
-	-	-	1,916,875
-	-	50,977	91,919
-	-	-	37,681
-	-	438,556	724,208
-	131,700	-	1,124,884
-	-	-	212,289
-	-	6,098	278,958
<u>\$ 2,362,398</u>	<u>\$ 679,812</u>	<u>\$ 2,202,543</u>	<u>\$ 14,465,751</u>
\$ 83,442	\$ 667,623	\$ 122,645	\$ 1,129,043
-	-	8,568	297,622
-	-	-	23,283
-	-	310,707	442,407
<u>83,442</u>	<u>667,623</u>	<u>441,920</u>	<u>1,892,355</u>
-	-	-	665,556
-	-	-	978,608
-	-	-	1,644,164
-	-	-	212,289
2,278,956	-	1,760,623	5,418,975
-	12,189	-	12,189
-	-	-	5,285,779
<u>2,278,956</u>	<u>12,189</u>	<u>1,760,623</u>	<u>10,929,232</u>
<u>\$ 2,362,398</u>	<u>\$ 679,812</u>	<u>\$ 2,202,543</u>	<u>\$ 14,465,751</u>

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# ST. JOSEPH COUNTY, MICHIGAN

## Reconciliation

Fund Balances for Governmental Funds  
to Net Position of Governmental Activities  
December 31, 2015

Fund balances - total governmental funds	\$ 10,929,232
Amounts reported for <i>governmental activities</i> in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets not being depreciated	3,142,289
Capital assets being depreciated, net	9,419,582
Certain pension-related amounts, such as the net pension liability and deferred amounts are not due and payable in the current period or do not represent current financial resources and therefore are not reported in the funds.	
Net pension liability	(3,441,821)
Deferred outflows related to the net pension liability	2,767,937
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>665,556</u>
Net position of governmental activities	<u>\$ 23,482,775</u>

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

# ST. JOSEPH COUNTY, MICHIGAN

## Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the Year Ended December 31, 2015

	Special Revenue Funds		
	General	Central Dispatch	Commission on Aging
<b>Revenues</b>			
Property taxes	\$ 9,096,152	\$ 966,017	\$ 1,446,464
Licenses and permits	162,903	-	-
Intergovernmental	3,286,222	18,195	412,290
Charges for services	1,676,667	-	28,309
Fines and forfeitures	96,933	-	-
Interest and rents	84,788	2,543	-
Miscellaneous	488,667	335	283,869
<b>Total revenues</b>	<b>14,892,332</b>	<b>987,090</b>	<b>2,170,932</b>
<b>Expenditures</b>			
Current:			
General government	11,609,887	-	-
Public safety	4,566,926	1,567,453	-
Public works	571,631	-	-
Health and social services	887,390	-	2,161,034
Community development	7,937	-	-
Parks, recreation and cultural	214,730	-	-
Capital outlay	-	-	-
<b>Total expenditures</b>	<b>17,858,501</b>	<b>1,567,453</b>	<b>2,161,034</b>
<b>Revenues (under) over expenditures</b>	<b>(2,966,169)</b>	<b>(580,363)</b>	<b>9,898</b>
<b>Other financing sources (uses)</b>			
Transfers in	5,018,706	110,000	62,792
Transfers out	(2,904,692)	(66,000)	-
<b>Total other financing sources (uses)</b>	<b>2,114,014</b>	<b>44,000</b>	<b>62,792</b>
<b>Net change in fund balances</b>	<b>(852,155)</b>	<b>(536,363)</b>	<b>72,690</b>
<b>Fund balances, beginning of year</b>	<b>6,330,154</b>	<b>541,534</b>	<b>1,321,604</b>
<b>Fund balances, end of year</b>	<b>\$ 5,477,999</b>	<b>\$ 5,171</b>	<b>\$ 1,394,294</b>

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



Capital Projects			
County Facilities Maintenance	Building Authority	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 11,508,633
-	-	7,350	170,253
-	-	1,097,134	4,813,841
-	-	455,689	2,160,665
-	-	218,761	315,694
1,630	-	12,249	101,210
-	-	182,209	955,080
<u>1,630</u>	<u>-</u>	<u>1,973,392</u>	<u>20,025,376</u>
-	-	176,680	11,786,567
-	-	755,758	6,890,137
-	-	16,582	588,213
-	-	839,477	3,887,901
-	1,570,601	194,469	1,773,007
-	-	158,091	372,821
<u>852,678</u>	<u>-</u>	<u>14,431</u>	<u>867,109</u>
<u>852,678</u>	<u>1,570,601</u>	<u>2,155,488</u>	<u>26,165,755</u>
<u>(851,048)</u>	<u>(1,570,601)</u>	<u>(182,096)</u>	<u>(6,140,379)</u>
1,000,000	1,420,700	566,619	8,178,817
-	-	(413,839)	(3,384,531)
<u>1,000,000</u>	<u>1,420,700</u>	<u>152,780</u>	<u>4,794,286</u>
148,952	(149,901)	(29,316)	(1,346,093)
<u>2,130,004</u>	<u>162,090</u>	<u>1,789,939</u>	<u>12,275,325</u>
<u>\$ 2,278,956</u>	<u>\$ 12,189</u>	<u>\$ 1,760,623</u>	<u>\$ 10,929,232</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  
For the Year Ended December 31, 2015

Net change in fund balance - total governmental funds \$ (1,346,093)

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	2,371,762
Depreciation expense	(645,526)

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	10,407
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Some 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 net pension liability and related deferred amounts	<u>2,052,036</u>
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Change in net position of governmental activities	<u>\$ 2,442,586</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 Balance

Budget and Actual - General Fund

For the Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Property taxes	\$ 8,700,150	\$ 8,700,150	\$ 9,096,152	\$ 396,002
Licenses and permits	172,125	172,125	162,903	(9,222)
Intergovernmental	3,156,608	3,156,608	3,286,222	129,614
Charges for services	1,593,015	1,601,315	1,676,667	75,352
Fines and forfeitures	101,000	101,000	96,933	(4,067)
Interest and rents	54,500	54,500	84,788	30,288
Miscellaneous	94,878	94,878	488,667	393,789
<b>Total revenues</b>	<b>13,872,276</b>	<b>13,880,576</b>	<b>14,892,332</b>	<b>1,011,756</b>
<b>Expenditures</b>				
Current:				
General government	9,017,463	12,339,598	11,609,887	(729,711)
Public safety	4,617,646	4,787,774	4,566,926	(220,848)
Public works	466,120	608,220	571,631	(36,589)
Health and social services	947,493	907,555	887,390	(20,165)
Community development	11,688	11,688	7,937	(3,751)
Parks, recreation and cultural	212,500	227,626	214,730	(12,896)
<b>Total expenditures</b>	<b>15,272,910</b>	<b>18,882,461</b>	<b>17,858,501</b>	<b>(1,023,960)</b>
Revenues under expenditures	(1,400,634)	(5,001,885)	(2,966,169)	2,035,716
<b>Other financing sources (uses)</b>				
Transfers in	865,878	6,412,830	5,018,706	(1,394,124)
Transfers out	(1,438,227)	(4,628,992)	(2,904,692)	1,724,300
<b>Total other financing sources (uses)</b>	<b>(572,349)</b>	<b>1,783,838</b>	<b>2,114,014</b>	<b>330,176</b>
<b>Net change in fund balance</b>	<b>(1,972,983)</b>	<b>(3,218,047)</b>	<b>(852,155)</b>	<b>2,365,892</b>
Fund balance, beginning of year	6,330,154	6,330,154	6,330,154	-
<b>Fund balance, end of year</b>	<b>\$ 4,357,171</b>	<b>\$ 3,112,107</b>	<b>\$ 5,477,999</b>	<b>\$ 2,365,892</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, 2015

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 949,421	\$ 949,421	\$ 966,017	\$ 16,596
Intergovernmental	29,242	29,242	18,195	(11,047)
Interest and rents	2,500	2,500	2,543	43
Miscellaneous	-	-	335	335
Total revenues	981,163	981,163	987,090	5,927
Expenditures				
Current -				
Public safety	1,355,719	1,694,682	1,567,453	(127,229)
Revenues under expenditures	(374,556)	(713,519)	(580,363)	133,156
Other financing sources (uses)				
Transfers in	-	110,000	110,000	-
Transfers out	(66,000)	(66,000)	(66,000)	-
Total other sources (uses)	(66,000)	44,000	44,000	-
Net change in fund balance	(440,556)	(669,519)	(536,363)	133,156
Fund balance, beginning of year	541,534	541,534	541,534	-
Fund balance, end of year	\$ 100,978	\$ (127,985)	\$ 5,171	\$ 133,156

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, 2015

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 1,427,624	\$ 1,432,145	\$ 1,446,464	\$ 14,319
Intergovernmental	367,365	394,938	412,290	17,352
Charges for services	37,659	37,659	28,309	(9,350)
Miscellaneous	419,941	438,141	283,869	(154,272)
Total revenues	2,252,589	2,302,883	2,170,932	(131,951)
Expenditures				
Current -				
Health and social services	2,252,589	2,302,883	2,161,034	(141,849)
Revenues over expenditures	-	-	9,898	9,898
Other financing sources				
Transfers in	-	-	62,792	62,792
Net change in fund balance	-	-	72,690	72,690
Fund balance, beginning of year	1,321,604	1,321,604	1,321,604	-
Fund balance, end of year	\$ 1,321,604	\$ 1,321,604	\$ 1,394,294	\$ 72,690

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

# ST. JOSEPH COUNTY, MICHIGAN

## Statement of Net Position

Proprietary Funds

December 31, 2015

	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	\$ 7,862,916	\$ 382,412	\$ 8,245,328	\$ 635,162
Investments	6,301,576	99,557	6,401,133	-
Receivables:				
Property taxes	2,376,273	-	2,376,273	-
Interest	54,278	-	54,278	-
Due from other funds	-	322	322	-
Total current assets	<u>16,595,043</u>	<u>482,291</u>	<u>17,077,334</u>	<u>635,162</u>
Noncurrent assets -				
Equipment	-	2,924	2,924	-
Total assets	<u>16,595,043</u>	<u>485,215</u>	<u>17,080,258</u>	<u>635,162</u>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	878	17,989	18,867	-
Due to other funds	682,799	-	682,799	-
Accrued compensated absences	-	-	-	77,410
Long-term liabilities -				
Accrued compensated absences	-	-	-	557,752
Total liabilities	<u>683,677</u>	<u>17,989</u>	<u>701,666</u>	<u>635,162</u>
<b>Net position</b>				
Investment in capital assets	-	2,924	2,924	-
Unrestricted	<u>15,911,366</u>	<u>464,302</u>	<u>16,375,668</u>	<u>-</u>
Total net position	<u>\$ 15,911,366</u>	<u>\$ 467,226</u>	<u>\$ 16,378,592</u>	<u>\$ -</u>

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

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ST. JOSEPH COUNTY, MICHIGAN

Statement of Revenues, Expenses and Changes in Fund Net Position

Proprietary Funds

For the Year Ended December 31, 2015

	Business-type Activities - Enterprise Funds			Governmental Activities
	Tax Payment Fund	Nonmajor Funds	Total	Internal Service Fund
Operating revenues				
Charges for services	\$ -	\$ 306,616	\$ 306,616	\$ -
Interest on taxes	597,812	-	597,812	-
<b>Total operating revenues</b>	<b>597,812</b>	<b>306,616</b>	<b>904,428</b>	<b>-</b>
Operating expenses				
Operations and administrative	-	208,947	208,947	-
Depreciation	-	5,751	5,751	-
<b>Total operating expenses</b>	<b>-</b>	<b>214,698</b>	<b>214,698</b>	<b>-</b>
Operating income (expense)	597,812	91,918	689,730	-
Nonoperating revenues				
Interest income	126,130	2,430	128,560	-
Income (expense) before transfers	723,942	94,348	818,290	-
Transfers out	(4,661,229)	(133,057)	(4,794,286)	-
Change in net position	(3,937,287)	(38,709)	(3,975,996)	-
Net position, beginning of year, as restated	19,848,653	505,935	20,354,588	-
<b>Net position, end of year</b>	<b>\$ 15,911,366</b>	<b>\$ 467,226</b>	<b>\$ 16,378,592</b>	<b>\$ -</b>

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, 2015

	Business-type Activities - Enterprise Funds			Governmental Activities
	Tax Payment Fund	Nonmajor Funds	Total	Internal Service Fund
Cash flows from operating activities				
Cash received from customers and users	\$ 1,074,536	\$ 306,534	\$ 1,381,070	\$ 646
Cash paid to/for employees	-	(51,836)	(51,836)	-
Cash paid to suppliers	-	(141,350)	(141,350)	-
Cash paid to others	-	(230,809)	(230,809)	-
Net cash provided by (used in) operating activities	<u>1,074,536</u>	<u>(117,461)</u>	<u>957,075</u>	<u>646</u>
Cash flows from noncapital financing activities				
Transfers out	<u>(4,661,229)</u>	<u>(133,057)</u>	<u>(4,794,286)</u>	<u>-</u>
Cash flows from investing activities				
Sale of investments	171,709	100,717	272,426	-
Interest received	126,130	2,430	128,560	-
Net cash provided by investing activities	<u>297,839</u>	<u>103,147</u>	<u>400,986</u>	<u>-</u>
Net change in cash and cash equivalents	(3,288,854)	(147,371)	(3,436,225)	646
Cash and cash equivalents, beginning of year	<u>11,151,770</u>	<u>529,783</u>	<u>11,681,553</u>	<u>634,516</u>
Cash and cash equivalents, end of year	<u>\$ 7,862,916</u>	<u>\$ 382,412</u>	<u>\$ 8,245,328</u>	<u>\$ 635,162</u>

continued...

