

County of
Kalamazoo,
Michigan



Year Ended
December 31,
2019

Comprehensive
Annual Financial
Report and Single
Audit Act
Compliance

Prepared by:

County Administrator/Controller
Tracie L. Moored

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Amanda Morse

Financial Reporting Manager
Jenna LeRoy

COUNTY OF KALAMAZOO, MICHIGAN

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INTRODUCTORY SECTION

COUNTY OF KALAMAZOO, MICHIGAN

LIST OF OFFICIALS

For the Year Ended December 31, 2019

COUNTY BOARD OF COMMISSIONERS

Julie Rogers - Chairperson
Tracy Hall - Vice Chairperson
Jennifer Aniano
Zachary Bauer
John Gisler
Stephanie Moore
Christine Morse
Meredith Place
Mike Quinn
Michael Seals
Roger Tuinier

CIRCUIT COURT JUDGES

Alexander C. Lipsey - Chief Judge of Circuit and Probate Courts
Gary C. Giguere, Jr. - Chief Judge Pro Tempore
Paul J. Bridenstine
Stephen D. Gorsalitz
Pamela L. Lightvoet

DISTRICT COURT JUDGES

Christopher T. Haenicke - Chief Judge
Tiffany A. Ankley - Chief Judge Pro Tempore
Richard A. Santoni
Anne E. Blatchford
Kathleen P. Hemingway
Julie K. Phillips
Vincent C. Westra

PROBATE JUDGES

Curtis J. Bell
G. Scott Pierangeli

OTHERS

Prosecutor - Jeffrey Getting
Sheriff - Richard Fuller
County Clerk/Register of Deeds - Timothy Snow
Treasurer - Mary Balkema
Drain Commissioner - Patricia Crowley
Surveyor - Gary Hahn



KALAMAZOO COUNTY GOVERNMENT

In the Pursuit of Extraordinary Governance...

June 22, 2020

Kalamazoo County Board of Commissioners
County of Kalamazoo, Michigan
Kalamazoo, Michigan 49007

Members of the Board:

We are pleased to submit the Comprehensive Annual Financial Report of the County of Kalamazoo, Michigan (the County), for the year ended December 31, 2019. The basic financial statements included in this report have been audited by Rehmann, an independent firm of licensed certified public accountants. This report is prepared for the purpose of disclosing the County's financial condition to its electorate, elected officials, and other interested parties.

This report consists of management's representations concerning the finances of the County. Consequently, management assumes full responsibility for the completeness and reliability of all information presented in this report. To provide a reasonable basis for making those representations, management of the County has established a comprehensive internal control framework designed to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

One of the goals of the County's audited financial statements is to provide reasonable assurance that the financial statements for the year ended December 31, 2019, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures reported in the financial statements; assessing the accounting principles used and any significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion and that the County's financial statements for the year ended December 31, 2019, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

OFFICE OF ADMINISTRATION

201 West Kalamazoo Avenue | Kalamazoo, MI 49007

Phone: 269.384.8111 | www.kalcounty.com

The independent audit of the financial statements of the County was part of a broader, federally mandated “Single Audit” designed to meet the special needs of the federal grantor agencies. The standards governing Single Audit engagements require the independent auditors to report not only on the fair presentation of the financial statements, but also on the audited government’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are found on pages 239-243.

GAAP requires management to provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The County’s MD&A can be found immediately following the independent auditor’s report.

Profile of the Government

The County of Kalamazoo, Michigan, the ninth most populous county in the state of Michigan, encompasses an area of approximately 576 square miles with the 2019 estimated census population of 265,066, and is located in the southwest portion of Michigan’s Lower Peninsula. It is approximately 75 miles southwest of Lansing, the state capital. The County is empowered by the state to levy a property tax on real and personal properties located within the County.

The County is composed of 15 townships, 5 villages, and 4 cities. The County seat is located in the City of Kalamazoo, which is the largest municipality in the County. The County was organized as a county by the territorial legislature on July 30, 1830.

The area has a diversified employment base adding to the strength of the local economy. Major employers in the area are found in the pharmaceutical, banking, health and education sectors.

The County is governed by the County Board of Commissioners (the County Board), which in 2019, consists of 11 members. The County Board is responsible for establishing policies, adopting the budget, appointing committee memberships, and hiring the County Administrator/Controller and Corporation Counsel. The Administrator/Controller is responsible for carrying out the policies set forth by the County Board and overseeing the day-to-day operations of the County. The County Board is elected on a partisan basis every two years from districts of approximately the same size. The other five elected officers of the County are elected on a partisan basis serving four-year terms.

The County provides a full range of municipal services. These services are either mandated by the state statute or authorized by the County Board. These include legislative, judicial, public works, public safety, health, welfare, cultural, recreation, transportation, public improvements, and general administrative services.

The annual budget serves as the foundation for the County’s financial planning and control. All departments of the County are required to submit requests for appropriations to the Administrator/Controller. These requests form the basis for the development of a proposed budget. The Administrator/Controller will present to the County Board a recommended budget for consideration and deliberation. After the review is completed, a public hearing will be held at an annual meeting and the budget will be adopted. The budget is appropriated at the departmental level. The budget is prepared at the fund, department, and account level. Department directors may request transfers within fund appropriations under their administrative control. Transfers of appropriations between departments or

funds require approval of the board. Appropriation increases also require approval by the County Board. Budget-to-actual comparisons are provided in this report for each individual special revenue fund for which an appropriated annual budget has been adopted. The General Fund, Law Enforcement Fund, and Senior Millage Fund are found on pages 45-47 as part of the basic financial statements for the governmental funds. For special revenue funds, other than the General Fund, Law Enforcement Fund, and Senior Millage Fund, this comparison is found starting on page 154.

Financial Condition Factors

Short Term Factors Affecting Budget

When the entire state experienced declining shifts in the economy, the County managed to collectively remain sustainable. The area has a diversified employment base adding to the strength of the local economy. Major employers in the area are found in the pharmaceutical, banking, health, and education sectors.

Forecasting and budgetary stewardship have allowed the County to proactively make budgetary decisions to minimize reactionary impacts to core services. A large percentage of County revenue comes from the state and local property taxes. With these realities in mind, budget recommendations focus on continuing the prudent, long-term fiscal policies of the Board of Commissioners, supporting mandated and essential services, and protecting the public safety and welfare.

In March 2020, the World Health Organization declared the novel coronavirus outbreak (COVID-19) to be a global pandemic. The COVID-19 virus and the economic effects of the efforts to mitigate its spread have created a large amount of future economic uncertainty. As of April 18, 2020, over 1 million unemployment claims were received in Michigan. During the State of Michigan's May 15, 2020 Consensus Revenue Estimating Conference, it was estimated that the impact to the State's general fund and school aid fund budget for fiscal 2020 and 2021 will be \$6.2 billion. The nationwide slowdown, increase in unemployment claims and the State of Michigan budget uncertainty will have an effect locally as well. At this time, we do not have enough information to accurately quantify the extent of this effect although we expect a material effect in all aspects of our operations and funding.

Long Term Financial Planning

The County completes a five-year analysis during each budget cycle and updates them frequently to ensure that budgetary impacts are considered. Based on these projections and economic indicators, budget policies have been adopted to implement a base line spending reduction. The Board of Commissioners is committed to ensuring the long-term fiscal stability of the County. The County has operated cautiously over the past several years making sound financial decisions. The County monitors budgetary spending throughout the year. Quarterly projections are prepared, and spending goals are reviewed based on analysis. Future forecasting projects expenditures to outpace revenues. The County will continue to align expenditure to these indicators. Cautious budgeting decisions and ongoing monitoring of revenues and expenditures must continue, or the County will find it necessary to reduce services in order to balance the budget.

Capital Improvement

A Capital Improvement Committee has been designated to review annual funding requests. The committee ensures standard criteria are met before projects are considered. An analysis is completed on each qualifying item. Authorizations are granted based on committee recommendations.

For major capital items, a Facilities Master plan has been established. The primary mission of this plan is to account for and develop a county-wide strategy for facilities. This completed project included a property manual update with physical descriptions of all buildings, a facilities audit with planned maintenance, and projected long-term capital improvement requirements. The plan is a working document that guides long term asset construction and renovation projects.

Relevant Financial Policies

The Budget Stabilization Policy was adopted in 1980. Currently, this fund retains \$2.5 million. This reserve was established to ensure an amount was encumbered for an unforeseen situation, which could create an inability to balance revenues and expenditures in future budget adoptions. It is the intent of the policy that any amount utilized for these situations requires a plan of action for reimbursement to the fund.

To solidify the Board of Commissioner's commitment to financial responsibility, a Fund Balance Policy was adopted. Recognizing Governmental Accounting Standards Board Statement No. 54, the target of unassigned General Fund balance to General Operating Revenues will be 20%. It is the intent that should the General Fund Balance fluctuate above or below this target by 5% or more, Administration will make recommendations to the County Board to adhere to the policy objective.

The 2019 unrestricted, uncommitted and unassigned fund balance in comparison to revenues for the County's operating funds (General Fund, Law Enforcement Fund, and certain special revenue funds that receive significant appropriation from the General Fund or have expenditures that are paid through the General Fund) was 32.68%.

Major Initiatives

Budgetary pressures have continued to be placed on the County. Long-term pressures resulted from diminished revenue streams and long-term facility needs. In an effort to remain committed to providing essential services, a strategic initiative has been outlined and utilized. The County has created a strategic plan that is reviewed monthly to emphasize framework in the following areas: deliver consistent high-quality programs and services, strengthen engagement in our community and build a relationship focused culture. In 2019, the following strategic initiatives were prioritized.

- ***Animal Services & Enforcement Facility***

Kalamazoo County Government long recognized that the current Animal Services & Enforcement facility has many deficiencies which impede upon the County's ability to deliver consistent high-quality programs and services. Funding to support a new facility was identified in 2016 and the Board of Commissioners and Administration began the process of identifying the needs of the facility as well as soliciting input and participation from the Animal Services Advisory Board and potential partners. Design for the facility was completed in 2017 and construction began in the summer of 2018 and concluded in the fall of 2019. Funding for the project of \$5 million was appropriated by the Board of Commissioners with the final project costs coming in under \$4.4 million.