# ST. JOSEPH COUNTY, MICHIGAN

## Statement of Cash Flows

Proprietary Funds

For the Year Ended December 31, 2015

	Business-type Activities - Enterprise Funds			Governmental Activities
	Tax Payment Fund	Nonmajor Funds	Total	Internal Service Fund
Reconciliation of operating income to net cash provided by (used in) operating activities				
Operating income	\$ 597,812	\$ 91,918	\$ 689,730	\$ -
Adjustments to reconcile operating income to net cash provided by (used in) operating activities				
Depreciation and amortization	-	5,751	5,751	-
Change in assets and liabilities:				
Taxes receivable	(417,017)	-	(417,017)	-
Accounts receivable	-	240	240	-
Interest receivable	(11,760)	-	(11,760)	-
Due from other funds	221,824	(322)	221,502	-
Accounts payable	878	15,761	16,639	-
Due to other funds	682,799	(230,809)	451,990	-
Accrued compensated absences	-	-	-	646
Net cash provided by (used in) operating activities	<u>\$ 1,074,536</u>	<u>\$ (117,461)</u>	<u>\$ 957,075</u>	<u>\$ 646</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, 2015

### Assets

Cash and cash equivalents	<u>\$ 1,246,179</u>
---------------------------	---------------------

### Liabilities

Due to individuals/agencies	\$ 1,054,720
Due to other governmental units	<u>191,459</u>

### Total liabilities

	<u>\$ 1,246,179</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, 2015

	Board of Public Works	Drainage Districts	Economic Development Corporation	Road Commission
<b>Assets</b>				
Cash and cash equivalents	\$ -	\$ 280,697	\$ 3,788	\$ 1,749,325
Investments	-	-	-	-
Receivables:				
Special assessments	-	187,669	-	-
Accounts, net	-	-	-	1,364,160
Property taxes	-	-	-	1,339,397
Leases	2,518,066	-	-	-
Inventories	-	-	-	1,109,640
Prepays	-	-	-	-
Capital assets not being depreciated	-	-	-	8,639,342
Capital assets being depreciated, net	-	1,575,374	121	23,863,756
<b>Total assets</b>	<b>2,518,066</b>	<b>2,043,740</b>	<b>3,909</b>	<b>38,065,620</b>
<b>Liabilities</b>				
Accounts payable	-	4,500	1,868	84,143
Accrued liabilities	-	-	1,440	66,583
Interest payable	12,454	6,584	-	-
Due to other governments	-	-	-	11,326
Unearned revenue	-	-	-	-
Long-term debt:				
Due within one year	135,000	-	-	392,875
Due in more than one year	2,370,612	-	-	618,472
Other noncurrent liability - net other postemployment benefit liability	-	-	-	1,217,920
<b>Total liabilities</b>	<b>2,518,066</b>	<b>11,084</b>	<b>3,308</b>	<b>2,391,319</b>
<b>Deferred inflows of resources</b>				
Taxes levied for a subsequent period	-	-	-	1,339,397
<b>Net position</b>				
Net investment in capital assets	-	1,575,374	121	31,612,677
Restricted for debt service	-	7,687	-	-
Restricted for highway projects	-	-	-	2,013,945
Unrestricted	-	449,595	480	708,282
<b>Total net position</b>	<b>\$ -</b>	<b>\$ 2,032,656</b>	<b>\$ 601</b>	<b>\$ 34,334,904</b>

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



Community Mental Health Authority	Total
\$ 1,697,377	\$ 3,731,187
1,053,068	1,053,068
-	187,669
2,033,763	3,397,923
-	1,339,397
-	2,518,066
-	1,109,640
137,211	137,211
333,744	8,973,086
<u>2,165,952</u>	<u>27,605,203</u>
<u>7,421,115</u>	<u>50,052,450</u>
1,772,715	1,863,226
706,144	774,167
-	19,038
730,077	741,403
62,833	62,833
269,116	796,991
1,800,911	4,789,995
-	<u>1,217,920</u>
<u>5,341,796</u>	<u>10,265,573</u>
-	<u>1,339,397</u>
697,567	33,885,739
-	7,687
-	2,013,945
<u>1,381,752</u>	<u>2,540,109</u>
<u>\$ 2,079,319</u>	<u>\$ 38,447,480</u>

# ST. JOSEPH COUNTY, MICHIGAN

## Combining Statement of Activities Discretely Presented Component Units For the Year Ended December 31, 2015

	Board of Public Works	Drainage Districts	Economic Development Corporation	Road Commission
<b>Expenses</b>				
Public works	\$ 73,890	\$ 93,531	\$ 543,320	\$ -
Highways and streets	-	-	-	7,855,632
Community Mental Health	-	-	-	-
<b>Total expenses</b>	<b>73,890</b>	<b>93,531</b>	<b>543,320</b>	<b>7,855,632</b>
<b>Program revenues</b>				
Charges for services	-	-	-	18,770
Operating grants and contributions	73,890	-	496,943	9,434,372
Capital grants and contributions	-	9,608	-	-
<b>Total program revenues</b>	<b>73,890</b>	<b>9,608</b>	<b>496,943</b>	<b>9,453,142</b>
<b>Net program (expenses) revenues</b>	<b>-</b>	<b>(83,923)</b>	<b>(46,377)</b>	<b>1,597,510</b>
<b>General revenues</b>				
Property taxes	-	-	-	1,320,894
Unrestricted investment earnings	-	913	252	8,186
<b>Total general revenues</b>	<b>-</b>	<b>913</b>	<b>252</b>	<b>1,329,080</b>
<b>Change in net position</b>	<b>-</b>	<b>(83,010)</b>	<b>(46,125)</b>	<b>2,926,590</b>
<b>Net position, beginning of year</b>	<b>-</b>	<b>2,115,666</b>	<b>46,726</b>	<b>31,408,314</b>
<b>Net position, end of year</b>	<b>\$ -</b>	<b>\$ 2,032,656</b>	<b>\$ 601</b>	<b>\$ 34,334,904</b>

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



Community Mental Health Authority	Total
\$ -	\$ 710,741
-	7,855,632
<u>18,071,775</u>	<u>18,071,775</u>
<u>18,071,775</u>	<u>26,638,148</u>
14,972,076	14,990,846
3,134,694	13,139,899
-	9,608
<u>18,106,770</u>	<u>28,140,353</u>
<u>34,995</u>	<u>1,502,205</u>
-	1,320,894
<u>3,997</u>	<u>13,348</u>
<u>3,997</u>	<u>1,334,242</u>
38,992	2,836,447
<u>2,040,327</u>	<u>35,611,033</u>
<u>\$ 2,079,319</u>	<u>\$ 38,447,480</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.

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the County (the primary government) and its component units. The component units discussed below are included in the County’s reporting entity because of the significance of their operational or financial relationship with the County. Each blended or discretely presented component units have December 31 year ends.

#### *Blended Component Unit*

St. Joseph County Building Authority (BA) - the Building Authority is governed by a five-member board appointed by the Board of Commissioners. The Building Authority is reported as if it was part of the primary government because its sole purpose is to finance and construct the County’s public buildings.

#### *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 Authority. The Drain Commissioner has authority to levy special assessments on properties benefiting from maintenance. The drainage districts are financially accountable to the County because bond issuances greater than \$300,000 require County authorization and are backed by the full faith and credit of the County. Separate financial statements are not issued for the drainage districts.

## ST. JOSEPH COUNTY, MICHIGAN

### Notes To Financial Statements

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 roads and 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 Community Mental Health Authority (CMH) - The CMH is governed by a 12-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 30 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.

## ST. JOSEPH COUNTY, MICHIGAN

### Notes To Financial Statements

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.

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 *building authority fund* accounts for the financing and construction of the County's public buildings.

The government reports the following major proprietary funds -

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.

## ST. JOSEPH COUNTY, MICHIGAN

### Notes To Financial Statements

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.

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.

## ST. JOSEPH COUNTY, MICHIGAN

### Notes To Financial Statements

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

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

##### *Deposits and Investments*

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.

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.

# ST. JOSEPH COUNTY, MICHIGAN

## Notes To Financial Statements

### *Capital Assets*

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

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

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

### *Deferred Outflows of Resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The County reports deferred outflows of resources for changes in expected and actual investment returns, assumptions and benefits provided in its pension plan.

### *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.

## ST. JOSEPH COUNTY, MICHIGAN

### Notes To Financial Statements

#### *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.

#### *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. *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 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.

# ST. JOSEPH COUNTY, MICHIGAN

## Notes To Financial Statements

### *Pensions*

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the plan fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### *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.

## 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.

# ST. JOSEPH COUNTY, MICHIGAN

## Notes To Financial Statements

### 3. DEPOSITS AND INVESTMENTS

Following is a reconciliation of deposit and investment balances as of December 31, 2015:

	Primary Government	Component Units	Totals
<b>Statement of Net Position</b>			
Cash and cash equivalents	\$ 15,186,351	\$ 3,731,187	\$ 18,917,538
Investments	10,174,209	1,053,068	11,227,277
<b>Statement of Fiduciary Net Position - Fiduciary Funds</b>			
Cash and cash equivalents	1,246,179	-	1,246,179
<b>Total</b>	<b>\$ 26,606,739</b>	<b>\$ 4,784,255</b>	<b>\$ 31,390,994</b>
<b>Deposits and investments</b>			
Deposits			\$ 20,156,744
Investments			11,227,277
Cash on hand			6,973
<b>Total</b>			<b>\$ 31,390,994</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:

Investments	Maturity	Fair Value	Rating
Federal Home Loan Bank	09/19/2017	\$ 200,122	AA+
Federal Home Loan Bank	12/08/2017	99,260	AA+
Federal Home Loan Bank	10/19/2018	99,557	AA+
Federal Home Loan Bank	12/02/2018	475,537	AA+
Federal Home Loan Bank	06/26/2019	200,130	AA+
Federal Home Loan Bank	10/02/2019	396,892	AA+
Federal Home Loan Bank	10/29/2019	305,462	AA+
Federal Home Loan Bank	12/30/2019	500,090	AA+
Federal Home Loan Bank	04/30/2020	275,058	AA+
Federal Home Loan Bank	05/14/2020	605,448	AA+
Federal Home Loan Bank	05/28/2020	250,263	AA+
Federal Home Loan Bank	06/30/2020	349,994	AA+
Federal Home Loan Bank	10/29/2020	299,115	AA+
Federal Home Loan Mortgage Corporation	08/17/2018	249,535	AA+
Federal Home Loan Mortgage Corporation	08/27/2018	498,950	AA+
Federal Home Loan Mortgage Corporation	11/29/2018	247,163	AA+
Federal Home Loan Mortgage Corporation	11/25/2019	258,110	AA+
Federal Home Loan Mortgage Corporation	09/30/2020	249,748	AA+
Federal Home Loan Mortgage Corporation	10/29/2020	593,058	AA+
Federal Farm Credit Bank	05/13/2016	99,991	AA+
Federal Farm Credit Bank	05/16/2017	447,746	AA+
Federal Farm Credit Bank	04/19/2019	230,005	AA+
Federal Farm Credit Bank	06/03/2019	447,696	AA+
Federal National Mortgage Association	08/28/2017	99,659	AA+
Federal National Mortgage Association	12/20/2017	348,181	AA+
Federal National Mortgage Association	05/18/2018	300,132	AA+
Federal National Mortgage Association	05/21/2018	99,063	AA+
Federal National Mortgage Association	08/22/2018	298,245	AA+
Federal National Mortgage Association	08/22/2018	248,538	AA+
Federal National Mortgage Association	04/29/2020	150,144	AA+
Commercial paper	05/09/2016	299,310	A1
Commercial paper	05/16/2016	398,992	A1
Commercial paper	07/07/2016	348,551	A1
Freddie Mac	07/28/2017	99,834	AA+
Western Asset Government Money Market	05/01/2018	135,921	AA-
Western Asset Government Money Market	05/01/2020	366,792	AA-
Michigan Class Liquid Asset Money Market	n/a	654,985	AAAm
<b>Total</b>		<b>\$ 11,227,277</b>	

# 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, \$15,925,314 of the County's bank balance of \$20,039,241 (total book balance was \$20,156,744) 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.