- ***Justice Facility***

In April of 2017, Kalamazoo County Government entered into an agreement for a real estate transfer which initiated the beginning of the development of a future downtown County building. A project Owner's Representative and Architect were selected during 2017 and programming to discuss the space needs of staff located within the Michigan Avenue Courthouse, Crosstown Complex and Administration Building ensued. Due to cost constraints, it was decided that this facility would house the staff located within the Michigan Avenue Courthouse and Crosstown Complex. Design on the facility began in 2019 and continued into the spring of 2020. Due to the COVID-19 pandemic and associated economic impact, the County will be evaluating the feasibility of the moving forward with the project as 2020 and 2021 budget discussions continue through the summer and fall of 2020.

- ***Solar Array***

Kalamazoo County's sustainability budget policy details a commitment to fostering a safe, secure future that conserves natural resources while meeting basic human needs and services. This commitment to a sustainable future is an important consideration in operating our public facilities.

To continue to further our desire for sustainability, the Office of the Administrator and the Buildings & Grounds Department began exploring the possibility of a solar project in early 2018 based on Commissioner feedback. In order to evaluate what type of solar project would provide the greatest results, we consulted with Helios Solar LLC to assess the current utility bills for each facility. Helios worked with our Buildings & Grounds department to study and review our utility history, rate structures, utility history data, and locations of several buildings to determine the best location and fit for solar energy integration that would have the best opportunity for budget and cost saving to the County.

The Healy Street facility stood out as the optimal choice for a solar project. It has the best Consumers Energy rate structure and electrical use load for the greatest cost avoidance on a net metering solar energy installation. As part of the 2019 budget, funds were appropriated to support this request and work on the solar installation began in the spring of 2019 and concluded in December 2019. For the next 6 years, \$57,700 of Buildings & Grounds project funds will be set aside to cover the cost of this installation. The proposed solar installation is expected to reduce the energy consumption at Healy Street by 70% and provide an annual savings of \$27,000. This cost savings will be realized in our budget after year 6.

- ***Governmental Collaboration***

Recognizing the benefits of collaborative efficiencies, the County, with other local municipalities, has begun reviewing processes that could be combined with other governmental agencies to create efficiencies.

In 2015, partnering municipalities authorized the creation of the Kalamazoo County Consolidated Dispatch Authority. This collaboration signifies the acknowledgement and benefits of partnering to bring the most efficient and cost-effective 9-1-1 services to the taxpayers. This establishment came from several years of dedication to a goal identified. The partnering municipalities approved a short-term funding strategy in 2017 and consolidated dispatch services commenced under the new authority in the fall of 2018. The Authority requested and received Board of Commissioner approval to place a consolidated dispatch proposition for 9-1-1 system funding through a millage request to the electorate on March 17, 2020. This item is slated to be presented to voters on the August 4, 2020 election.

- ***Indigent Defense***

Starting in the fall of 2017, representatives from the Board of Commissioners, District Court, Circuit Court, the Office of the Sheriff, the Office of the Prosecuting Attorney, the Office of the Administrator and Human Resources came together with local defense attorneys who have provided legal counsel to the County's indigent population to outline a model for the future of indigent defense in Kalamazoo County. This collaboration culminated in the submission of a Michigan Indigent Defense Commission Act compliance plan/grant request that provided for a non-profit independent system. In December of 2018, the County entered into a contract with Kalamazoo County Defender Inc to provide these services. A transition period from the current contract attorney system to Kalamazoo County Defender Inc occurred from December of 2018 through July of 2019 when Kalamazoo County Defender Inc became fully operational. The County continues to work with all partners to refine indigent defense services within Kalamazoo County.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Kalamazoo, Michigan, for its comprehensive annual financial report for the fiscal year ended December 31, 2018. This was the twenty first consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to meet the Certificate of Achievement Program requirements and we are submitting it to the GFOA to determine its eligibility for a certificate.

The preparation of this report on a timely basis would not have been accomplished without the cooperation of all involved in the financial accounting process. We want to thank members of the Kalamazoo County Board of Commissioners for your interest and support in planning and conducting the financial operations of the County in a responsible and progressive manner.

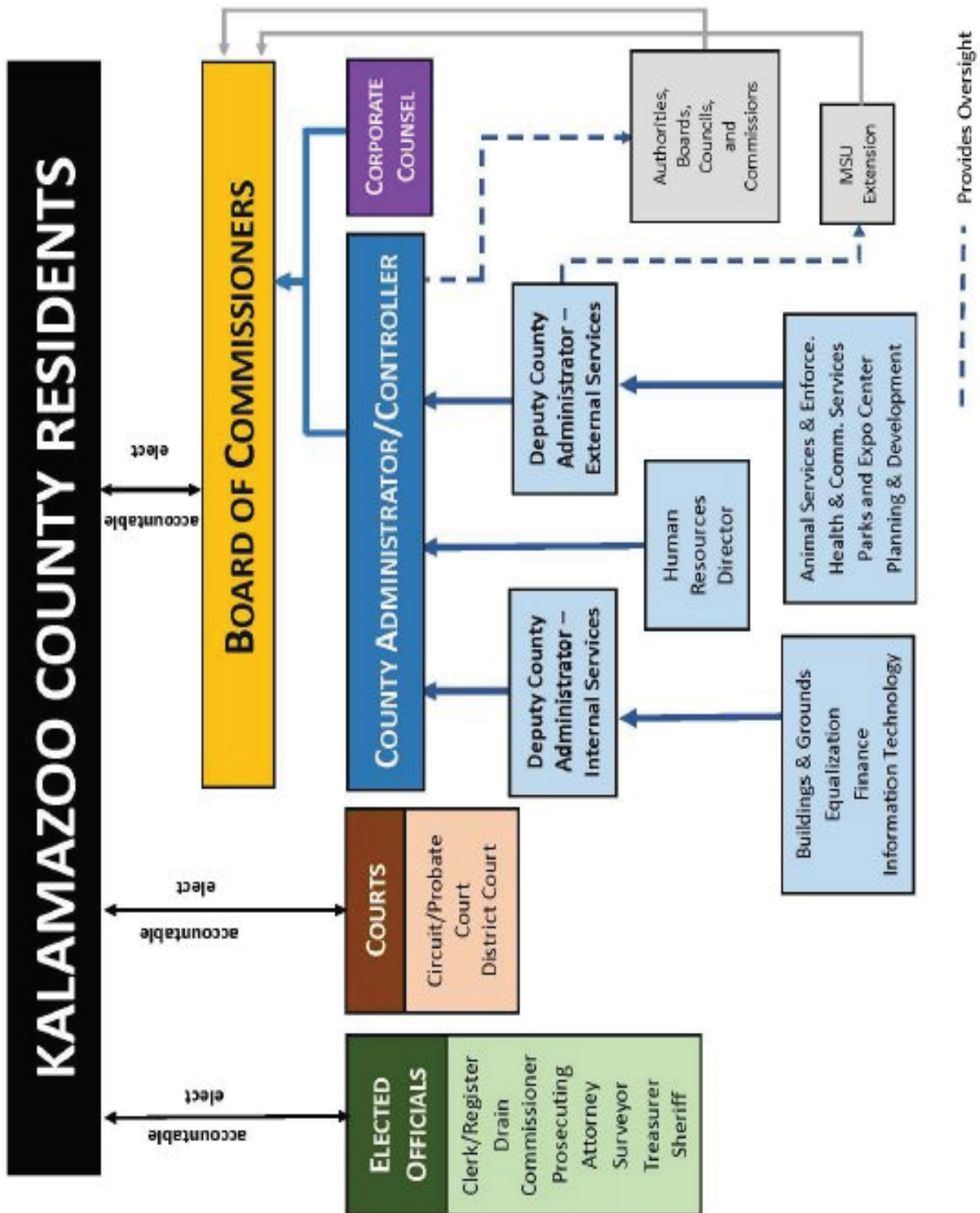
Respectfully submitted,



Tracie L. Moored
Administrator/Controller



Amanda L. Morse
Deputy County Administrator – Internal Service





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**County of Kalamazoo
Michigan**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2018

Christopher P. Morill

Executive Director/CEO

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

June 22, 2020

Honorable Members of the
Board of Commissioners
of the County of Kalamazoo, Michigan
Kalamazoo, 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 the *County of Kalamazoo, Michigan* (the "County"), as of and for the year ended December 31, 2019, 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 did not audit the financial statements of the following entities, which represents the indicated percentages of total aggregate discretely presented component unit assets and deferred outflows of resources, net position, and revenues:

	Percent of Total Assets and Deferred Outflows of Resources	Percent of Total Net Position	Percent of Total Revenues
Integrated Services of Kalamazoo	13.8%	9.0%	54.7%
Kalamazoo County Transportation Authority	0.1%	0.0%	1.8%
Central County Transportation Authority	16.3%	11.5%	13.7%
Kalamazoo County Road Commission	58.5%	68.3%	21.3%
Kalamazoo County Public Housing Commission	0.4%	0.4%	0.8%
Kalamazoo County Consolidated Dispatch Authority	3.6%	4.2%	3.9%

Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the above entities, are based solely on the reports of the other auditors. 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. The financial statements of the Kalamazoo County Transportation Authority and the Kalamazoo County Road Commission were not audited in accordance with *Government Auditing Standards*.

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, based on our audit and the reports of other auditors, 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 the County of Kalamazoo, Michigan, as of December 31, 2019, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and the major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Implementation of GASB Statement No. 84

As described in Note 18, the County implemented the provisions of GASB Statement No. 84, *Fiduciary Activities*, in the current year. Accordingly, beginning net position of governmental activities and fiduciary funds were restated. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the schedules for the pension and other postemployment benefit plans, 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, introductory section, and statistical tables 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.

The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2020, on our consideration of the County of Kalamazoo, Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

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

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MANAGEMENT'S DISCUSSION AND ANALYSIS

COUNTY OF KALAMAZOO, MICHIGAN

Management's Discussion and Analysis

As management of the County of Kalamazoo, Michigan (the "County" or the "government"), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2019. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Financial Highlights

· Total net position	\$205,628,169
· Change in total net position	14,523,221
· Fund balances, governmental funds	64,850,568
· Change in fund balances, governmental funds	5,418,036
· Unassigned fund balance, general fund	31,324,324
· Change in fund balance, general fund	4,839,453
· Installment debt outstanding	27,610,000
· Change in installment debt	(2,085,000)

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic 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 other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements. The government-wide financial statements are designed to provide readers with 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 being net position. Over time, increases or decreases in net position may serve as a useful indicator of 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 (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, public safety, public works, health and welfare, cultural and recreation, judicial and community and economic development. The business-type activities of the County include the Kalamazoo/Battle Creek International Airport, Delinquent Tax Revolving Funds, the Local Government Public Works Financing Fund and the Tax Reversion Fund.