## 4. RECEIVABLES

Receivables are comprised of the following at year end:

	Governmental Activities	Business-type Activities	Component Units
Property taxes	\$ 1,916,875	\$ 2,376,273	\$ 1,339,397
Accounts, net	91,919	-	3,397,923
Interest	37,681	54,278	-
Special assessments	-	-	187,669
Leases	-	-	2,518,066
Due from other governments	724,208	-	-
	<u>\$ 2,770,683</u>	<u>\$ 2,430,551</u>	<u>\$ 7,443,055</u>

## ST. JOSEPH COUNTY, MICHIGAN

### Notes To Financial Statements

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, 2015. 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	\$ 1,129,043	\$ 18,867	\$ 1,863,226
Accrued liabilities	297,622	-	774,167
Due to other governments	23,283	-	741,403
Compensated absences	635,162	-	-
	<u>\$ 2,085,110</u>	<u>\$ 18,867</u>	<u>\$ 3,378,796</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, 2015, due to/due from other funds consisted of the following:

	Due from Other Funds	Due to Other Funds
General fund	\$ 993,184	\$ 131,700
Nonmajor governmental funds	-	310,707
Tax payment fund	-	682,799
Nonmajor enterprise funds	322	-
	<u>\$ 993,506</u>	<u>\$ 1,125,206</u>

For the year ended December 31, 2015, interfund transfers consisted of the following:

Transfers out	Transfers in			
	General Fund	Central Dispatch Fund	Commission on Aging	County Facilities Maintenance
General fund	\$ -	\$ -	\$ -	\$ 1,000,000
Central dispatch fund	66,000	-	-	-
Nonmajor governmental funds	221,212	110,000	-	-
Tax payment fund	4,661,229	-	-	-
Nonmajor enterprise funds	70,265	-	62,792	-
	<u>\$ 5,018,706</u>	<u>\$ 110,000</u>	<u>\$ 62,792</u>	<u>\$ 1,000,000</u>

Transfers out	Transfers in		
	Building Authority	Nonmajor Governmental Funds	Totals
General fund	\$ 1,420,700	\$ 483,992	\$ 2,904,692
Central dispatch fund	-	-	66,000
Nonmajor governmental funds	-	82,627	413,839
Tax payment fund	-	-	4,661,229
Nonmajor enterprise funds	-	-	133,057
	<u>\$ 1,420,700</u>	<u>\$ 566,619</u>	<u>\$ 8,178,817</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, 2015, was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
<b>Governmental activities</b>				
Capital assets not being depreciated:				
Land	\$ 593,024	\$ 411,195	\$ -	\$ 1,004,219
Construction in progress	163,203	1,378,653	-	1,541,856
Progress payments on software	574,792	21,422	-	596,214
	<u>1,331,019</u>	<u>1,811,270</u>	<u>-</u>	<u>3,142,289</u>
Capital assets being depreciated:				
Land improvements	1,838,075	13,405	144,475	1,707,005
Buildings and improvements	15,772,383	267,827	26,837	16,013,373
Vehicles and equipment	4,926,961	279,260	472,327	4,733,894
	<u>22,537,419</u>	<u>560,492</u>	<u>643,639</u>	<u>22,454,272</u>
Less accumulated depreciation for:				
Land improvements	1,072,262	51,838	144,475	979,625
Buildings and improvements	8,823,107	312,581	26,837	9,108,851
Vehicles and equipment	3,137,434	281,107	472,327	2,946,214
	<u>13,032,803</u>	<u>645,526</u>	<u>643,639</u>	<u>13,034,690</u>
Total capital assets being depreciated, net	<u>9,504,616</u>	<u>(85,034)</u>	<u>-</u>	<u>9,419,582</u>
Capital assets, net	<u>\$ 10,835,635</u>	<u>\$ 1,726,236</u>	<u>\$ -</u>	<u>\$ 12,561,871</u>

Depreciation expense in governmental activities is not allocated by function.

#### **Business-type activities**

Capital assets being depreciated -

Vehicles and equipment	\$ 77,959	\$ -	\$ 68,595	\$ 9,364
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Less accumulated depreciation for -

Vehicles and equipment	<u>34,906</u>	<u>5,751</u>	<u>34,217</u>	<u>6,440</u>
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Total capital assets

being depreciated, net	<u>\$ 43,053</u>	<u>\$ (5,751)</u>	<u>\$ 34,378</u>	<u>\$ 2,924</u>
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# ST. JOSEPH COUNTY, MICHIGAN

## Notes To Financial Statements

	Beginning Balance	Additions	Disposals	Ending Balance
<u>Discretely presented component units</u>				
Drainage Districts				
Capital assets being depreciated -				
Drain infrastructure	\$ 2,550,218	\$ -	\$ -	\$ 2,550,218
Less accumulated depreciation for -				
Drain infrastructure	911,088	63,756	-	974,844
Total capital assets being depreciated, net	<u>\$ 1,639,130</u>	<u>\$ (63,756)</u>	<u>\$ -</u>	<u>\$ 1,575,374</u>
Economic Development				
Capital assets, being depreciated -				
Equipment	\$ 3,258	\$ -	\$ -	\$ 3,258
Less accumulated depreciation for -				
Equipment	2,906	231	-	3,137
Total capital assets being depreciated, net	<u>\$ 352</u>	<u>\$ (231)</u>	<u>\$ -</u>	<u>\$ 121</u>
Road Commission				
Capital assets not being depreciated:				
Land	\$ 226,258	\$ -	\$ -	\$ 226,258
Land improvements - infrastructure	8,413,084	-	-	8,413,084
	<u>8,639,342</u>	<u>-</u>	<u>-</u>	<u>8,639,342</u>
Capital assets being depreciated:				
Buildings and improvements	1,490,835	-	-	1,490,835
Equipment	8,952,298	885,581	359,695	9,478,184
Depleteable assets	128,851	-	-	128,851
Infrastructure	50,738,582	3,416,883	-	54,155,465
	<u>61,310,566</u>	<u>4,302,464</u>	<u>359,695</u>	<u>65,253,335</u>
Less accumulated depreciation for:				
Buildings and improvements	725,594	4,369	-	729,963
Equipment	6,504,209	774,805	356,992	6,922,022
Depleteable assets	84,347	-	-	84,347
Infrastructure	32,224,031	1,429,216	-	33,653,247
	<u>39,538,181</u>	<u>2,208,390</u>	<u>356,992</u>	<u>41,389,579</u>
Total capital assets being depreciated, net	<u>21,772,385</u>	<u>2,094,074</u>	<u>2,703</u>	<u>23,863,756</u>
Capital assets, net	<u>\$ 30,411,727</u>	<u>\$ 2,094,074</u>	<u>\$ 2,703</u>	<u>\$ 32,503,098</u>

Depreciation expense was charged to the highway and streets function.

# ST. JOSEPH COUNTY, MICHIGAN

## Notes To Financial Statements

	Beginning Balance	Additions	Disposals	Ending Balance
Community Mental Health Authority				
Capital assets not being depreciated -				
Land	\$ 333,744	\$ -	\$ -	\$ 333,744
Capital assets being depreciated:				
Buildings	2,731,520	-	-	2,731,520
Equipment and furnishings	477,854	-	-	477,854
Computers	71,541	-	-	71,541
Vehicles	145,144	-	-	145,144
	<u>3,426,059</u>	<u>-</u>	<u>-</u>	<u>3,426,059</u>
Less accumulated depreciation for:				
Buildings	572,521	110,988	-	683,509
Equipment and furnishings	372,108	36,218	-	408,326
Computers	71,541	-	-	71,541
Vehicles	79,475	17,256	-	96,731
	<u>1,095,645</u>	<u>164,462</u>	<u>-</u>	<u>1,260,107</u>
Total capital assets being depreciated, net	<u>2,330,414</u>	<u>(164,462)</u>	<u>-</u>	<u>2,165,952</u>
Capital assets, net	<u>\$ 2,664,158</u>	<u>\$ (164,462)</u>	<u>\$ -</u>	<u>\$ 2,499,696</u>

## 8. LONG-TERM DEBT

Long-term debt activity for the year ended December 31, 2015, was as follows:

### Discretely presented component units

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Board of Public Works					
General obligation bonds	\$ 2,615,000	\$ -	\$ 130,000	\$ 2,485,000	\$ 135,000
Bond premium	21,824	-	1,212	20,612	-
	<u>\$ 2,636,824</u>	<u>\$ -</u>	<u>\$ 131,212</u>	<u>\$ 2,505,612</u>	<u>\$ 135,000</u>
Drainage Districts					
Drain bonds and notes	\$ 298,749	\$ -	\$ 298,749	\$ -	\$ -
Road Commission					
Installment leases	\$ 534,464	\$ 633,891	\$ 277,934	\$ 890,421	\$ 337,875
Compensated absences	114,826	207,000	200,900	120,926	55,000
	<u>\$ 649,290</u>	<u>\$ 840,891</u>	<u>\$ 478,834</u>	<u>\$ 1,011,347</u>	<u>\$ 392,875</u>

# ST. JOSEPH COUNTY, MICHIGAN

## Notes To Financial Statements

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Community Mental Health Authority					
Mortgage payable	\$ 1,963,346	\$ -	\$ 161,217	\$ 1,802,129	\$ 68,192
Compensated absences	290,418	362,485	385,005	267,898	200,924
	<u>\$ 2,253,764</u>	<u>\$ 362,485</u>	<u>\$ 546,222</u>	<u>\$ 2,070,027</u>	<u>\$ 269,116</u>

	Interest Rates	Maturity Date	Amount of Original Issue	Amount Outstanding
Public Works				
Water Supply #13	5.25%	2017	\$ 240,000	\$ 30,000
Water Supply #16	3.50-4.65%	2019	335,000	115,000
Water Supply #17	0.75-3.25%	2032	2,600,000	2,340,000
				<u>\$ 2,485,000</u>

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

Year Ended December 31,	Principal	Interest
2016	\$ 135,000	\$ 71,730
2017	145,000	67,943
2018	135,000	64,213
2019	140,000	60,749
2020	115,000	57,153
2021-2025	650,000	240,363
2026-2030	795,000	135,198
2031-2032	370,000	18,200
	<u>\$ 2,485,000</u>	<u>\$ 715,549</u>

### Road Commission

The Road Commission has entered into three installment purchase agreements for eleven trucks and has eight remaining payments on these agreements ranging from \$83,628 to \$127,669 from 2016 through 2018. These agreements call for interest of 2.6%, 1.38%, and 1.38%, respectively.

# ST. JOSEPH COUNTY, MICHIGAN

## Notes To Financial Statements

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

Year Ended December 31,	Principal	Interest
2016	\$ 337,875	\$ 16,190
2017	341,248	6,818
2018	211,298	3,444
	<u>\$ 890,421</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%.

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

Year Ended September 30,	Principal	Interest
2016	\$ 68,192	\$ 93,340
2017	71,874	89,658
2018	75,755	85,777
2019	79,842	81,690
2020	84,153	77,379
2021-2025	494,039	313,621
2026-2030	642,608	165,052
2031-2032	285,666	14,867
	<u>\$ 1,802,129</u>	<u>\$ 921,384</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.

## ST. JOSEPH COUNTY, MICHIGAN

### Notes To Financial Statements

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 per occurrence is \$75,000 for general and automobile liability, \$15,000 for motor vehicle physical damage, and \$1,000 for property coverage. The County has funds on deposit with MMRMA, held in a retention fund, in the amount of \$130,000 to cover future losses.

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' per occurrence maximum, as noted above, along with certain other member specific costs.

#### *Road Commission*

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

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

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

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

The Road Commission is also self-insured for workers' compensation as a member of the County Road Association Self Insurance Fund. The estimated amount of the IBNR, or "incurred but not reported" claims associated with the self-insurance arrangements is not considered to be material at December 31, 2015.

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.