COUNTY OF KALAMAZOO, MICHIGAN

Management's Discussion and Analysis

The government-wide financial statements include not only the County itself (known as the primary government), but also the following legally separate entities: Integrated Services of Kalamazoo (formerly known as Kalamazoo Community Mental Health and Substance Abuse Services), Kalamazoo County Transportation Authority, Central County Transportation Authority, Road Commission, Drainage Districts, Land Bank Authority, Lake Level Districts, Public Housing Commission, Brownfield Redevelopment Authority, and Consolidated Dispatch Authority. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

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

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. 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 various individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and change in fund balances for the General Fund, Law Enforcement Fund, the Senior Millage Fund, and the General County Public Improvement Fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The County adopts an annual appropriated budget for its General Fund and special revenue funds. Budgetary comparison statements or schedules have been provided for the General and special revenue funds to demonstrate compliance with this budget.

Proprietary Funds. The County maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for the Airport Fund, the Delinquent Tax Revolving Fund, the Local Government Public Works Financing Fund and the Tax Reversion Fund. Internal service funds are used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its employee benefits program, technology systems, Alcott facility lease program, central stores activity, personnel pool, local site remediation and insurance. Because these services predominately benefit governmental rather than business-type activities, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Airport Fund, the Delinquent Tax Revolving Fund, and the Local Government Public Works Financing Fund, each considered to be a major fund of the County, as well as the Tax Reversion Fund, the only nonmajor enterprise fund. The County's internal service funds are presented in the proprietary fund financial statements in the Governmental Activities - Internal Service Funds column. Also, individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

COUNTY OF KALAMAZOO, MICHIGAN

Management's Discussion and Analysis

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. The accounting used for fiduciary funds is much like that used for proprietary funds.

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 *required supplementary information* concerning the County's progress in funding its obligation to provide pension and other postemployment benefits to its employees.

The combining and individual fund financial statements and schedules referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information.

Government-Wide Financial Analysis

As previously stated, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$205,628,169 at the close of the most recent fiscal year.

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$145,207,042	\$111,433,436	\$ 30,106,174	\$ 29,450,544	\$175,313,216	\$140,883,980
Capital assets, net	91,996,147	90,244,632	53,526,082	51,030,960	145,522,229	141,275,592
Total assets	237,203,189	201,678,068	83,632,256	80,481,504	320,835,445	282,159,572
Total deferred outflows of resources	7,577,290	21,675,689	415,613	660,927	7,992,903	22,336,616
Long-term debt	25,727,309	26,658,098	8,976,245	9,962,506	34,703,554	36,620,604
Other liabilities	54,196,887	49,558,998	710,004	875,560	54,906,891	50,434,558
Total liabilities	79,924,196	76,217,096	9,686,249	10,838,066	89,610,445	87,055,162
Total deferred inflows of resources	33,324,158	26,380,988	265,576	206,904	33,589,734	26,587,892
Net position						
Net investment in capital assets	70,585,884	67,501,240	50,239,227	47,143,684	120,825,111	114,644,924
Restricted	32,267,283	31,190,162	442,752	430,619	32,710,035	31,620,781
Unrestricted	28,678,958	22,064,271	23,414,065	22,523,158	52,093,023	44,587,429
Total net position	\$131,532,125	\$120,755,673	\$ 74,096,044	\$ 70,097,461	\$205,628,169	\$190,853,134

COUNTY OF KALAMAZOO, MICHIGAN

Management's Discussion and Analysis

A substantial portion of the County's net position, \$120,825,111 (58.8%), reflects its investment in capital assets (e.g., land, in progress assets, intangible easements, land improvements, buildings and improvements, furniture, machinery and equipment, vehicles and books), less any related outstanding debt used to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net position of \$32,710,035 (15.9%) represents resources that are subject to external restrictions on how they may be used. The County may use the remaining balance of unrestricted net position of \$52,093,023 (25.3%) to meet its ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the County is able to report positive balances in all three categories of net position, both for the government as a whole, and for its separate governmental and business-type activities.

COUNTY OF KALAMAZOO, MICHIGAN

Management's Discussion and Analysis

	Change in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Program revenues:						
Charges for services	\$ 14,863,714	\$ 13,947,909	\$ 7,478,835	\$ 7,284,430	\$ 22,342,549	\$ 21,232,339
Operating grants and contributions	35,345,137	30,520,038	341,848	130,062	35,686,985	30,650,100
Capital grants and contributions	-	-	5,678,979	1,091,831	5,678,979	1,091,831
General revenues:						
Property taxes	58,788,815	54,047,666	-	-	58,788,815	54,047,666
Other taxes	3,127,316	3,068,301	-	-	3,127,316	3,068,301
State revenue sharing	5,332,503	5,292,086	-	-	5,332,503	5,292,086
Other	5,300,293	2,441,288	-	-	5,300,293	2,441,288
Total revenues	122,757,778	109,317,288	13,499,662	8,506,323	136,257,440	117,823,611
Expenses:						
General government	18,399,236	13,146,316	-	-	18,399,236	13,146,316
Public safety	28,291,340	33,251,992	-	-	28,291,340	33,251,992
Public works	465,388	440,731	-	-	465,388	440,731
Health and welfare	30,875,354	32,503,422	-	-	30,875,354	32,503,422
Cultural and recreation	4,549,433	4,566,708	-	-	4,549,433	4,566,708
Judicial	30,175,753	24,545,359	-	-	30,175,753	24,545,359
Community and economic development	588,647	868,624	-	-	588,647	868,624
Interest and fiscal charges	715,789	755,701	-	-	715,789	755,701
Airport operations	-	-	7,516,636	7,177,992	7,516,636	7,177,992
Local government public works financing	-	-	156,643	164,390	156,643	164,390
Other enterprise	-	-	-	357,654	-	357,654
Total expenses	114,060,940	110,078,853	7,673,279	7,700,036	121,734,219	117,778,889
Change in net position, before transfers	8,696,838	(761,565)	5,826,383	806,287	14,523,221	44,722
Transfers	1,827,800	1,850,600	(1,827,800)	(1,850,600)	-	-
Change in net position	10,524,638	1,089,035	3,998,583	(1,044,313)	14,523,221	44,722
Net position:						
Beginning of year	120,755,673	119,666,638	70,097,461	71,141,774	190,853,134	190,808,412
Restatement - GASB 84	251,814	-	-	-	251,814	-
End of year	\$131,532,125	\$120,755,673	\$ 74,096,044	\$ 70,097,461	\$205,628,169	\$190,853,134

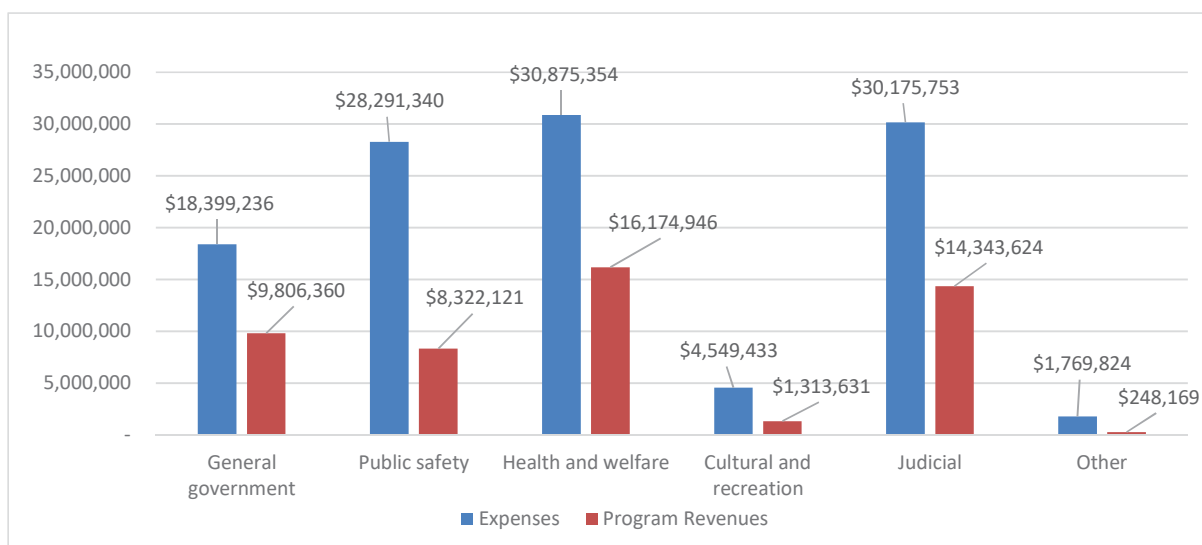
COUNTY OF KALAMAZOO, MICHIGAN

Management's Discussion and Analysis

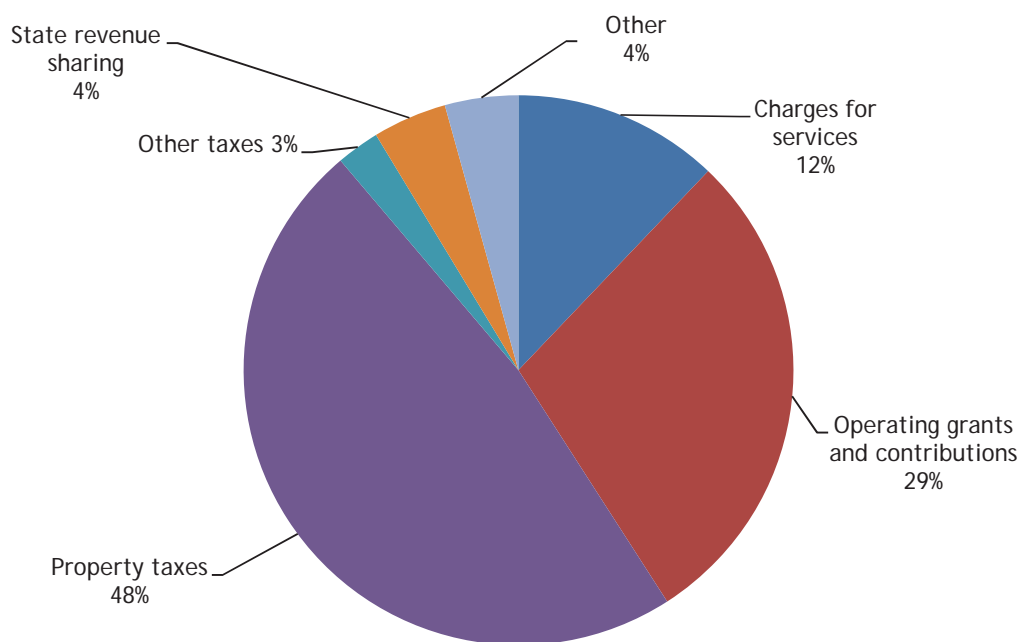
Governmental Activities. Governmental activities increased the County's net position by \$10,524,638. Key elements of this increase consisted of the following:

- Operating grants increased \$4,825,099, which is largely due to receiving \$4,467,950 from the State of Michigan to fund the County's Indigent Defense program.
- Property taxes increased \$4,741,149, which is largely due to a taxable value increase of 4.08% in 2019 and the first year of the Senior Millage levy.
- Other revenue increased \$2,859,005, which is largely due to larger than projected investment earnings.
- Overall expenses increased \$3,982,087, which is largely due to expenditures associated with the Justice Facility construction project and the start of program expenditures associated with the Senior Millage.

Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities

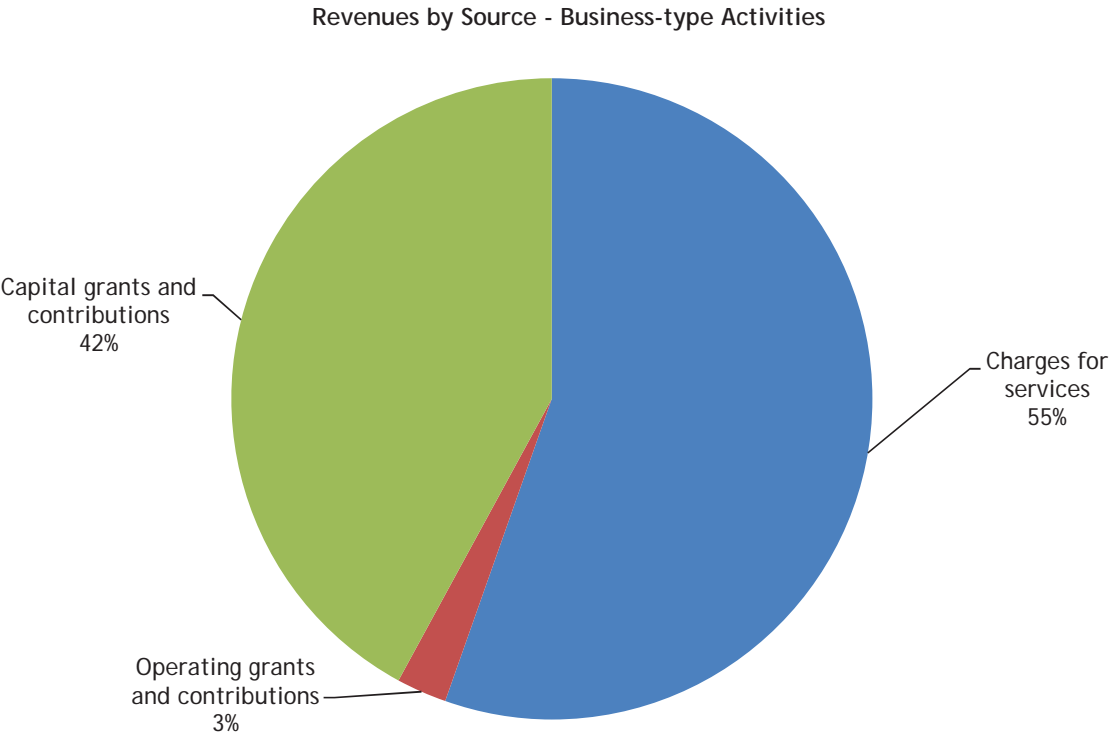
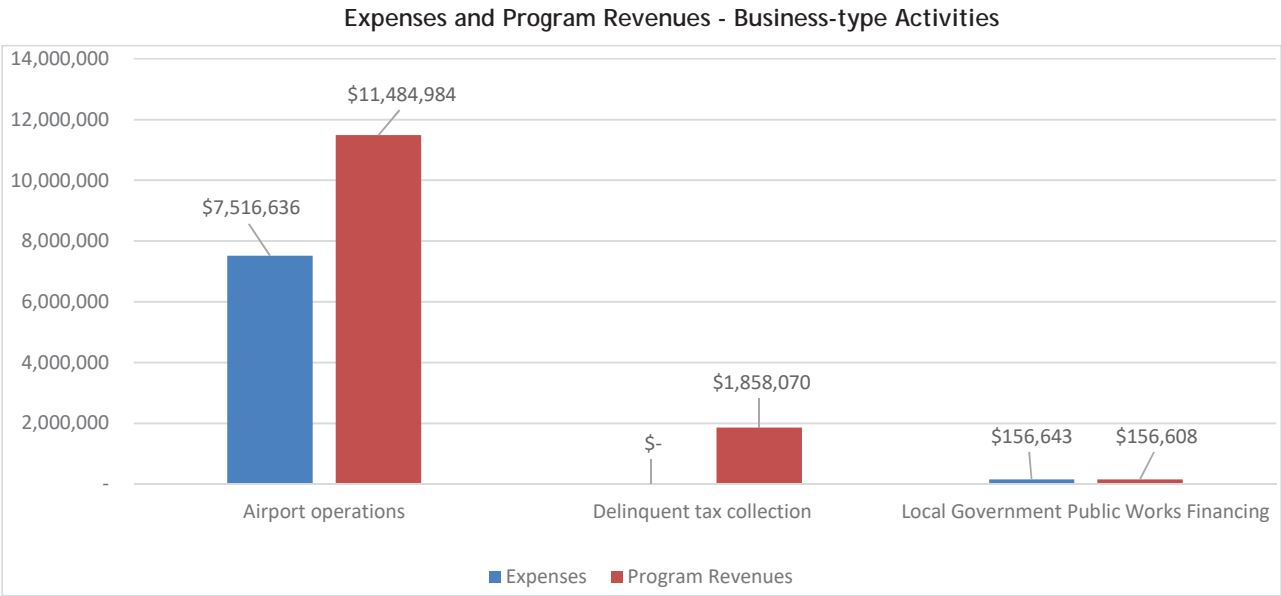


COUNTY OF KALAMAZOO, MICHIGAN

Management's Discussion and Analysis

Business-type Activities. Business-type activities increased the County’s net position by \$3,998,583. Key elements of this increase consisted of the following:

- Capital grants increased \$4,587,148, which is largely due to airport project timing.



COUNTY OF KALAMAZOO, MICHIGAN

Management's Discussion and Analysis

Financial Analysis of the County's Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Fund balance components have been classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the County is bound to observe constraints imposed on the use of the resources of the fund.

Nonspendable fund balances make up \$587,156 (1%) of the 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. The County's inventories, prepaids and advances to component units are nonspendable.

Restricted fund balances make up \$9,503,174 (15%) of the fund balance. Spending of these resources is constrained by externally imposed (statutory, bond covenant, contracts, or grantors) limitations on their use. The amounts are for budget stabilization, debt service, capital, and special revenue funds.

Committed fund balances make up \$4,126,773 (6%) of the fund balance. Spending of these resources is for specific purposes pursuant to constraints imposed by formal action of the Board of Commissioners (the government's highest level of decision-making authority). A formal resolution of the Board of Commissioners is required to establish, modify, or rescind a fund balance commitment.

Assigned fund balance makes up \$19,309,141 (30%) of the fund balance. These funds are primarily assigned for General County Public Improvement fund capital expenditures. Additionally, \$14,328 is assigned within nonmajor governmental funds.

Unassigned fund balance represents the General Fund remaining fund balance. The General Fund unassigned fund balance is available to support general operations of the County. The unassigned amount of \$31,324,324, represents 48% of the total governmental fund balances.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$31,324,324, while total fund balance amounted to \$38,445,688. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 47% of total General Fund expenditures and transfers out, while total fund balance represents 57% of that same amount.

The fund balance of the County's General Fund increased by \$4,839,453 during the current fiscal year. This is largely due to the County experiencing a decrease in the amount of general fund dollars needed to support other County activities by \$2,765,078. The County also experienced the underutilization of budgeted routine operating expenditures by department heads and elected officials in the amount of \$1,853,817.

COUNTY OF KALAMAZOO, MICHIGAN

Management's Discussion and Analysis

The Law Enforcement Fund accounts for specific revenue derived from a special voter-approved millage, state and federal grants, and charges for services, and are to be expended as dictated by legal, regulatory, or administrative requirements. At the end of the current fiscal year, total fund balance of the Law Enforcement Fund was \$761,242. The fund balance of the County's Law Enforcement Fund increased by \$511,924 during the current fiscal year. The key factor in this change is higher than projected interest revenue. The investments in the Law Enforcement fund resulted in interest revenue of \$212,503. Only \$50,000 was budgeted in 2019.

The original Law Enforcement Fund budget projected no change in fund balance. The final amended budget planned for a \$40,700 decrease in fund balance. The actual increase in fund balance was \$511,924. The key factor in this increase is higher than projected interest revenue. The investments in the Law Enforcement fund resulted in interest revenue of \$212,503. Only \$50,000 was budgeted in 2019.

The Senior Millage Fund accounts for specific revenue derived from the senior millage. At the end of the current fiscal year, total fund balance of the Senior Millage fund was \$1,631,576. Fund balance of this fund increased \$1,631,359 during the current fiscal year. The key factor in this change is that expenditures were less than projected due to the time needed to launch the program.

The original and final amended Senior Millage Fund budgets projected no change in fund balance. The actual increase in fund balance was \$1,631,359. The key factor in this change is that due to the time needed to launch the program, expenditures were less than originally projected.

The General County Public Improvement Fund was established to account for renovation/construction projects performed on the County facilities. These projects are funded primarily by the General Fund. The County continues to transfer a portion of the State Shared Revenue payments into the General County Public Improvement Fund to pay for capital facility needs. The fund balance decreased by \$1,924,904, bringing the total fund balance to \$19,294,813. The key factor in this change is that spending for the new Justice Facility increased in 2019. Use of fund balance in the General County Public Improvement Fund has been budgeted for the Justice Facility project.

Proprietary Funds. The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Airport Fund at the end of the year amounted to \$5,792,479. The net position for the Delinquent Tax Revolving Fund amounted to \$16,309,318 and the net position for the Local Government Public Works Financing Fund totaled \$61. The Airport Fund had a total increase in net position of \$3,558,376, the Delinquent Tax Revolving Fund experienced an increase in net position of \$280,270 (primarily as a result of tax collections in excess of transfers out to other funds), and the Local Government Public Works Financing Fund saw a decrease in net position in the amount of \$35. Other factors concerning the finances of these three funds have already been addressed in the discussion of the County's business-type activities.

General Fund Budgetary Highlights

The original General Fund budget projected no change in fund balance. The final amended budget planned for a \$1,406,800 decrease in fund balance. The actual increase in fund balance was \$4,839,453. Significant changes between original and final amended budget are as follows:

- General fund support needed by other funds was lower than projected by \$2,765,078.
- Underutilization of budgeted routine operating expenditures by department heads and elected officials in the amount of \$1,853,817.
- The final amended expended and other financing uses budgeted was \$3,455,800 higher than the initial budget. The increase included an increase of \$2,034,000 for Capital Improvement and a \$1,177,000 budget for general fund support of the Indigent Defense program.

COUNTY OF KALAMAZOO, MICHIGAN

Management's Discussion and Analysis

Revenues

Taxes - \$452,069 over budget. This revenue overage is due the 4.08% increase in taxes. An increase of 2% was used for budgeting purposes.

License and permits - \$106,947 over budget. This revenue overage is primarily due to the collection of dog license fees being approximately \$87,000 higher than projected.

Charges for services - \$184,830 over budget. This revenue overage is primarily due to the State Prisoner reimbursement being \$437,495 over budget which offset revenue shortfalls in other departments.

Fines and forfeitures - \$175,825 under budget. This revenue shortfall is primarily the result of a decrease in collections of ordinances fines and costs in the District Court.

Investment earnings - \$786,764 over budget. This revenue overage is due to investment selections and market conditions that provided earnings higher than projected.

Expenditures

General Government - \$484,777 under budget. This activity was under budget primarily due to overall conservative spending.

Public Safety - \$336,995 over budget. This budget overage is primarily due to overall budget overages in the Sheriff's Department.

Health and welfare - \$209,230 under budget. This activity was under budget primarily due to overall conservative spending.

Judicial - \$348,637 under budget. This activity was under budget primarily due to overall conservative spending by the Circuit Court, District Court and Prosecuting Attorney's Office.

Other - \$255,952 under budget. This activity was under budget primarily due to an unused reserve amount of \$169,200 and unused contingency dollars of \$50,000.

Capital outlay - \$1,501,008 under budget. This activity is under budget primarily due to delayed capital projects.

Transfers Out - \$2,335,877 under budget. This is primarily due to a decrease in the amount of general fund dollars needed to support other County activities.

Capital Assets and Debt Administration

Capital Assets. The County's investment in capital assets for its governmental and business-type activities as of December 31, 2019, amounts to \$145,522,229 (net of accumulated depreciation). This investment in capital assets includes land, in process assets, intangible easements, land improvements, building and improvements, furniture, machinery and equipment, vehicles and books. The total increase in the County's investment in capital assets for the current fiscal year was \$4,246,637 (an increase of 1.9% for governmental activities and an increase of 4.9% for business-type activities).

COUNTY OF KALAMAZOO, MICHIGAN

Management's Discussion and Analysis

Significant additions to capital assets are as follows:

- Animal Services Building
- Records Management System
- 13 Vehicles

	Capital Assets (Net of Depreciation)					
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 4,201,921	\$ 4,201,921	\$ 5,323,562	\$ 5,323,562	\$ 9,525,483	\$ 9,525,483
Construction in progress	2,597,445	2,321,136	9,065,942	3,983,614	11,663,387	6,304,750
Intangible easements	147,493	147,493	-	-	147,493	147,493
Land improvements	6,239,381	6,844,002	12,500,165	13,684,212	18,739,546	20,528,214
Buildings and improvements	72,897,428	70,753,697	25,523,693	26,352,721	98,421,121	97,106,418
Furniture, machinery and equipment	4,471,976	4,352,928	934,724	1,425,812	5,406,700	5,778,740
Vehicles	1,436,796	1,618,689	177,996	261,039	1,614,792	1,879,728
Law library books	3,707	4,766	-	-	3,707	4,766
Total	\$ 91,996,147	\$ 90,244,632	\$ 53,526,082	\$ 51,030,960	\$ 145,522,229	\$ 141,275,592

Additional information on the County's capital assets can be found in Note 7 of this report.

Long-Term Debt. At the end of the current fiscal year, the County had total long-term debt outstanding of \$34,703,554, a decrease of \$1,917,050 from the prior year, mainly due to installment payments made during the year.

	General Obligation and Revenue Bonds					
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
General obligation bonds	\$ 19,090,000	\$ 20,235,000	\$ 8,520,000	\$ 9,460,000	\$ 27,610,000	\$ 29,695,000
Bond premium/discount	2,491,870	2,693,913	356,158	394,776	2,848,028	3,088,689
Compensated absences	4,145,439	3,729,185	100,087	107,730	4,245,526	3,836,915
Total	\$ 25,727,309	\$ 26,658,098	\$ 8,976,245	\$ 9,962,506	\$ 34,703,554	\$ 36,620,604

The County maintains an "AA+" rating from Standard & Poor's and "Aa3" rating from Moody's for its general obligation debt. State statutes limit the amount of general obligation debt a governmental entity may issue to 10% of its total state equalized valuation.

The current debt limitation for the County is \$1,057,853,171, which is significantly higher than the County's outstanding general obligation debt. Additional information on the County's long-term obligations is found in Note 8.

COUNTY OF KALAMAZOO, MICHIGAN

Management's Discussion and Analysis

Economic Factors and Next Year's Budget and Rates

- The unemployment rate for the County as of April 2020 is 18.0% which is a 14.9 % increase from the rate a year ago. This is lower than the state average of 22.7% and associated with the closures related to COVID19.
- Property values increased by 4.04% in 2020.
- Inflationary trends in the region compare favorable to national indices.
- In March 2020, the World Health Organization declared the novel coronavirus outbreak (COVID-19) to be a global pandemic. The COVID-19 virus and the economic effects of the efforts to mitigate its spread have created a large amount of future economic uncertainty. At this time, we do not have enough information to accurately quantify the extent of this effect although we expect a material effect in all aspects of our operations and funding.

These factors were considered in preparing and monitoring the County's budget for the 2020 fiscal year.

At calendar year end, the unassigned fund balance in the General Fund was \$31,324,324. This has allowed the County to adopt a balanced budget and eliminates the need to raise taxes or charges above the current recommended levels during the 2020 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report, or requests for additional financial information, may be addressed to Financial Reporting Manager, County of Kalamazoo, Michigan, 201 West Kalamazoo Avenue, Kalamazoo, Michigan 49007.

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BASIC FINANCIAL STATEMENTS

COUNTY OF KALAMAZOO, MICHIGAN

Statement of Net Position

December 31, 2019

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ -	\$ 10,519,141	\$ 10,519,141	\$ 33,308,489
Restricted cash	119,611	471	120,082	991,768
Investments	85,690,812	4,325,590	90,016,402	6,928,247
Receivables, net	27,228,028	14,409,138	41,637,166	17,401,337
Restricted receivables	-	92,373	92,373	-
Internal balances	(155,138)	155,138	-	-
Advances to component unit	378,315	-	378,315	-
Other assets	6,895,534	160,757	7,056,291	3,233,123
Capital assets not being depreciated	6,946,859	14,389,504	21,336,363	27,623,355
Capital assets being depreciated, net	85,049,288	39,136,578	124,185,866	168,715,387
Net pension asset	25,049,880	443,566	25,493,446	8,929,172
Total assets	237,203,189	83,632,256	320,835,445	267,130,878
Deferred outflows of resources				
Deferred charge on refunding	171,607	277,386	448,993	-
Deferred pension amounts	4,760,544	90,943	4,851,487	10,125,865
Deferred other postemployment benefit amounts	2,645,139	47,284	2,692,423	5,546,692
Total deferred outflows of resources	7,577,290	415,613	7,992,903	15,672,557
Liabilities				
Negative equity in pooled cash and cash equivalents	9,282,963	-	9,282,963	-
Accounts payable and accrued liabilities	11,368,015	490,613	11,858,628	13,663,075
Advances from primary government	-	-	-	378,315
Unearned revenue	735,110	15,027	750,137	904,793
Long-term debt:				
Due within one year	4,674,703	1,056,351	5,731,054	2,260,922
Due in more than one year	21,052,606	7,919,894	28,972,500	11,626,367
Net other postemployment benefit liability (due in more than one year)	32,810,799	204,364	33,015,163	14,050,575
Total liabilities	79,924,196	9,686,249	89,610,445	42,884,047
Deferred inflows of resources				
Property taxes levied for subsequent period	18,206,021	-	18,206,021	594,079
Deferred pension amounts	6,931,122	184,601	7,115,723	2,258,573
Deferred other postemployment benefit amounts	8,187,015	80,975	8,267,990	1,692,892
Total deferred inflows of resources	33,324,158	265,576	33,589,734	4,545,544
Net position				
Net investment in capital assets	70,585,884	50,239,227	120,825,111	189,453,072
Restricted for:				
Public safety	2,729,626	-	2,729,626	-
Public works	242	-	242	-
Health and welfare	1,632,060	-	1,632,060	-
Cultural and recreation	6,991	-	6,991	-
Judicial	455	-	455	-
Community and economic development	293,940	-	293,940	-
Debt service	130,100	-	130,100	694,848
Capital projects	-	92,844	92,844	-
Pension	22,879,302	349,908	23,229,210	16,796,464
Budget stabilization	2,500,000	-	2,500,000	-
Other state mandated programs	2,094,567	-	2,094,567	-
Donor specified purposes	-	-	-	69,865
Replacement and insurance escrow reserves	-	-	-	214,148
Assets held at Community Foundation	-	-	-	180,130
Millage service agreement	-	-	-	608,361
Unrestricted	28,678,958	23,414,065	52,093,023	27,356,956
Total net position	\$ 131,532,125	\$ 74,096,044	\$ 205,628,169	\$ 235,373,844