# ST. JOSEPH COUNTY, MICHIGAN

## Notes To Financial Statements

### 10. CONTINGENT LIABILITIES AND COMMITMENTS

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.

### 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 2014 levies was \$1,957,216,330. 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. PENSION PLAN - AGENT MULTIPLE-EMPLOYER PLAN

#### *General Information About the Plan*

*Plan Description.* The County participates in the Municipal Employees' Retirement System (MERS) of Michigan, a defined benefit pension plan providing certain retirement, disability and death benefits to plan members and beneficiaries. MERS is an agent multiple-employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine member Retirement Board. Public Act 427 of 1984, as amended, establishes and amends the benefit provisions of the participants in MERS. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS website at [www.mersofmich.com](http://www.mersofmich.com).

*Benefits Provided.* Pension benefits vary by division/bargaining unit and are calculated as final average compensation (based on a 3-5 year period) and multipliers ranging from 1.0% to 2.50%. Participants are considered to be fully vested in the plan after 6-10 years. Normal retirement age is 60 with early retirement at age 50 with 25 years of service or age 55 with 15 years of service. Member contributions range from 0% to 16.07%.

# ST. JOSEPH COUNTY, MICHIGAN

## Notes To Financial Statements

*Employees Covered by Benefit Terms.* At December 31, 2015, plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	113
Inactive employees entitled to but not yet receiving benefits	51
Active employees	<u>166</u>
 Total membership	 <u><u>330</u></u>

*Contributions.* The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees. Employer contributions are 0.25% of annual payroll for open divisions. Closed divisions have an annual employer contribution of \$9,206.

*Net Pension Liability.* The County's net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

*Actuarial Assumptions.* The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3% to 4%
Salary increases	4.5% in the long-term (1%, 2% and 3% for calendar years 2014, 2015 and 2016, respectively)
Investment rate of return	8.25%, net of investment expense and including inflation

Although no specific price inflation assumptions are needed for the valuation, the 4.5% long-term wage inflation assumption would be consistent with a price inflation of 3%-4%.

Mortality rates used were based on the 1994 Group Annuity Mortality Table of a 50% Male and 50% Female blend. For disabled retirees, the regular mortality table is used with a 10-year set forward in ages to reflect the higher expected mortality rates of disabled members.

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study conducted in 2008. (The MERS Retirement Board is currently conducting an actuarial experience study covering the period from January 1, 2009, through December 31, 2013.)

# ST. JOSEPH COUNTY, MICHIGAN

## Notes To Financial Statements

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment and administrative expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Global equity	57.50%	5.02%	2.89%
Global fixed income	20.00%	2.18%	0.44%
Real Assets	12.50%	4.23%	0.53%
Diversifying strategies	<u>10.00%</u>	6.56%	0.64%
	<u><u>100.00%</u></u>		
Inflation			3.50%
Administrative expenses netted above			<u>0.25%</u>
Investment rate of return			<u><u>8.25%</u></u>

*Discount Rate.* The discount rate used to measure the total pension liability is 8.25% for 2014. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

# ST. JOSEPH COUNTY, MICHIGAN

## Notes To Financial Statements

### Changes in Net Pension Liability

The components of the change in the net pension liability are summarized as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2014	\$ 37,835,678	\$ 35,109,758	\$ 2,725,920
Changes for the year:			
Service cost	772,468	-	772,468
Interest	3,069,296	-	3,069,296
Employer contributions	-	3,327,340	(3,327,340)
Employee contributions	-	372,106	(372,106)
Net investment loss	-	(497,964)	497,964
Benefit payments, including refunds of employee contributions	(2,036,654)	(2,036,654)	-
Administrative expense	-	(77,293)	77,293
Other changes	(1,674)	-	(1,674)
Net changes	<u>1,803,436</u>	<u>1,087,535</u>	<u>715,901</u>
Balances at December 31, 2015	<u>\$ 39,639,114</u>	<u>\$ 36,197,293</u>	<u>\$ 3,441,821</u>

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate.* The following presents the net pension liability of the County, calculated using the discount rate of 8.25%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1% lower (7.25%) or 1% higher (9.25%) than the current rate:

	1% Decrease (7.25%)	Current Discount Rate (8.25%)	1% Increase (9.25%)
County's net pension liability	\$ 7,972,931	\$ 3,441,821	\$ (370,215)

### Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2015, the County recognized pension expense of \$1,275,304. The County reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Net difference between projected and actual earnings on pension plan investments	<u>\$ 2,767,937</u>

# ST. JOSEPH COUNTY, MICHIGAN

## Notes To Financial Statements

The amount reported as deferred outflows of resources will be recognized in pension expense as follows:

Year Ended December 31,	Amount
2016	\$ 691,984
2017	691,984
2018	691,984
2019	<u>691,985</u>
Total	<u>\$ 2,767,937</u>

*Payable to the Pension Plan.* At December 31, 2015, the County reported a payable of \$91,330 for the outstanding amount of contributions to the pension plan required for the year ended December, 2015.

### 13. OTHER POSTEMPLOYMENT BENEFITS

#### *Road Commission*

*Plan Description.* The Road Commission administers a single-employer defined benefit healthcare plan (the "Plan"). 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, 2015, the date of the last plan valuation, the Plan covered 35 members (32 active plan members and 3 retirees 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, 2015, the Road Commission contributed \$5,366 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.

# ST. JOSEPH COUNTY, MICHIGAN

## Notes To Financial Statements

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

Annual required contribution	\$ 36,589
Interest on net OPEB obligation	41,856
Adjustment to annual required contribution	<u>(51,043)</u>
Net OPEB cost	27,402
Contributions made	<u>(5,366)</u>
Increase in net OPEB obligation	22,036
Net OPEB obligation, beginning of year	<u>1,195,884</u>
Net OPEB obligation, end of year	<u><u>\$ 1,217,920</u></u>

The Road Commission's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 and the two previous years, was as follows:

Three-Year Trend Information				
Year Ended	Annual OPEB Cost	Actual Contribution	Percentage of Cost Contributed	Net OPEB Obligation
2013	\$ 114,780	\$ 5,617	4.9%	\$ 1,093,441
2014	107,769	5,326	4.9%	1,195,884
2015	27,402	5,366	19.6%	1,217,920

*Funded Status and Funding Progress.* As of December 31, 2015, the date of the last plan valuation, the actuarial accrued liability for benefits was \$611,171 all of which was unfunded. The covered payroll (annual payroll of the active employees covered by the Plan) was \$1,813,313 and the ratio of the UAAL to the covered payroll was 33.7 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.

## ST. JOSEPH COUNTY, MICHIGAN

### Notes To Financial Statements

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.

*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 7.8 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, 2015, was 28 years.

ST. JOSEPH COUNTY, MICHIGAN

Notes To Financial Statements

14. FUND BALANCES - GOVERNMENTAL FUNDS

	General	Central Dispatch	Commission on Aging	County Facilities Maintenance	Building Authority	Nonmajor Governmental Funds	Total
Nonspendable -							
Prepays	\$ 186,316	\$ 11,075	\$ 14,898	\$ -	\$ -	\$ -	\$ 212,289
Restricted for:							
General government	-	-	-	-	-	102,440	102,440
Public safety	-	-	-	-	-	1,227,016	1,227,016
Public works	-	-	-	-	-	137,045	137,045
Health and social services	-	-	1,379,396	-	-	84,408	1,463,804
Parks, recreation and cultural	-	-	-	-	-	105,282	105,282
Community development	-	-	-	-	-	34,548	34,548
Capital projects	-	-	-	2,278,956	-	55,406	2,334,362
Permanent trust	-	-	-	-	-	14,478	14,478
	-	-	1,379,396	2,278,956	-	1,760,623	5,418,975
Committed -							
Community development	-	-	-	-	12,189	-	12,189
Unassigned (deficit)	5,291,683	(5,904)	-	-	-	-	5,285,779
Total fund balances, governmental funds	\$ 5,477,999	\$ 5,171	\$ 1,394,294	\$ 2,278,956	\$ 12,189	\$ 1,760,623	\$ 10,929,232

15. NET INVESTMENT IN CAPITAL ASSETS

The composition of the net investment in capital assets as of December 31, 2015 was as follows:

	Governmental Activities	Business-type Activities	Component Units
Capital assets:			
Capital assets not being depreciated	\$ 3,142,289	\$ -	\$ 8,973,086
Capital assets being depreciated, net	9,419,582	2,924	27,605,203
	12,561,871	2,924	36,578,289
Related debt:			
Bonds, notes, mortgage and installment leases	-	-	(2,692,550)
Net investment in capital assets	\$ 12,561,871	\$ 2,924	\$ 33,885,739

# ST. JOSEPH COUNTY, MICHIGAN

## ■ Notes To Financial Statements

### 16. RESTATEMENTS

The County adopted the provisions of GASB Statement No. 68, Accounting and Financial Reporting for Pensions, in the current year. As a result of this change, beginning net position of governmental activities decreased by \$2,725,920. In addition, the County transferred the activity in the building authority enterprise fund to a government fund resulting in a decrease in the business-type activities beginning net position of \$162,090. The governmental activities beginning net position increased by \$162,090 resulting in an overall decrease in governmental activities of \$2,563,830.

At September 30, 2015, the County reclassified the Three Rivers Community Center fund, a September 30 year end fund, from an enterprise fund to a governmental fund. As a result of this change, beginning fund balance of the Three Rivers Community Center enterprise fund decreased by \$34,379 (as did the beginning net position of the business-type activities) and governmental activities net position increased by the same amount.

### 17. SUBSEQUENT EVENTS

In September 2015, the County committed approximately \$2.8 million for a new ball park in Three Rivers. As of the date of this audit report, approximately \$755,000 has been expended in fiscal 2016.

During fiscal 2016, the County committed approximately \$1.6 million for a new ball park in Sturgis.

The County purchased land for a park in 2016, costing approximately \$641,000. The County paid approximately \$188,000 and the State of Michigan paid the remaining amount.

The County funded the building of a community center in Sturgis ("Sturgis Enrichment Center"). As of December 31, 2015, the remaining costs to complete the project totaled approximately \$2,600,000. Actual costs in 2015 totaled approximately \$1.3 million and the facility was completed in April 2016.



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## REQUIRED SUPPLEMENTARY INFORMATION

# ST. JOSEPH COUNTY, MICHIGAN

## Required Supplementary Information

### MERS Agent Multiple-Employer Defined Benefit Pension Plan

#### Schedule of Changes in County's Net Pension Liability and Related Ratios

	Year Ended December 31, 2015
Total pension liability	
Service cost	\$ 772,468
Interest	3,069,296
Benefit payments, including refunds of employee contributions	(2,036,654)
Other	(1,674)
Net change in total pension liability	<u>1,803,436</u>
Total pension liability, beginning of year	<u>37,835,678</u>
Total pension liability, end of year	<u>39,639,114</u>
Plan fiduciary net position	
Employer contributions	3,327,340
Employee contributions	372,106
Net investment loss	(497,964)
Benefit payments, including refunds of employee contributions	(2,036,654)
Administrative expense	(77,293)
Net change in plan fiduciary net position	<u>1,087,535</u>
Plan fiduciary net position, beginning of year	<u>35,109,758</u>
Plan fiduciary net position, end of year	<u>36,197,293</u>
County's net pension liability	<u>\$ 3,441,821</u>
Plan fiduciary net position as a percentage of total pension liability	91.3%
Covered-employee payroll	\$ 8,247,910
County's net pension liability as a percentage of covered-employee payroll	41.7%

Notes:

GASB 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

ST. JOSEPH COUNTY, MICHIGAN

**Required Supplementary Information**  
MERS Agent Multiple-Employer Defined Benefit Pension Plan

Schedule of the Net Pension Liability

Fiscal Year Ended December 31,	Total Pension Liability	Plan Net Position	Net Pension Liability	Plan Net Position as Percentage of Total Pension Liability	Covered-Employee Payroll	Net Pension Liability as Percentage of Covered Payroll
2015	\$ 39,639,114	\$ 36,197,293	\$ 3,441,821	91.3%	\$ 8,247,910	41.7%

Note: GASB 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

# ST. JOSEPH COUNTY, MICHIGAN

## Required Supplementary Information

### MERS Agent Multiple-Employer Defined Benefit Pension Plan

#### Schedule of Contributions

Fiscal Year Ending December 31,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as Percentage of Covered-Employee Payroll
2015	\$ 3,327,340	\$ 3,327,340	\$ -	\$ 8,247,910	40.3%

Note: GASB 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

#### Notes to Schedule of Contributions

Valuation Date December 31, 2015  
 Notes Actuarially determined contribution rates are calculated as of June 30, which is 12 months prior to the beginning of the fiscal year in which contributions are reported.

#### Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	Level percent of payroll, closed
Remaining amortization period	28 years
Asset valuation method	Open; 5-year smooth market
Inflation	3.0% to 4.0%
Salary increases	4.5% in the long-term (1%, 2% and 3% for calendar years 2014, 2015 and 2016, respectively)
Investment rate of return	8.25%
Retirement age	Age-based table of rates that are specific to the type of eligibility condition. Last updated for the December 31, 2011 valuation. The next study is scheduled for 2016.
Mortality	50% Male - 50% Female blend of the 1994 Group Annuity Mortality Table. For disabled retirees, the regular mortality table is used with a 10-year set forward in ages to reflect the higher expected mortality rates of disabled members.

**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, 2015

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Property taxes				
Property taxes	\$ 8,068,150	\$ 8,068,150	\$ 8,389,915	\$ 321,765
Industrial facilities tax	225,000	225,000	278,911	53,911
Delinquent taxes	407,000	407,000	427,326	20,326
<b>Total property taxes</b>	<b>8,700,150</b>	<b>8,700,150</b>	<b>9,096,152</b>	<b>396,002</b>
Licenses and permits				
Marriage	3,025	3,025	4,428	1,403
Dog licenses	143,000	143,000	137,090	(5,910)
Pistol permits	26,100	26,100	21,385	(4,715)
<b>Total licenses and permits</b>	<b>172,125</b>	<b>172,125</b>	<b>162,903</b>	<b>(9,222)</b>
Intergovernmental				
SCAAP grant	2,500	2,500	2,185	(315)
Federal Emergency Services grant	-	-	6,692	6,692
Highway safety	-	-	63,741	63,741
Cooperative reimbursement - FOC	612,000	612,000	643,228	31,228
Cooperative reimbursement - Prosecutor	77,000	77,000	58,515	(18,485)
Cooperative reimbursement - Prosecuting attorney	-	-	2,273	2,273
Judicial salary	102,845	102,845	103,144	299
Drug case flow grant	1,000	1,000	1,183	183
Victims rights	11,500	11,500	12,288	788
Marine safety grant	22,000	22,000	16,100	(5,900)
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	-	-	5,436	5,436
Convention and tourism	335,795	335,795	342,712	6,917
Liquor license fees	12,000	12,000	15,698	3,698
State aid-case flow assistance	13,200	13,200	12,846	(354)
State court equity funding	330,000	330,000	320,544	(9,456)
Election reimbursement	10,000	10,000	15,649	5,649
State revenue sharing	1,373,505	1,373,505	1,371,097	(2,408)
Miscellaneous	43,050	43,050	82,678	39,628
<b>Total intergovernmental</b>	<b>3,156,608</b>	<b>3,156,608</b>	<b>3,286,222</b>	<b>129,614</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, 2015

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Charges for services</b>				
Circuit court	\$ 543,650	\$ 543,650	\$ 572,965	\$ 29,315
District court	20,300	20,300	24,734	4,434
Probate court	55,700	55,700	18,069	(37,631)
Treasurer	6,500	6,500	6,406	(94)
Clerk	245,465	245,465	197,276	(48,189)
Register of deeds	335,600	335,600	373,416	37,816
Friend of the court	87,000	87,000	71,559	(15,441)
Sheriff department	158,650	158,650	260,483	101,833
Equalization	111,200	111,200	92,971	(18,229)
Animal control	10,000	10,000	12,700	2,700
Miscellaneous	18,950	27,250	46,088	18,838
<b>Total charges for services</b>	<u>1,593,015</u>	<u>1,601,315</u>	<u>1,676,667</u>	<u>75,352</u>
<b>Fines and forfeitures</b>				
Ordinance fines and costs	95,000	95,000	88,552	(6,448)
Bond forfeitures	5,000	5,000	5,526	526
Miscellaneous	1,000	1,000	2,855	1,855
<b>Total fines and forfeitures</b>	<u>101,000</u>	<u>101,000</u>	<u>96,933</u>	<u>(4,067)</u>
<b>Interest and rents</b>				
Interest on investments	50,200	50,200	84,000	33,800
Rental fees	4,300	4,300	788	(3,512)
<b>Total interest and rents</b>	<u>54,500</u>	<u>54,500</u>	<u>84,788</u>	<u>30,288</u>
<b>Miscellaneous</b>				
Sale of capital assets	500	500	5,309	4,809
Reimbursements and refunds	72,270	72,270	441,716	369,446
Other	22,108	22,108	41,642	19,534
<b>Total miscellaneous</b>	<u>94,878</u>	<u>94,878</u>	<u>488,667</u>	<u>393,789</u>
<b>Total revenues</b>	<u>13,872,276</u>	<u>13,880,576</u>	<u>14,892,332</u>	<u>1,011,756</u>
<b>Other financing sources</b>				
Transfers in	<u>865,878</u>	<u>6,412,830</u>	<u>5,018,706</u>	<u>(1,394,124)</u>
<b>Total revenues and other financing sources</b>	<u>\$ 14,738,154</u>	<u>\$ 20,293,406</u>	<u>\$ 19,911,038</u>	<u>\$ (382,368)</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, 2015

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>General government</b>				
Board of commissioners	\$ 149,016	\$ 465,016	\$ 383,930	\$ (81,086)
Circuit court	315,150	315,350	279,802	(35,548)
District court	1,056,948	1,058,123	1,028,195	(29,928)
Friend of the court	796,336	797,636	796,374	(1,262)
Jury commission	420	420	282	(138)
Probate court	366,184	369,034	365,053	(3,981)
Family court	692,857	693,357	662,413	(30,944)
Appeals court	40,000	40,000	20,109	(19,891)
Public defender	474,700	484,700	483,990	(710)
Administrator	184,809	203,839	203,476	(363)
Elections	49,277	49,277	14,919	(34,358)
Finance	200,938	201,638	201,039	(599)
Clerk	542,805	555,605	542,363	(13,242)
Equalization	251,029	254,029	253,486	(543)
Human resources	385,221	398,651	305,632	(93,019)
Geographic information systems	164,735	165,510	150,056	(15,454)
Prosecuting attorney	899,218	899,218	668,360	(230,858)
Register of deeds	137,208	137,263	136,386	(877)
Treasurer	272,941	272,941	266,920	(6,021)
Cooperative extension	233,027	233,027	206,042	(26,985)
Information technology	309,418	310,618	285,996	(24,622)
Building and grounds	382,196	392,696	392,209	(487)
Utilities	377,125	377,125	369,341	(7,784)
Insurance	337,499	3,265,669	3,271,231	5,562
Drain commission	138,996	138,996	132,948	(6,048)
Court security	172,619	172,619	98,621	(73,998)
Other	86,791	87,241	90,714	3,473
<b>Total general government</b>	<b>9,017,463</b>	<b>12,339,598</b>	<b>11,609,887</b>	<b>(729,711)</b>
<b>Public safety</b>				
Sheriff - general	2,239,165	2,344,665	2,190,840	(153,825)
Sheriff - corrections	10,554	10,554	6,807	(3,747)
Jail	2,077,478	2,092,478	2,092,004	(474)
Emergency	-	41,828	38,459	(3,369)
Marine safety	30,852	32,452	23,168	(9,284)
Animal control	259,597	265,797	215,648	(50,149)
<b>Total public safety</b>	<b>4,617,646</b>	<b>4,787,774</b>	<b>4,566,926</b>	<b>(220,848)</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, 2015

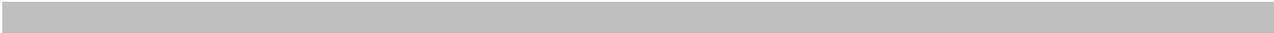
	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Public works</b>				
Public works	\$ 120	\$ 220	\$ 131	\$ (89)
Soil	25,000	25,000	25,000	-
Appropriation to road commission	441,000	583,000	546,500	(36,500)
<b>Total public works</b>	<u>466,120</u>	<u>608,220</u>	<u>571,631</u>	<u>(36,589)</u>
<b>Health and social services</b>				
Child care probate	45,049	45,049	23,643	(21,406)
District health	270,924	270,924	270,924	-
Community mental health	347,268	257,268	257,268	-
Health and human services appropriation	9,000	9,000	7,665	(1,335)
Medical examiner	38,400	40,400	40,083	(317)
Substance abuse	167,898	167,898	171,356	3,458
Veterans	10,450	10,450	10,020	(430)
Veterans services	58,504	106,566	106,431	(135)
<b>Total health and social services</b>	<u>947,493</u>	<u>907,555</u>	<u>887,390</u>	<u>(20,165)</u>
<b>Community development</b>				
Planning	11,688	11,688	7,937	(3,751)
<b>Parks, recreation and cultural</b>				
Administration	163,145	168,606	157,778	(10,828)
Parks services	49,355	59,020	56,952	(2,068)
<b>Total parks, recreation and cultural</b>	<u>212,500</u>	<u>227,626</u>	<u>214,730</u>	<u>(12,896)</u>
<b>Total expenditures</b>	<u>15,272,910</u>	<u>18,882,461</u>	<u>17,858,501</u>	<u>(1,023,960)</u>
<b>Other financing uses</b>				
Transfers out	1,438,227	4,628,992	2,904,692	(1,724,300)
<b>Total expenditures and other financing uses</b>	<u>\$ 16,711,137</u>	<u>\$ 23,511,453</u>	<u>\$ 20,763,193</u>	<u>\$ (2,748,260)</u>

concluded.

ST. JOSEPH COUNTY, MICHIGAN

Combining Balance Sheet  
 Nonmajor Governmental Funds  
 December 31, 2015

	Special Revenue Funds			
	Central Dispatch Wireless	Meyer Broadway Park	Facilities and Land Acquisition	Friend of the Court
<b>Assets</b>				
Cash and cash equivalents	\$ 704,957	\$ 111,389	\$ -	\$ 22,037
Receivables-				
Accounts, net	-	-	-	-
Due from other governmental units	49,860	-	-	-
Other assets	-	-	-	-
<b>Total assets</b>	<b>\$ 754,817</b>	<b>\$ 111,389</b>	<b>\$ -</b>	<b>\$ 22,037</b>
<b>Liabilities</b>				
Accounts payable	\$ 209	\$ 1,356	\$ -	\$ -
Accrued liabilities	483	461	-	-
Due to other funds	-	-	-	-
<b>Total liabilities</b>	<b>692</b>	<b>1,817</b>	<b>-</b>	<b>-</b>
<b>Fund balances</b>				
Restricted	754,125	109,572	-	22,037
<b>Total liabilities and fund balances</b>	<b>\$ 754,817</b>	<b>\$ 111,389</b>	<b>\$ -</b>	<b>\$ 22,037</b>



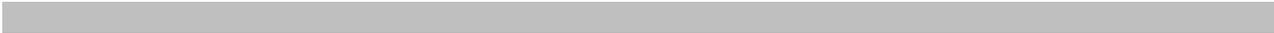
Special Revenue Funds						
Family Counseling	Cade Lake Park	Court Caseflow Assistance	Waste Management	Traffic Safety Program	Remonumentation Grant	Animal Shelter Donation
\$ 17,976	\$ 13,261	\$ 14,614	\$ -	\$ 158,793	\$ -	\$ 71,460
-	-	-	42,256	-	-	-
-	-	-	-	-	34,937	-
-	-	-	-	-	-	-
<u>\$ 17,976</u>	<u>\$ 13,261</u>	<u>\$ 14,614</u>	<u>\$ 42,256</u>	<u>\$ 158,793</u>	<u>\$ 34,937</u>	<u>\$ 71,460</u>
\$ 680	\$ 1,483	\$ -	\$ 138	\$ 1,210	\$ -	\$ 69
-	-	-	-	-	-	-
-	-	-	41,949	-	34,937	-
680	1,483	-	42,087	1,210	34,937	69
<u>17,296</u>	<u>11,778</u>	<u>14,614</u>	<u>169</u>	<u>157,583</u>	<u>-</u>	<u>71,391</u>
<u>\$ 17,976</u>	<u>\$ 13,261</u>	<u>\$ 14,614</u>	<u>\$ 42,256</u>	<u>\$ 158,793</u>	<u>\$ 34,937</u>	<u>\$ 71,460</u>

continued...