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

COUNTY OF KALAMAZOO, MICHIGAN

Statement of Activities

For the Year Ended December 31, 2019

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities:					
General government	\$ 18,399,236	\$ 4,429,880	\$ 5,376,480	\$ -	\$ (8,592,876)
Public safety	28,291,340	3,502,946	4,819,175	-	(19,969,219)
Public works	465,388	42,911	-	-	(422,477)
Health and welfare	30,875,354	1,869,719	14,305,227	-	(14,700,408)
Cultural and recreation	4,549,433	1,212,077	101,554	-	(3,235,802)
Judicial	30,175,753	3,600,923	10,742,701	-	(15,832,129)
Community and economic development	588,647	205,258	-	-	(383,389)
Interest and fiscal charges	715,789	-	-	-	(715,789)
Total governmental activities	114,060,940	14,863,714	35,345,137	-	(63,852,089)
Business-type activities:					
Airport operations	7,516,636	5,545,334	260,671	5,678,979	3,968,348
Delinquent tax collection and administration	-	1,777,053	81,017	-	1,858,070
Local government public works financing	156,643	156,448	160	-	(35)
Total business-type activities	7,673,279	7,478,835	341,848	5,678,979	5,826,383
Total primary government	\$ 121,734,219	\$ 22,342,549	\$ 35,686,985	\$ 5,678,979	\$ (58,025,706)
Component units					
Integrated Services of Kalamazoo	\$ 85,229,575	\$ 1,477,942	\$ 81,086,810	\$ 1,250	\$ (2,663,573)
Kalamazoo County Transportation Authority	2,765,368	-	110,813	-	(2,654,555)
Central County Transportation Authority	21,841,141	2,699,587	11,021,039	3,026,294	(5,094,221)
Road Commission	23,353,669	1,531,278	30,228,073	-	8,405,682
Drainage Districts	491,783	-	-	-	(491,783)
Land Bank Authority	3,199,949	1,243,108	1,198,157	-	(758,684)
Lake Level	1,356	-	-	-	(1,356)
Public Housing Commission	1,069,148	18,360	1,181,205	-	130,417
Brownfield Redevelopment Authority	785,344	20,027	183,998	-	(581,319)
Consolidated Dispatch Authority	4,775,164	1,611,913	4,300,000	-	1,136,749
Total component units	\$ 143,512,497	\$ 8,602,215	\$ 129,310,095	\$ 3,027,544	\$ (2,572,643)

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COUNTY OF KALAMAZOO, MICHIGAN

Statement of Activities

For the Year Ended December 31, 2019

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Changes in net position				
Net revenue (expense)	\$ (63,852,089)	\$ 5,826,383	\$ (58,025,706)	\$ (2,572,643)
General revenues:				
Property taxes	58,788,815	-	58,788,815	8,728,340
Lodging excise taxes	3,127,316	-	3,127,316	-
State revenue sharing	5,332,503	-	5,332,503	-
Unrestricted investment earnings	2,398,950	-	2,398,950	343,688
Gain on sale of capital assets	-	-	-	178,920
Other revenues	2,901,343	-	2,901,343	1,094,220
Transfers - internal activities	1,827,800	(1,827,800)	-	-
Total general revenues and transfers	74,376,727	(1,827,800)	72,548,927	10,345,168
Change in net position	10,524,638	3,998,583	14,523,221	7,772,525
Net position, beginning of year, as restated	121,007,487	70,097,461	191,104,948	227,601,319
Net position, end of year	\$ 131,532,125	\$ 74,096,044	\$ 205,628,169	\$ 235,373,844

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

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COUNTY OF KALAMAZOO, MICHIGAN

Balance Sheet

Governmental Funds

December 31, 2019

	General Fund	Law Enforcement	Senior Millage
Assets			
Cash and cash equivalents	\$ -	\$ 737,337	\$ 2,025,167
Restricted cash	-	-	-
Investments	64,148,946	2,017,750	-
Receivables, net:			
Accounts	285,210	17,500	-
Taxes	1,160,313	11,043,273	2,667,316
Due from other governments	846,414	-	-
Accrued interest	221,383	6,142	-
Advances to component units	378,315	-	-
Inventories	20,649	-	-
Prepays	173,677	-	-
Total assets	\$ 67,234,907	\$ 13,822,002	\$ 4,692,483
Liabilities			
Negative equity in pooled cash and cash equivalents	\$ 24,713,015	\$ -	\$ -
Accounts payable	2,031,215	34,622	-
Accrued liabilities	969,298	353,916	-
Due to other governments	5,935	-	-
Deposits payable	36,915	-	-
Unearned revenue	124	-	-
Total liabilities	27,756,502	388,538	-
Deferred inflows of resources			
Property taxes levied for subsequent period	-	12,654,413	3,060,423
Unavailable revenue - property taxes	1,032,717	17,809	484
Total deferred inflows of resources	1,032,717	12,672,222	3,060,907
Fund balances			
Nonspendable	572,641	-	-
Restricted	2,500,000	683,192	1,631,576
Committed	4,048,723	78,050	-
Assigned	-	-	-
Unassigned	31,324,324	-	-
Total fund balances	38,445,688	761,242	1,631,576
Total liabilities, deferred inflows of resources and fund balances	\$ 67,234,907	\$ 13,822,002	\$ 4,692,483

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

General County Public Improvement	Nonmajor Governmental Funds	Total Governmental Funds
\$ 5,702,907	\$ 5,088,966	\$ 13,554,377
119,611	-	119,611
13,500,000	1,029,433	80,696,129
-	1,004,541	1,307,251
-	2,160,821	17,031,723
-	5,791,035	6,637,449
249,118	20,960	497,603
-	-	378,315
-	770	21,419
-	13,745	187,422
<u>\$ 19,571,636</u>	<u>\$ 15,110,271</u>	<u>\$ 120,431,299</u>
\$ -	\$ 2,957,562	\$ 27,670,577
273,443	2,863,143	5,202,423
3,380	552,225	1,878,819
-	774,714	780,649
-	15,469	52,384
-	734,986	735,110
<u>276,823</u>	<u>7,898,099</u>	<u>36,319,962</u>
-	2,491,185	18,206,021
-	3,738	1,054,748
<u>-</u>	<u>2,494,923</u>	<u>19,260,769</u>
-	14,515	587,156
-	4,688,406	9,503,174
-	-	4,126,773
19,294,813	14,328	19,309,141
-	-	31,324,324
<u>19,294,813</u>	<u>4,717,249</u>	<u>64,850,568</u>
<u>\$ 19,571,636</u>	<u>\$ 15,110,271</u>	<u>\$ 120,431,299</u>

COUNTY OF KALAMAZOO, MICHIGAN

Reconciliation

Fund Balances of Governmental Funds
to Net Position of Governmental Activities
December 31, 2019

Fund balances - total governmental funds	\$ 64,850,568
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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 fund statements.

Capital assets not being depreciated	6,946,859
Capital assets being depreciated, net	85,049,288
Less: amounts accounted for in internal service funds	(1,472,236)

The focus of governmental funds is on short-term financing. Accordingly, some assets will not be 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.

Deferred inflows for property taxes receivable	1,054,748
------------------------------------------------	-----------

Internal service funds are used by management to charge the costs of certain activities, such as insurance and other centralized costs, to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities.

Net position of governmental activities accounted for in internal service funds:

Total internal service fund net position	16,466,095
Internal service fund net position accounted for in business-type activities	(155,138)

Certain liabilities, such as bonds payable, are not due and payable in the current period, and therefore are not reported in the funds.

Bonds payable	(19,090,000)
Bond premiums/discounts, net	(2,491,870)
Deferred charge on bond refunding	171,607
Compensated absences	(4,145,439)
Less: amounts accounted for in internal service funds	44,339
Accrued interest on long-term debt	(223,323)

Certain pension and OPEB-related amounts, such as the net pension asset, net other postemployment benefit 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 asset	25,049,880
Net other postemployment benefit liability	(32,810,799)
Deferred outflows related to the net pension asset	4,760,544
Deferred outflows related to the net other postemployment benefit liability	2,645,139
Deferred inflows related to the net pension asset	(6,931,122)
Deferred inflows related to the net other postemployment benefit liability	(8,187,015)

Net position of governmental activities	<u><u>\$ 131,532,125</u></u>
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The accompanying notes are an integral part of these basic financial statements.

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COUNTY OF KALAMAZOO, MICHIGAN

Statement of Revenues, Expenditures and Change in Fund Balances

Governmental Funds

For the Year Ended December 31, 2019

	General Fund	Law Enforcement	Senior Millage
Revenues			
Taxes	\$ 41,169,569	\$ 12,221,519	\$ 2,952,727
Licenses and permits	841,647	-	-
Intergovernmental	14,497,457	583,053	-
Charges for services	7,697,930	-	-
Fines and forfeitures	1,076,875	-	-
Investment earnings	1,819,764	212,503	-
Contributions, grants and reimbursements	59,657	-	-
Other	2,809,738	-	-
Total revenues	69,972,637	13,017,075	2,952,727
Expenditures			
Current:			
General government	13,614,323	-	-
Public safety	18,360,795	7,728,816	-
Public works	381,619	-	-
Health and welfare	5,040,170	562,634	-
Cultural and recreation	-	-	-
Judicial	13,065,263	3,908,568	-
Community and economic development	573,470	-	-
Other	1,740,948	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Capital outlay	1,053,392	-	-
Total expenditures	53,829,980	12,200,018	-
Revenues over (under) expenditures	16,142,657	817,057	2,952,727
Other financing sources (uses)			
Transfers in	1,911,800	-	-
Transfers out	(13,243,523)	(305,133)	(1,321,368)
Proceeds from sale of capital assets	28,519	-	-
Total other financing sources (uses)	(11,303,204)	(305,133)	(1,321,368)
Net change in fund balances	4,839,453	511,924	1,631,359
Fund balances, beginning of year, as restated	33,606,235	249,318	217
Fund balances, end of year	\$ 38,445,688	\$ 761,242	\$ 1,631,576

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

General County Public Improvement	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 5,641,318	\$ 61,985,133
-	802,076	1,643,723
-	24,905,759	39,986,269
-	4,413,015	12,110,945
-	-	1,076,875
321,928	44,755	2,398,950
-	631,714	691,371
-	123,776	2,933,514
<u>321,928</u>	<u>36,562,413</u>	<u>122,826,780</u>
-	90,793	13,705,116
-	3,775,494	29,865,105
-	-	381,619
-	24,549,564	30,152,368
-	3,833,161	3,833,161
-	11,494,187	28,468,018
-	216,626	790,096
-	-	1,740,948
-	1,145,000	1,145,000
-	914,106	914,106
<u>5,645,486</u>	<u>49,648</u>	<u>6,748,526</u>
<u>5,645,486</u>	<u>46,068,579</u>	<u>117,744,063</u>
<u>(5,323,558)</u>	<u>(9,506,166)</u>	<u>5,082,717</u>
3,742,454	10,480,164	16,134,418
(343,800)	(613,794)	(15,827,618)
-	-	28,519
<u>3,398,654</u>	<u>9,866,370</u>	<u>335,319</u>
(1,924,904)	360,204	5,418,036
<u>21,219,717</u>	<u>4,357,045</u>	<u>59,432,532</u>
<u>\$ 19,294,813</u>	<u>\$ 4,717,249</u>	<u>\$ 64,850,568</u>

COUNTY OF KALAMAZOO, MICHIGAN

Reconciliation

Net Change in Fund Balances of Governmental Funds
to Change in Net Position of Governmental Activities
For the Year Ended December 31, 2019

Net change in fund balances - total governmental funds \$ 5,418,036

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.