ST. JOSEPH COUNTY, MICHIGAN

Combining Balance Sheet  
 Nonmajor Governmental Funds  
 December 31, 2015

	Special Revenue Funds			
	Veterans Memorial	Register of Deeds Automation	Victims Rights Advocacy	Community Correction Advisory Board
<b>Assets</b>				
Cash and cash equivalents	\$ -	\$ 109,139	\$ 2,736	\$ -
Receivables-				
Accounts, net	-	-	-	-
Due from other governmental units	-	-	18,156	44,410
Other assets	-	-	-	-
<b>Total assets</b>	<b>\$ -</b>	<b>\$ 109,139</b>	<b>\$ 20,892</b>	<b>\$ 44,410</b>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 24,425	\$ -	\$ 9,255
Accrued liabilities	-	-	640	558
Due to other funds	-	-	-	34,506
<b>Total liabilities</b>	<b>-</b>	<b>24,425</b>	<b>640</b>	<b>44,319</b>
<b>Fund balances</b>				
Restricted	-	84,714	20,252	91
<b>Total liabilities and fund balances</b>	<b>\$ -</b>	<b>\$ 109,139</b>	<b>\$ 20,892</b>	<b>\$ 44,410</b>



Special Revenue Funds						
Community Correction Program	Concealed Weapons Permit	Local Corrections Officers Training	Law Enforcement	Drug Law Enforcement	Secondary Road Patrol	Homeland Security Grant
\$ 48,024	\$ 14,965	\$ 69,738	\$ 37,496	\$ 189,942	\$ -	\$ -
-	-	-	8,721	-	-	-
-	-	-	-	-	50,657	1,877
-	-	-	1,936	-	4,162	-
<u>\$ 48,024</u>	<u>\$ 14,965</u>	<u>\$ 69,738</u>	<u>\$ 48,153</u>	<u>\$ 189,942</u>	<u>\$ 54,819</u>	<u>\$ 1,877</u>
\$ 2,310	\$ 57	\$ -	\$ -	\$ 491	\$ -	\$ 267
-	-	-	1,219	-	1,853	-
-	-	-	-	-	42,794	1,610
2,310	57	-	1,219	491	44,647	1,877
<u>45,714</u>	<u>14,908</u>	<u>69,738</u>	<u>46,934</u>	<u>189,451</u>	<u>10,172</u>	<u>-</u>
<u>\$ 48,024</u>	<u>\$ 14,965</u>	<u>\$ 69,738</u>	<u>\$ 48,153</u>	<u>\$ 189,942</u>	<u>\$ 54,819</u>	<u>\$ 1,877</u>

continued...

ST. JOSEPH COUNTY, MICHIGAN

Combining Balance Sheet  
 Nonmajor Governmental Funds  
 December 31, 2015

	Special Revenue Funds			
	County Law Library	Principal Residence Denial	Community Development Block Grant	State Court Administrator's Office
<b>Assets</b>				
Cash and cash equivalents	\$ 1,938	\$ -	\$ 34,548	\$ -
Receivables-				
Accounts, net	-	-	-	-
Due from other governmental units	-	-	-	76,512
Other assets	-	-	-	-
<b>Total assets</b>	<b>\$ 1,938</b>	<b>\$ -</b>	<b>\$ 34,548</b>	<b>\$ 76,512</b>
<b>Liabilities</b>				
Accounts payable	\$ 412	\$ -	\$ -	\$ 13,948
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	62,564
<b>Total liabilities</b>	<b>412</b>	<b>-</b>	<b>-</b>	<b>76,512</b>
<b>Fund balances</b>				
Restricted	1,526	-	34,548	-
<b>Total liabilities and fund balances</b>	<b>\$ 1,938</b>	<b>\$ -</b>	<b>\$ 34,548</b>	<b>\$ 76,512</b>

Special Revenue Funds				Capital Projects Fund	Permanent Trust Fund	
Sheriffs Justice Training	Child Care Probate Court	Veterans Trust Fund	Drug Court Fund	Information Technology Improvement	Cemetery	Total
\$ 7,486	\$ 736	\$ 142	\$ -	\$ 61,035	\$ 14,500	\$ 1,706,912
-	-	-	-	-	-	50,977
-	148,818	-	13,329	-	-	438,556
-	-	-	-	-	-	6,098
<u>\$ 7,486</u>	<u>\$ 149,554</u>	<u>\$ 142</u>	<u>\$ 13,329</u>	<u>\$ 61,035</u>	<u>\$ 14,500</u>	<u>\$ 2,202,543</u>
\$ -	\$ 62,394	\$ -	\$ 3,881	\$ 60	\$ -	\$ 122,645
-	3,354	-	-	-	-	8,568
-	82,899	-	9,448	-	-	310,707
-	148,647	-	13,329	60	-	441,920
<u>7,486</u>	<u>907</u>	<u>142</u>	<u>-</u>	<u>60,975</u>	<u>14,500</u>	<u>1,760,623</u>
<u>\$ 7,486</u>	<u>\$ 149,554</u>	<u>\$ 142</u>	<u>\$ 13,329</u>	<u>\$ 61,035</u>	<u>\$ 14,500</u>	<u>\$ 2,202,543</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, 2015

	Special Revenue Funds			
	Central Dispatch Wireless	Meyer Broadway Park	Facilities and Land Acquisition	Friend of the Court
<b>Revenues</b>				
Licenses and permits	\$ -	\$ -	\$ -	\$ -
Intergovernmental-				
Federal/state	-	-	-	-
Charges for services	-	15,574	-	22,300
Fines and forfeitures	217,330	-	-	-
Interest and rent	5,488	6,000	-	133
Miscellaneous	-	3,334	-	-
<b>Total revenues</b>	<b>222,818</b>	<b>24,908</b>	<b>-</b>	<b>22,433</b>
<b>Expenditures</b>				
Current:				
General government	-	-	-	-
Public safety	95,166	-	-	-
Public works	-	-	-	-
Health and social services	-	-	-	-
Community development	-	-	-	-
Parks, recreation and cultural	-	93,410	-	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>95,166</b>	<b>93,410</b>	<b>-</b>	<b>-</b>
<b>Revenues over (under) expenditures</b>	<b>127,652</b>	<b>(68,502)</b>	<b>-</b>	<b>22,433</b>
<b>Other financing sources (uses)</b>				
Transfers in	-	73,127	-	-
Transfers out	(110,000)	-	-	(17,200)
<b>Total other financing sources (uses)</b>	<b>(110,000)</b>	<b>73,127</b>	<b>-</b>	<b>(17,200)</b>
<b>Net change in fund balances</b>	<b>17,652</b>	<b>4,625</b>	<b>-</b>	<b>5,233</b>
<b>Fund balances, beginning of year</b>	<b>736,473</b>	<b>104,947</b>	<b>-</b>	<b>16,804</b>
<b>Fund balances, end of year</b>	<b>\$ 754,125</b>	<b>\$ 109,572</b>	<b>\$ -</b>	<b>\$ 22,037</b>

Special Revenue Funds						
Family Counseling	Cade Lake Park	Court Caseflow Assistance	Waste Management	Traffic Safety Program	Remonumentation Grant	Animal Shelter Donation
\$ 7,350	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	58,229	-
-	53,637	-	184,969	44,398	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	3,722	-	-	-	-	15,214
<u>7,350</u>	<u>57,359</u>	<u>-</u>	<u>184,969</u>	<u>44,398</u>	<u>58,229</u>	<u>15,214</u>
3,510	-	-	-	-	62,530	-
-	-	-	-	30,527	-	3,246
-	-	-	16,582	-	-	-
-	-	-	-	-	-	-
-	-	-	80,000	-	-	-
-	64,681	-	-	-	-	-
-	-	-	-	-	-	-
<u>3,510</u>	<u>64,681</u>	<u>-</u>	<u>96,582</u>	<u>30,527</u>	<u>62,530</u>	<u>3,246</u>
<u>3,840</u>	<u>(7,322)</u>	<u>-</u>	<u>88,387</u>	<u>13,871</u>	<u>(4,301)</u>	<u>11,968</u>
-	18,765	-	-	-	6,000	-
-	-	-	(225,263)	-	(1,700)	(5,000)
-	18,765	-	(225,263)	-	4,300	(5,000)
3,840	11,443	-	(136,876)	13,871	(1)	6,968
13,456	335	14,614	137,045	143,712	1	64,423
<u>\$ 17,296</u>	<u>\$ 11,778</u>	<u>\$ 14,614</u>	<u>\$ 169</u>	<u>\$ 157,583</u>	<u>\$ -</u>	<u>\$ 71,391</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, 2015

	Special Revenue Funds			
	Veterans Memorial	Register of Deeds Automation	Victims Rights Advocacy	Community Correction Advisory Board
<b>Revenues</b>				
Licenses and permits	\$ -	\$ -	\$ -	\$ -
Intergovernmental-				
Federal/state	-	-	72,022	115,622
Charges for services	-	53,995	-	-
Fines and forfeitures	-	-	-	-
Interest and rent	-	606	-	-
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<u>-</u>	<u>54,601</u>	<u>72,022</u>	<u>115,622</u>
<b>Expenditures</b>				
Current:				
General government	-	30,175	74,490	-
Public safety	-	-	-	144,099
Public works	-	-	-	-
Health and social services	1,242	-	-	-
Community development	-	-	-	-
Parks, recreation and cultural	-	-	-	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<u>1,242</u>	<u>30,175</u>	<u>74,490</u>	<u>144,099</u>
Revenues over (under) expenditures	<u>(1,242)</u>	<u>24,426</u>	<u>(2,468)</u>	<u>(28,477)</u>
<b>Other financing sources (uses)</b>				
Transfers in	-	-	-	9,500
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,500</u>
<b>Net change in fund balances</b>	<u>(1,242)</u>	<u>24,426</u>	<u>(2,468)</u>	<u>(18,977)</u>
Fund balances, beginning of year	<u>1,242</u>	<u>60,288</u>	<u>22,720</u>	<u>19,068</u>
<b>Fund balances, end of year</b>	<u>\$ -</u>	<u>\$ 84,714</u>	<u>\$ 20,252</u>	<u>\$ 91</u>

Special Revenue Funds						
Community Correction Program	Concealed Weapons Permit	Local Corrections Officers Training	Law Enforcement	Drug Law Enforcement	Secondary Road Patrol	Homeland Security Grant
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	125,568	-	75,287	3,323
37,318	14,965	19,650	6,633	2,250	-	-
-	-	-	-	1,431	-	-
-	-	-	-	-	-	-
-	-	-	-	149,218	-	-
<u>37,318</u>	<u>14,965</u>	<u>19,650</u>	<u>132,201</u>	<u>152,899</u>	<u>75,287</u>	<u>3,323</u>
-	-	-	-	-	-	-
28,789	57	7,180	132,063	112,419	182,235	3,323
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>28,789</u>	<u>57</u>	<u>7,180</u>	<u>132,063</u>	<u>112,419</u>	<u>182,235</u>	<u>3,323</u>
<u>8,529</u>	<u>14,908</u>	<u>12,470</u>	<u>138</u>	<u>40,480</u>	<u>(106,948)</u>	<u>-</u>
-	-	-	-	88,227	114,000	-
(9,500)	-	-	-	(40,000)	-	(5,176)
<u>(9,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,227</u>	<u>114,000</u>	<u>(5,176)</u>
(971)	14,908	12,470	138	88,707	7,052	(5,176)
<u>46,685</u>	<u>-</u>	<u>57,268</u>	<u>46,796</u>	<u>100,744</u>	<u>3,120</u>	<u>5,176</u>
<u>\$ 45,714</u>	<u>\$ 14,908</u>	<u>\$ 69,738</u>	<u>\$ 46,934</u>	<u>\$ 189,451</u>	<u>\$ 10,172</u>	<u>\$ -</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, 2015

	Special Revenue Funds			
	County Law Library	Principal Residence Denial	Community Development Block Grant	State Court Administrator's Office
<b>Revenues</b>				
Licenses and permits	\$ -	\$ -	\$ -	\$ -
Intergovernmental-				
Federal/state	-	-	114,469	259,832
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest and rent	-	-	-	-
Miscellaneous	6,500	-	-	-
<b>Total revenues</b>	<b>6,500</b>	<b>-</b>	<b>114,469</b>	<b>259,832</b>
<b>Expenditures</b>				
Current:				
General government	5,975	-	-	-
Public safety	-	-	-	259,832
Public works	-	-	-	-
Health and social services	-	-	-	-
Community development	-	-	114,469	-
Parks, recreation and cultural	-	-	-	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>5,975</b>	<b>-</b>	<b>114,469</b>	<b>259,832</b>
Revenues over (under) expenditures	525	-	-	-
<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>Net change in fund balances</b>	<b>525</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund balances, beginning of year	1,001	-	34,548	-
<b>Fund balances, end of year</b>	<b>\$ 1,526</b>	<b>\$ -</b>	<b>\$ 34,548</b>	<b>\$ -</b>