Capital assets purchased/constructed	6,414,900
Depreciation expense	(4,469,580)
Proceeds from sale of capital assets	(28,519)
Loss on sale of capital assets	(40,270)

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

Change in deferred property taxes receivable	(69,002)
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Bond proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds increases long-term debt in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term debt in the statement of net position.

Principal payments on long-term debt	1,145,000
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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 governmental funds.

Change in accrued interest payable on long-term debt	10,188
Amortization of bond premiums/discounts	202,043
Amortization of deferred charge on refunding	(13,914)
Change in the accrual for compensated absences	(414,528)
Change in the net pension asset and related deferred amounts	(1,526,607)
Change in the net other postemployment benefit liability and related deferred amounts	2,183,651

An internal service fund is used by management to charge the costs of certain services to individual governmental funds. The net revenue (expense) attributable to those funds is reported with governmental activities.

Net operating loss of the internal service funds	(86,604)
Operating income of the internal service funds allocated to business-type activities	(23,837)
Investment income accounted for in the internal service funds	316,509
Loss on sale of capital assets from internal service funds	(13,828)
Operating transfers accounted for in the internal service funds	1,521,000

Change in net position of governmental activities	<u>\$ 10,524,638</u>
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The accompanying notes are an integral part of these basic financial statements.

COUNTY OF KALAMAZOO, MICHIGAN

Statement of Revenues, Expenditures and Change in Fund Balances

Budget and Actual - General Fund

For the Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 40,694,500	\$ 40,717,500	\$ 41,169,569	\$ 452,069
Licenses and permits	674,500	734,700	841,647	106,947
Intergovernmental	14,252,900	14,489,800	14,497,457	7,657
Charges for services	6,884,500	7,513,100	7,697,930	184,830
Fines and forfeitures	1,260,700	1,252,700	1,076,875	(175,825)
Investment earnings	908,000	1,033,000	1,819,764	786,764
Contributions, grants, and reimbursements	5,000	45,000	59,657	14,657
Other	1,773,200	2,714,700	2,809,738	95,038
Total revenues	66,453,300	68,500,500	69,972,637	1,472,137
Expenditures				
Current:				
General government	12,720,900	14,099,100	13,614,323	(484,777)
Public safety	17,836,600	18,023,800	18,360,795	336,995
Public works	417,400	441,900	381,619	(60,281)
Health and welfare	5,103,200	5,249,400	5,040,170	(209,230)
Judicial	14,318,200	13,413,900	13,065,263	(348,637)
Community and economic development	651,700	603,300	573,470	(29,830)
Other	3,067,300	1,996,900	1,740,948	(255,952)
Capital outlay	951,000	2,554,400	1,053,392	(1,501,008)
Total expenditures	55,066,300	56,382,700	53,829,980	(2,552,720)
Revenues over expenditures	11,387,000	12,117,800	16,142,657	4,024,857
Other financing sources (uses)				
Transfers in	2,053,000	2,054,800	1,911,800	(143,000)
Transfers out	(13,440,000)	(15,579,400)	(13,243,523)	(2,335,877)
Proceeds from sale of capital assets	-	-	28,519	28,519
Total other financing uses	(11,387,000)	(13,524,600)	(11,303,204)	(2,221,396)
Net change in fund balance	-	(1,406,800)	4,839,453	6,246,253
Fund balance, beginning of year, as restated	33,606,235	33,606,235	33,606,235	-
Fund balance, end of year	\$ 33,606,235	32,199,435	\$ 38,445,688	\$ 6,246,253

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

COUNTY OF KALAMAZOO, MICHIGAN

Statement of Revenues, Expenditures and Change in Fund Balance

Budget and Actual - Law Enforcement Fund
For the Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 12,150,800	\$ 12,150,800	\$ 12,221,519	\$ 70,719
Intergovernmental	498,000	500,500	583,053	82,553
Investment earnings	50,000	50,000	212,503	162,503
Total revenues	12,698,800	12,701,300	13,017,075	315,775
Expenditures				
Current:				
Public safety:				
Community corrections	11,000	11,000	11,000	-
Sheriff - admin/support	204,800	190,500	183,650	(6,850)
Sheriff - jail	5,028,500	5,006,200	4,986,142	(20,058)
Sheriff - field operations	1,927,000	1,944,700	1,949,737	5,037
Animal services & enforcement	362,100	373,300	358,668	(14,632)
Capital improvements	273,600	314,300	239,619	(74,681)
Total public safety	7,807,000	7,840,000	7,728,816	(111,184)
Health and welfare -				
Circuit court family division	548,000	571,600	562,634	(8,966)
Judicial:				
Prosecuting attorney	2,055,300	1,966,900	1,940,109	(26,791)
Circuit court trial division	570,700	587,600	563,124	(24,476)
District court	1,407,800	1,405,900	1,405,335	(565)
Total judicial	4,033,800	3,960,400	3,908,568	(51,832)
Other:				
Contingencies	50,000	50,000	-	(50,000)
Total expenditures	12,438,800	12,422,000	12,200,018	(221,982)
Revenues over expenditures	260,000	279,300	817,057	537,757
Other financing uses				
Transfers out	(260,000)	(320,000)	(305,133)	(14,867)
Net change in fund balance	-	(40,700)	511,924	552,624
Fund balance, beginning of year	249,318	249,318	249,318	-
Fund balance, end of year	\$ 249,318	\$ 208,618	\$ 761,242	\$ 552,624

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

COUNTY OF KALAMAZOO, MICHIGAN

Statement of Revenues, Expenditures and Change in Fund Balance

Budget and Actual - Senior Millage Fund
For the Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 2,900,000	\$ 2,900,000	\$ 2,952,727	\$ 52,727
Other financing uses				
Transfers out	(2,900,000)	(2,900,000)	(1,321,368)	(1,578,632)
Net change in fund balance	-	-	1,631,359	1,631,359
Fund balance, beginning of year	217	217	217	-
Fund balance, end of year	\$ 217	\$ 217	\$ 1,631,576	\$ 1,631,359

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

COUNTY OF KALAMAZOO, MICHIGAN

Statement of Net Position

Proprietary Funds
December 31, 2019

	Business-type Activities - Enterprise Funds					Governmental Activities
	Airport	Delinquent Tax Revolving	Local Government Public Works Financing	Nonmajor Fund - Tax Reversion	Total	Internal Service Funds
Assets						
Current assets:						
Cash and cash equivalents	\$ 2,961,236	\$ 6,679,189	\$ 61	\$ 878,655	\$ 10,519,141	\$ 4,833,237
Investments	2,000,480	2,325,110	-	-	4,325,590	4,994,683
Receivables, net:						
Accounts	489,241	-	-	13,788	503,029	1,712,337
Taxes	-	7,295,740	-	300,044	7,595,784	-
Due from other governments	956,693	-	-	-	956,693	-
Leases, current portion	-	-	395,911	-	395,911	-
Accrued interest	6,434	9,279	-	-	15,713	41,665
Inventories	55,406	-	-	-	55,406	109,199
Prepays	105,351	-	-	-	105,351	6,577,494
Total current assets	6,574,841	16,309,318	395,972	1,192,487	24,472,618	18,268,615
Noncurrent assets:						
Restricted cash and cash equivalents	471	-	-	-	471	-
Restricted accounts receivable	92,373	-	-	-	92,373	-
Leases receivable, net of current portion	-	-	4,942,008	-	4,942,008	-
Capital assets not being depreciated	14,389,504	-	-	-	14,389,504	-
Capital assets being depreciated, net	39,136,578	-	-	-	39,136,578	1,472,236
Net pension asset	443,566	-	-	-	443,566	-
Total noncurrent assets	54,062,492	-	4,942,008	-	59,004,500	1,472,236
Total assets	60,637,333	16,309,318	5,337,980	1,192,487	83,477,118	19,740,851
Deferred outflows of resources						
Deferred charge on refunding	277,386	-	-	-	277,386	-
Deferred pension amounts	90,943	-	-	-	90,943	-
Deferred other postemployment benefit amounts	47,284	-	-	-	47,284	-
Total deferred outflows of resources	415,613	-	-	-	415,613	-
Liabilities						
Current liabilities:						
Accounts payable	274,708	-	-	35,418	310,126	746,225
Accrued liabilities	41,817	-	-	-	41,817	243,083
Due to other governments	81,786	-	-	-	81,786	-
Deposits payable	11,128	-	-	-	11,128	69,141
Accrued interest	19,754	-	26,002	-	45,756	-
Unearned revenue	15,027	-	-	-	15,027	-
Current portion of long-term debt	686,442	-	369,909	-	1,056,351	34,434
Total current liabilities	1,130,662	-	395,911	35,418	1,561,991	1,092,883
Noncurrent liabilities, net of current portion:						
Claims payable	-	-	-	-	-	2,171,968
Long-term debt	2,977,886	-	4,942,008	-	7,919,894	9,905
Net other postemployment benefit liability	204,364	-	-	-	204,364	-
Total noncurrent liabilities	3,182,250	-	4,942,008	-	8,124,258	2,181,873
Total liabilities	4,312,912	-	5,337,919	35,418	9,686,249	3,274,756
Deferred inflows of resources						
Deferred pension amounts	184,601	-	-	-	184,601	-
Deferred other postemployment benefit amounts	80,975	-	-	-	80,975	-
Total deferred inflows of resources	265,576	-	-	-	265,576	-
Net position						
Net investment in capital assets	50,239,227	-	-	-	50,239,227	1,472,236
Restricted for capital projects	92,844	-	-	-	92,844	-
Restricted for pension	349,908	-	-	-	349,908	-
Unrestricted	5,792,479	16,309,318	61	1,157,069	23,258,927	14,993,859
Total net position	\$ 56,474,458	\$ 16,309,318	\$ 61	\$ 1,157,069	\$ 73,940,906	\$ 16,466,095

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

COUNTY OF KALAMAZOO, MICHIGAN

Reconciliation

Net Position of Enterprise Funds
to Net Position of Business-type Activities
December 31, 2019

Net position - total enterprise funds \$ 73,940,906

Amounts reported for *business-type activities* in the statement of net position are different because:

Internal service funds are used by management to charge the costs of certain activities, such as insurance and other centralized costs, to individual funds. A portion of the net position of the internal service funds is allocated to the enterprise funds and reported in the statement of net position.