Special Revenue Funds				Capital Projects Fund	Permanent Trust Fund	
Sheriffs Justice Training	Child Care Probate Court	Veterans Trust Fund	Drug Court Fund	Information Technology Improvement	Cemetery	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,350
4,388	510,793	4,104	13,329	-	-	1,097,134
-	-	-	-	-	-	455,689
-	-	-	-	-	-	218,761
-	-	-	-	-	22	12,249
-	4,221	-	-	-	-	182,209
<u>4,388</u>	<u>515,014</u>	<u>4,104</u>	<u>13,329</u>	<u>-</u>	<u>22</u>	<u>1,973,392</u>
-	-	-	-	-	-	176,680
3,325	-	-	13,329	-	-	755,758
-	-	-	-	-	-	16,582
-	830,038	8,197	-	-	-	839,477
-	-	-	-	-	-	194,469
-	-	-	-	-	-	158,091
-	-	-	-	14,431	-	14,431
<u>3,325</u>	<u>830,038</u>	<u>8,197</u>	<u>13,329</u>	<u>14,431</u>	<u>-</u>	<u>2,155,488</u>
<u>1,063</u>	<u>(315,024)</u>	<u>(4,093)</u>	<u>-</u>	<u>(14,431)</u>	<u>22</u>	<u>(182,096)</u>
-	237,000	-	-	20,000	-	566,619
-	-	-	-	-	-	(413,839)
-	237,000	-	-	20,000	-	152,780
1,063	(78,024)	(4,093)	-	5,569	22	(29,316)
<u>6,423</u>	<u>78,931</u>	<u>4,235</u>	<u>-</u>	<u>55,406</u>	<u>14,478</u>	<u>1,789,939</u>
<u>\$ 7,486</u>	<u>\$ 907</u>	<u>\$ 142</u>	<u>\$ -</u>	<u>\$ 60,975</u>	<u>\$ 14,500</u>	<u>\$ 1,760,623</u>

concluded.

# ST. JOSEPH COUNTY, MICHIGAN

## Combining Statement of Net Position

Nonmajor Enterprise Funds

December 31, 2015

	Forfeiture/ Foreclosure Fund	Inmate Store Fund	Three Rivers Community Center	Total
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 340,255	\$ 42,157	\$ -	\$ 382,412
Investments	99,557	-	-	99,557
Due from other funds	322	-	-	322
<b>Total current assets</b>	<b>440,134</b>	<b>42,157</b>	<b>-</b>	<b>482,291</b>
Noncurrent assets -				
Equipment, net	-	2,924	-	2,924
<b>Total assets</b>	<b>440,134</b>	<b>45,081</b>	<b>-</b>	<b>485,215</b>
<b>Liabilities</b>				
Current liabilities -				
Accounts payable	17,537	452	-	17,989
<b>Net position</b>				
Investment in capital assets	-	2,924	-	2,924
Unrestricted	422,597	41,705	-	464,302
<b>Total net position</b>	<b>\$ 422,597</b>	<b>\$ 44,629</b>	<b>\$ -</b>	<b>\$ 467,226</b>

## ST. JOSEPH COUNTY, MICHIGAN

### Combining Statement of Revenues, Expenses and Changes in Fund Net Position Nonmajor Enterprise Funds For the Year Ended December 31, 2015

	Forfeiture/ Foreclosure Fund	Inmate Store Fund	Three Rivers Community Center	Total
Operating revenues				
Charges for services	\$ 209,070	\$ 31,041	\$ 66,505	\$ 306,616
Operating expenses				
Operations and administrative	140,772	17,514	50,661	208,947
Depreciation	-	610	5,141	5,751
Total operating expenses	140,772	18,124	55,802	214,698
Operating income	68,298	12,917	10,703	91,918
Nonoperating revenues				
Interest income	2,430	-	-	2,430
Income before transfers	70,728	12,917	10,703	94,348
Transfers out	(70,265)	-	(62,792)	(133,057)
Change in net position	463	12,917	(52,089)	(38,709)
Net position, beginning of year, as restated	422,134	31,712	52,089	505,935
Net position, end of year	\$ 422,597	\$ 44,629	\$ -	\$ 467,226

## ST. JOSEPH COUNTY, MICHIGAN

### Combining Statement of Cash Flows Nonmajor Enterprise Funds For the Year Ended December 31, 2015

	Forfeiture/ Foreclosure Fund	Inmate Store Fund	Three Rivers Community Center	Total
<b>Cash flows from operating activities</b>				
Cash received from customers	\$ 208,748	\$ 31,041	\$ 66,745	\$ 306,534
Cash paid to/for employees	-	-	(51,836)	(51,836)
Cash paid to suppliers	(124,235)	(17,115)	-	(141,350)
Cash paid to others	(230,809)	-	-	(230,809)
<b>Net cash (used in) provided by operating activities</b>	<b>(146,296)</b>	<b>13,926</b>	<b>14,909</b>	<b>(117,461)</b>
<b>Cash flows used in noncapital and related financing activities</b>				
Transfers out	(70,265)	-	(62,792)	(133,057)
<b>Cash flows from investing activities</b>				
Sale of investments	100,717	-	-	100,717
Interest received	2,430	-	-	2,430
<b>Net cash provided by investing activities</b>	<b>103,147</b>	<b>-</b>	<b>-</b>	<b>103,147</b>
<b>Net change in cash and cash equivalents</b>	<b>(113,414)</b>	<b>13,926</b>	<b>(47,883)</b>	<b>(147,371)</b>
Cash and cash equivalents, beginning of year	453,669	28,231	47,883	529,783
<b>Cash and cash equivalents, end of year</b>	<b>\$ 340,255</b>	<b>\$ 42,157</b>	<b>\$ -</b>	<b>\$ 382,412</b>
<b>Cash flows from operating activities</b>				
Operating income	\$ 68,298	\$ 12,917	\$ 10,703	\$ 91,918
Adjustments to reconcile operating income to net cash (used in) provided by operating activities:				
Depreciation and amortization	-	610	5,141	5,751
Change in assets and liabilities:				
Accounts receivable	-	-	240	240
Due from other funds	(322)	-	-	(322)
Accounts payable	16,537	399	(1,175)	15,761
Due to other funds	(230,809)	-	-	(230,809)
<b>Net cash (used in) provided by operating activities</b>	<b>\$ (146,296)</b>	<b>\$ 13,926</b>	<b>\$ 14,909</b>	<b>\$ (117,461)</b>

ST. JOSEPH COUNTY, MICHIGAN

Combining Statement of Fiduciary Assets and Liabilities  
 Agency Funds  
 December 31, 2015

	Trust and Agency	Library	Inmate Trust Account	Total
<b>Assets</b>				
Cash and cash equivalents	\$ 1,103,162	\$ 124,517	\$ 18,500	\$ 1,246,179
<b>Liabilities</b>				
Due to individuals/agencies	\$ 911,703	\$ 124,517	\$ 18,500	\$ 1,054,720
Due to other governmental units	191,459	-	-	191,459
<b>Total liabilities</b>	<b>\$ 1,103,162</b>	<b>\$ 124,517</b>	<b>\$ 18,500</b>	<b>\$ 1,246,179</b>

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**COMPONENT UNIT FUND FINANCIAL  
STATEMENTS AND SCHEDULES**

ST. JOSEPH COUNTY, MICHIGAN

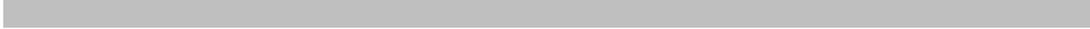
Statement of Net Position and Governmental Funds

Balance Sheet

Drainage Districts Component Unit

December 31, 2015

	Debt Service Funds		
	Regular Drain	Fish Lake Drain	Lamberson Dam Drain
<b>Assets</b>			
Cash and cash equivalents	\$ -	\$ 7,847	\$ 90
Special assessments receivable	179,007	-	-
Capital assets being depreciated, net	-	-	-
<b>Total assets</b>	<u>\$ 179,007</u>	<u>\$ 7,847</u>	<u>\$ 90</u>
<b>Liabilities</b>			
Accounts payable	\$ -	\$ 250	\$ -
Interest payable	-	-	-
<b>Total liabilities</b>	<u>-</u>	<u>250</u>	<u>-</u>
Deferred inflows of resources - special assessments	<u>179,007</u>	<u>-</u>	<u>-</u>
<b>Fund balances</b>			
Restricted	<u>-</u>	<u>7,597</u>	<u>90</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 179,007</u>	<u>\$ 7,847</u>	<u>\$ 90</u>



Capital Projects Funds					
Regular Drain	Long Lake Level Revolving	Klinger Lake Lake Level	Revolving Drain	Revolving Drain Maintenance	Revolving Drain Fabius
\$ 92,012	\$ -	\$ 21,680	\$ 80,345	\$ 9,498	\$ 13,235
8,662	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 100,674</u>	<u>\$ -</u>	<u>\$ 21,680</u>	<u>\$ 80,345</u>	<u>\$ 9,498</u>	<u>\$ 13,235</u>
\$ -	\$ -	\$ 250	\$ 250	\$ -	\$ 250
-	-	-	-	-	-
-	-	250	250	-	250
3,809	-	-	-	-	-
96,865	-	21,430	80,095	9,498	12,985
<u>\$ 100,674</u>	<u>\$ -</u>	<u>\$ 21,680</u>	<u>\$ 80,345</u>	<u>\$ 9,498</u>	<u>\$ 13,235</u>

continued...

ST. JOSEPH COUNTY, MICHIGAN

Statement of Net Position and Governmental Funds

Balance Sheet

Drainage Districts Component Unit

December 31, 2015

	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	\$ 16,793	\$ 1,043	\$ 38,063	\$ 91
Special assessments receivable	-	-	-	-
Capital assets being depreciated, net	-	-	-	-
<b>Total assets</b>	<u>\$ 16,793</u>	<u>\$ 1,043</u>	<u>\$ 38,063</u>	<u>\$ 91</u>
<b>Liabilities</b>				
Accounts payable	\$ 250	\$ -	\$ 3,250	\$ -
Interest payable	-	-	-	-
<b>Total liabilities</b>	<u>250</u>	<u>-</u>	<u>3,250</u>	<u>-</u>
Deferred inflows of resources - special assessments	-	-	-	-
<b>Fund balances</b>				
Restricted	<u>16,543</u>	<u>1,043</u>	<u>34,813</u>	<u>91</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 16,793</u>	<u>\$ 1,043</u>	<u>\$ 38,063</u>	<u>\$ 91</u>
<b>Net position</b>				
Net investment in capital assets				
Restricted				
Unrestricted				
<b>Total net position</b>				

Total	GASB 34 Adjustments	Statement of Net Position
-------	---------------------	---------------------------

\$ 280,697	\$ -	\$ 280,697
187,669	-	187,669
-	1,575,374	1,575,374

<u>\$ 468,366</u>	<u>1,575,374</u>	<u>2,043,740</u>
-------------------	------------------	------------------

\$ 4,500	-	4,500
-	6,584	6,584

<u>4,500</u>	<u>6,584</u>	<u>11,084</u>
--------------	--------------	---------------

<u>182,816</u>	<u>(182,816)</u>	<u>-</u>
----------------	------------------	----------

<u>281,050</u>	<u>(281,050)</u>	<u>-</u>
----------------	------------------	----------

\$ 468,366

1,575,374	1,575,374
7,687	7,687
<u>449,595</u>	<u>449,595</u>
<u>\$ 2,032,656</u>	<u>\$ 2,032,656</u>

concluded.

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## ST. JOSEPH COUNTY, MICHIGAN

### Reconciliation

Fund Balances for Governmental Funds  
to Net Position of Governmental Activities  
Drainage Districts Component Unit  
December 31, 2015

Fund balances - governmental funds \$ 281,050

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

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

Capital assets being depreciated, net 1,575,374

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 182,816

Long-term bonded debt is not due and payable in the current period and  
interest payable are not reported in the governmental funds.

Interest payable (6,584)

Net position of governmental activities \$ 2,032,656

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, 2015

	Debt Service Funds		
	Regular Drain	Fish Lake Drain	Lamberson Dam Drain
Revenues			
Special assessments	\$ 102,998	\$ -	\$ -
Interest revenue	107	16	-
<b>Total revenues</b>	<b>103,105</b>	<b>16</b>	<b>-</b>
Expenditures / expenses			
Public works	-	250	-
Debt service:			
Principal	176,475	-	-
Interest and fiscal charges	12,668	-	-
<b>Total expenditures / expenses</b>	<b>189,143</b>	<b>250</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(86,038)</b>	<b>(234)</b>	<b>-</b>
<b>Change in net position</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund balance / net position, beginning of year	86,038	7,831	90
<b>Fund balance (deficit) / net position, end of year</b>	<b>\$ -</b>	<b>\$ 7,597</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
\$ 6,471	\$ -	\$ -	\$ -	\$ -	\$ -
407	-	46	171	20	35
<u>6,878</u>	<u>-</u>	<u>46</u>	<u>171</u>	<u>20</u>	<u>35</u>
6,348	-	250	1,410	-	4,449
122,273	-	-	-	-	-
-	-	-	-	-	-
<u>128,621</u>	<u>-</u>	<u>250</u>	<u>1,410</u>	<u>-</u>	<u>4,449</u>
<u>(121,743)</u>	<u>-</u>	<u>(204)</u>	<u>(1,239)</u>	<u>20</u>	<u>(4,414)</u>
-	-	-	-	-	-
<u>218,608</u>	<u>-</u>	<u>21,634</u>	<u>81,334</u>	<u>9,478</u>	<u>17,399</u>
<u>\$ 96,865</u>	<u>\$ -</u>	<u>\$ 21,430</u>	<u>\$ 80,095</u>	<u>\$ 9,498</u>	<u>\$ 12,985</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, 2015

	Capital Projects Funds			
	Omena Lake Proposed Assessment	Grey Lake Level Study	Pleasant/Clear Lake Proposed Assessment	Eberhard Lake Level
Revenues				
Special assessments	\$ -	\$ -	\$ 6,312	\$ -
Interest revenue	35	2	74	-
<b>Total revenues</b>	<b>35</b>	<b>2</b>	<b>6,386</b>	<b>-</b>
Expenditures / expenses				
Public works	250	-	4,150	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total expenditures / expenses</b>	<b>250</b>	<b>-</b>	<b>4,150</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(215)</b>	<b>2</b>	<b>2,236</b>	<b>-</b>
<b>Change in net position</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund balance / net position, beginning of year	16,758	1,041	32,577	91
<b>Fund balance (deficit) / net position, end of year</b>	<b>\$ 16,543</b>	<b>\$ 1,043</b>	<b>\$ 34,813</b>	<b>\$ 91</b>



Total	GASB 34 Adjustments	Statement of Activities
\$ 115,781	\$ (106,173)	\$ 9,608
913	-	913
<u>116,694</u>	<u>(106,173)</u>	<u>10,521</u>
17,107	63,756	80,863
298,748	(298,748)	-
12,668	-	12,668
<u>328,523</u>	<u>(234,992)</u>	<u>93,531</u>
<u>(211,829)</u>	<u>211,829</u>	<u>-</u>
-	(83,010)	(83,010)
<u>492,879</u>	<u>1,622,787</u>	<u>2,115,666</u>
<u>\$ 281,050</u>	<u>\$ 1,751,606</u>	<u>\$ 2,032,656</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, 2015

Net change in fund balance - total governmental funds \$ (211,829)

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 (106,173)

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 (63,756)

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

Repayment of bond principal 298,748

Change in net position of governmental activities \$ (83,010)

ST. JOSEPH COUNTY, MICHIGAN

Statement of Net Position and Governmental Funds

Balance Sheet

Board of Public Works Component Unit

December 31, 2015

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



Total	GASB 34 Adjustments	Statement of Net Position
\$ -	\$ 2,518,066	\$ 2,518,066
\$ -	12,454	12,454
-	135,000	135,000
-	2,370,612	2,370,612
-	2,518,066	2,518,066
-	-	-
\$ -	-	-
	\$ -	\$ -

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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, 2015

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		2,518,066
Interest payable		(12,454)
Bonds and notes payable		<u>(2,505,612)</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, 2015

	Debt Service Funds		
	Lockport Water Supply	White Pigeon Water Supply	White Pigeon Sewer
Revenues			
Intergovernmental - local	\$ 31,583	\$ 17,719	\$ 156,353
Expenditures / expenses			
Debt service:			
Principal	25,000	15,000	90,000
Interest and fiscal charges	6,583	2,719	66,353
Total expenditures/expenses	31,583	17,719	156,353
Net change in fund balances net position	-	-	-
Fund balances / net position, beginning of year	-	-	-
Fund balances / net position, end of year	\$ -	\$ -	\$ -



Total	GASB 34 Adjustments	Statement of Activities
<u>\$ 205,655</u>	<u>\$ (131,765)</u>	<u>\$ 73,890</u>
130,000	(130,000)	-
<u>75,655</u>	<u>(1,765)</u>	<u>73,890</u>
<u>205,655</u>	<u>(131,765)</u>	<u>73,890</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, 2015

Net change in fund balance - total governmental funds	\$ -
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	(131,765)
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	130,000
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>1,765</u>
Change in net position of governmental activities	<u><u>\$ -</u></u>

# ST. JOSEPH COUNTY, MICHIGAN

## Statement of Net Position and Governmental Funds

### Balance Sheet

#### Economic Development Corporation Component Unit

December 31, 2015

	Special Revenue	GASB 34 Adjustments	Statement of Net Position
<b>Assets</b>			
Cash and cash equivalents	\$ 3,788	\$ -	\$ 3,788
Capital assets being depreciated, net	-	121	121
<b>Total assets</b>	<u>\$ 3,788</u>	<u>121</u>	<u>3,909</u>
<b>Liabilities</b>			
Accounts payable	\$ 1,868	-	1,868
Accrued liabilities	1,440	-	1,440
<b>Total liabilities</b>	3,308	-	3,308
<b>Fund balance / net position</b>			
Restricted	480	(480)	-
<b>Total liabilities and fund balance</b>	<u>\$ 3,788</u>		
<b>Net position</b>			
Investment in capital assets		121	121
Unrestricted		480	480
<b>Total net position</b>		<u>\$ 601</u>	<u>\$ 601</u>

## ST. JOSEPH COUNTY, MICHIGAN

### Reconciliation

Fund Balances for Governmental Funds  
To Net Position of Governmental Activities  
Economic Development Corporation Component Unit  
December 31, 2015

Fund balances - governmental funds \$ 480

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 121

Net position of governmental activities \$ 601

## 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, 2015

	Special Revenue	GASB 34 Adjustments	Statement of Activities
Revenues			
Intergovernmental -			
Federal/State	\$ 54,943	\$ -	\$ 54,943
Interest revenue	252	-	252
Miscellaneous	442,000	-	442,000
<b>Total revenues</b>	<b>497,195</b>	<b>-</b>	<b>497,195</b>
Expenditures / expenses			
Community development	543,089	231	543,320
<b>Net change in fund balance</b>	<b>(45,894)</b>	<b>45,894</b>	<b>-</b>
<b>Change in net position</b>	<b>-</b>	<b>(46,125)</b>	<b>(46,125)</b>
Fund balance / net position, beginning of year	46,374	352	46,726
<b>Fund balance / net position, end of year</b>	<b>\$ 480</b>	<b>\$ 121</b>	<b>\$ 601</b>

## 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, 2015

Net change in fund balance - total governmental funds \$ (45,894)

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 (231)

Change in net position of governmental activities \$ (46,125)

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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 THE UNIFORM GUIDANCE

May 27, 2016

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

We have audited 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, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated May 27, 2016, 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 basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is not a required part of the basic 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 basic 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 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 schedule of expenditure 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, 2015

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	\$ 114,469
U.S. Department of Justice Juvenile Justice and Delinquency Prevention 2014 Basic Grant	16.540	MDCH	-n/a-	23,171
State Criminal Alien Assistance Program	16.606	Direct	2014-H2700-MI-AP	2,185
Total U.S. Department of Justice				25,356
U.S. Department of Transportation Hazardous Materials Emergency Planning	20.703	MSP	HM-HMP-0347-13-01-00	510
U.S. Environmental Protection Agency Brownfield Assessment and Clean-up	66.460	MDNR	BF00E013370	54,943
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-	5,303
** Title III-B Special Programs for the Aging FY13/14 Disease Prevention	93.044	MDSAR3C	-n/a-	23,185
** Title III-C Special Programs for the Aging FY13/14 Nutrition Congregate	93.045	MDSAR3C	-n/a-	60,679
FY13/14 Nutrition Home Delivered Meals	93.045	MDSAR3C	-n/a-	46,145
** Title III-E National Family Caregiver Support	93.052	MDSAR3C	-n/a-	22,677
** Nutrition Services Incentive Program FY13/14 Elderly Feeding (Congregate)	93.053	MDSAR3C	-n/a-	27,288
FY13/14 Elderly Feeding (Home Delivered Meals)	93.053	MDSAR3C	-n/a-	62,066
				247,343
Child Support Enforcement Cluster:				
Title IV-D - Incentive Payments	93.563	DHS	CSCOM-13-75003	\$ 117,870
Title IV-D - Friend of the Court	93.563	DHS	CSCOM-13-75003	524,501
				642,371
Total U.S. Department of Health and Human Services				889,714

continued...

ST. JOSEPH COUNTY, MICHIGAN

**Schedule of Expenditures of Federal Awards**  
For the Year Ended December 31, 2015

Federal Agency / Program Title / Cluster	CFDA Number	Direct / Pass-through Grantor	Pass-through / Grantor Number	Federal Expenditures
U.S. Department of Homeland Security				
Emergency Management Performance Grant	97.042	MSP	EMW-2014-EP-00023-S01	\$ 24,887
State Domestic Preparedness	97.067	VBC	-n/a-	<u>3,323</u>
Total U.S. Department of Homeland Security				<u>28,210</u>
Total expenditures of federal awards				<u>\$ 1,113,202</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, 2015. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 the Uniform Guidance, 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, 2015 are denoted as such in the Schedule.

### 4. PASS-THROUGH AGENCIES

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

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



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

May 27, 2016

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, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated May 27, 2016.

#### Internal Control Over Financial Reporting

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

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

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

## Compliance and Other Matters

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

## Purpose of this Report

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

*Rehmann Lobson LLC*

**Independent Auditors' Report on Compliance for Each Major Federal Program  
and Internal Control over Compliance Required by the Uniform Guidance**

May 27, 2016

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

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

We have audited the compliance of *St. Joseph County, Michigan* (the "County") with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the County's major federal program for the year ended December 31, 2015. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 the 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, 2015.

### **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 the 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 the Uniform Guidance, 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2015-001 to be significant deficiency.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Rehmann Lobban LLC*



# ST. JOSEPH COUNTY, MICHIGAN

## Schedule of Findings and Questioned Costs For the Year Ended December 31, 2015

### SECTION II - FINANCIAL STATEMENT FINDINGS

None reported.

### SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

#### 2015-001 - Written Policies Required by the Uniform Grant Guidance

Finding Type. Immaterial noncompliance

Program. Child Support Enforcement (CFDA# 93.563); U.S. Department of Health and Human Services; Project numbers CSFOC13-46001 2 and CSPA13-46002 2

Criteria. The Uniform Grant Guidance requires a non-federal entity that has expended federal awards for a grant awarded on or after December 26, 2014 to have written policies pertaining to: 1) Payments (draws of federal funds and how to minimize the time lapsing between the receipt of federal funds and the disbursement to contractors/employees/subrecipients) (\$200.302(6)); 2) Procurement (including bidding and a conflict of interest policy) (\$200.318); 3) Allowability of costs charged to federal programs (\$200.302(7)); and 4) Compensation (personnel and benefits policy) (\$200.430 and \$200.431).

Condition. Although the County has processes in place to cover these areas, there are no formal written policies covering payments, procurement (conflict of interest policy only), allowability of costs, and compensation.

Cause. This condition appears to be the result of a time lag in identifying the requirement and developing a plan for compliance.

Effect. As a result of this condition, the County did not fully comply with the Uniform Grant Guidance applicable to the above noted grants.

Questioned Costs. No costs have been questioned as a result of this finding.

Recommendation. We are aware that the County is evaluating options using internal and external resources to take corrective action. We recommend that the County proceed with its selected option as soon as practical, but no later than the end of fiscal year 2016.

View of Responsible Officials. Upon identifying the requirement the County developed a plan for compliance which consisted of working with an outside firm to either obtain or develop the required written policies. Since the requirement identification the County made frequent inquiries of the firm relating to the status of the assistance. In February of 2016 the County learned that the firm would not be able to provide the assistance as anticipated and so the County was not in compliance for the year under audit. The County will use other resources and will have the required written policies in place no later than the end of fiscal year 2016.



# ST. JOSEPH COUNTY, MICHIGAN

## Summary Schedule of Prior Audit Findings For the Year Ended December 31, 2015

None reported.

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