Net position of business-type activities accounted for in governmental-type internal service funds

155,138

Net position of business-type activities \$ 74,096,044

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

COUNTY OF KALAMAZOO, MICHIGAN

Statement of Revenues, Expenses and Change in Fund Net Position

Proprietary Funds

For the Year Ended December 31, 2019

	Business-type Activities - Enterprise Funds					Governmental Activities
	Airport	Delinquent Tax Revolving	Local Government Public Works Financing	Nonmajor Fund - Tax Reversion	Total	Internal Service Funds
Operating revenues						
Charges for services	\$ 4,527,202	\$ -	\$ -	\$ -	\$ 4,527,202	\$ 26,028,442
Collection fees	-	447,637	-	918,951	1,366,588	-
Interest and penalties	-	1,329,416	-	99,181	1,428,597	-
Lease interest revenue	-	-	156,448	-	156,448	-
Total operating revenues	4,527,202	1,777,053	156,448	1,018,132	7,478,835	26,028,442
Operating expenses						
Salaries and fringes	1,456,750	-	-	-	1,456,750	1,697,148
Supplies and other operating expenses	2,313,557	-	-	631,997	2,945,554	2,080,911
Depreciation	2,988,980	-	-	-	2,988,980	298,854
Insurance benefits and claims	-	-	-	-	-	22,038,133
Total operating expenses	6,759,287	-	-	631,997	7,391,284	26,115,046
Operating income (loss)	(2,232,085)	1,777,053	156,448	386,135	87,551	(86,604)
Nonoperating revenues (expenses)						
Investment earnings	223,171	81,017	160	-	304,348	316,509
Other contract revenue	37,500	-	-	-	37,500	-
Interest expense	(131,419)	-	(156,643)	-	(288,062)	-
Loss on sale of capital assets	(17,770)	-	-	-	(17,770)	(13,828)
Total nonoperating revenues (expenses)	111,482	81,017	(156,483)	-	36,016	302,681
Income (loss) before capital contributions and transfers	(2,120,603)	1,858,070	(35)	386,135	123,567	216,077
Capital contributions						
Passenger facility charges	311,494	-	-	-	311,494	-
Grants and donations	5,367,485	-	-	-	5,367,485	-
Total capital contributions	5,678,979	-	-	-	5,678,979	-
Income (loss) before transfers	3,558,376	1,858,070	(35)	386,135	5,802,546	216,077
Transfers in	-	-	-	-	-	1,521,000
Transfers out	-	(1,577,800)	-	(250,000)	(1,827,800)	-
Change in net position	3,558,376	280,270	(35)	136,135	3,974,746	1,737,077
Net position, beginning of year	52,916,082	16,029,048	96	1,020,934	69,966,160	14,729,018
Net position, end of year	\$ 56,474,458	\$ 16,309,318	\$ 61	\$ 1,157,069	\$ 73,940,906	\$ 16,466,095

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

COUNTY OF KALAMAZOO, MICHIGAN

Reconciliation

Net Change in Fund Net Position of Enterprise Funds
to Change in Net Position of Business-type Activities
For the Year Ended December 31, 2019

Change in net position - total enterprise funds	\$ 3,974,746
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Amounts reported for *business-type activities* in the statement of activities
are different because:

Internal service funds are used by management to charge the costs of certain activities, such as insurance and other centralized costs, to individual funds. A portion of the operating loss of the internal service funds is allocated to the enterprise funds and reported in the statement of activities.

Net operating income from business-type activities accounted for in governmental-type internal service funds	23,837
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Change in net position of business-type activities	<u>\$ 3,998,583</u>
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The accompanying notes are an integral part of these basic financial statements.

COUNTY OF KALAMAZOO, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended December 31, 2019

	Business-type Activities - Enterprise Funds					Governmental Activities
	Airport	Delinquent Tax Revolving	Local Government Public Works Financing	Nonmajor Fund - Tax Reversion	Total	Internal Service Funds
Cash flows from operating activities						
Receipts from customers and users	\$ 4,429,466	\$ 13,315,687	\$ 502,845	\$ 1,038,205	\$ 19,286,203	\$ 24,728,083
Payments to vendors	(3,484,274)	-	-	(654,796)	(4,139,070)	(1,824,006)
Payments for personnel services	(1,497,875)	-	-	-	(1,497,875)	(1,671,346)
Benefit payments	-	-	-	-	-	(22,064,432)
Delinquent taxes purchased	-	(11,454,007)	-	-	(11,454,007)	-
Net cash provided by (used in) operating activities	(552,683)	1,861,680	502,845	383,409	2,195,251	(831,701)
Cash flows from noncapital financing activities						
Other contract revenue received	37,500	-	-	-	37,500	-
Transfers from other funds	-	-	-	-	-	1,521,000
Transfers to other funds	-	(1,577,800)	-	(250,000)	(1,827,800)	-
Net cash provided by (used in) noncapital financing activities	37,500	(1,577,800)	-	(250,000)	(1,790,300)	1,521,000
Cash flows from capital and related financing activities						
Passenger facility charges collected	311,494	-	-	-	311,494	-
Other capital contributions received	5,367,485	-	-	-	5,367,485	-
Purchase of capital assets	(5,501,872)	-	-	-	(5,501,872)	(187,666)
Principal paid on long-term debt	(605,000)	-	(335,000)	-	(940,000)	-
Interest paid on long-term debt	(130,874)	-	(168,040)	-	(298,914)	-
Net cash used in capital and related financing activities	(558,767)	-	(503,040)	-	(1,061,807)	(187,666)
Cash flows from investing activities						
Sale of investments	326,860	5,624,689	-	-	5,951,549	825,787
Interest received on investments	223,171	81,017	160	-	304,348	316,509
Net cash provided by investing activities	550,031	5,705,706	160	-	6,255,897	1,142,296
Net increase (decrease) in cash and cash equivalents	(523,919)	5,989,586	(35)	133,409	5,599,041	1,643,929
Cash and cash equivalents, beginning of year	3,485,626	689,603	96	745,246	4,920,571	3,189,308
Cash and cash equivalents, end of year	\$ 2,961,707	\$ 6,679,189	\$ 61	\$ 878,655	\$ 10,519,612	\$ 4,833,237
Classification on the statement of net position						
Cash and cash equivalents	\$ 2,961,236	\$ 6,679,189	\$ 61	\$ 878,655	\$ 10,519,141	\$ 4,833,237
Noncurrent restricted cash and cash equivalents	471	-	-	-	471	-
	\$ 2,961,707	\$ 6,679,189	\$ 61	\$ 878,655	\$ 10,519,612	\$ 4,833,237

continued...

COUNTY OF KALAMAZOO, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended December 31, 2019

	Business-type Activities - Enterprise Funds					Governmental Activities
	Airport	Delinquent Tax Revolving	Local Government Public Works Financing	Nonmajor Fund - Tax Reversion	Total	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities						
Operating income (loss)	\$ (2,232,085)	\$ 1,777,053	\$ 156,448	\$ 386,135	\$ 87,551	\$ (86,604)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation expense	2,988,980	-	-	-	2,988,980	298,854
Change in:						
Accounts receivable	(98,460)	-	-	16,022	(82,438)	(702,597)
Taxes receivable	-	92,895	-	4,051	96,946	-
Due from other governments	(938,232)	-	-	-	(938,232)	-
Leases receivable	-	-	346,397	-	346,397	-
Accrued interest receivable	396	(8,268)	-	-	(7,872)	26,106
Due from other governments	-	-	-	-	-	3,328
Inventories	(18,214)	-	-	-	(18,214)	(3,394)
Prepays	(100,455)	-	-	-	(100,455)	(749,934)
Net pension asset	(280,433)	-	-	-	(280,433)	-
Deferred outflows of resources - pension amounts	207,597	-	-	-	207,597	-
Deferred outflows of resources - other postemployment benefit amounts	4,430	-	-	-	4,430	-
Accounts payable	(113,169)	-	-	(22,799)	(135,968)	383,018
Accrued liabilities	4,616	-	-	-	4,616	24,076
Deposits payable	(647)	-	-	-	(647)	7,316
Unearned revenue	328	-	-	-	328	-
Claims payable	-	-	-	-	-	(33,596)
Compensated absences	(7,643)	-	-	-	(7,643)	1,726
Net other postemployment benefit liability	(28,364)	-	-	-	(28,364)	-
Deferred inflows of resources - pension amounts	66,252	-	-	-	66,252	-
Deferred inflows of resources - other postemployment benefit amounts	(7,580)	-	-	-	(7,580)	-
Net cash provided by (used in) operating activities	\$ (552,683)	\$ 1,861,680	\$ 502,845	\$ 383,409	\$ 2,195,251	\$ (831,701)

concluded

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

COUNTY OF KALAMAZOO, MICHIGAN

Statement of Fiduciary Net Position

Fiduciary Funds

December 31, 2019

	Pension and Retiree Health Care Trust Funds	Custodial Funds
Assets		
Cash and cash equivalents	\$ 8,158,587	\$ 1,665,216
Investments, at fair value:		
U.S. government securities	17,225,882	150,000
U.S. agency securities	22,421,889	-
Corporate obligations	17,017,450	-
Foreign corporate obligations	2,375,360	-
Mortgage-backed funds	1,094,756	-
Foreign mortgage-backed funds	150,207	-
Domestic equity mutual funds/ collective trust funds	126,221,426	-
Emerging market mutual funds	25,883,533	-
International equity mutual funds	25,447,515	-
Real estate investment trust	6,221,800	-
Real estate pooled separate account	6,158,051	-
Receivables:		
Interest and dividends	319,468	-
Employer contributions	53,871	-
Other	110,108	13,072
Other assets -		
Prepays	162,881	-
Total assets	259,022,784	1,828,288
Liabilities		
Accounts payable	1,795,323	-
Benefits payable	981,203	-
Purchase of investments	1,676,321	-
Undistributed collections	-	1,511,164
Total liabilities	4,452,847	1,511,164
Net position		
Restricted for:		
Employees' pension benefits	231,396,082	-
Other postemployment benefits	23,173,855	-
Individuals, organizations and other governments	-	317,124
Total net position	\$ 254,569,937	\$ 317,124

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

COUNTY OF KALAMAZOO, MICHIGAN

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

For the Year Ended December 31, 2019

	Pension and Retiree Health Care Trust Funds	Custodial Funds
Additions		
Contributions:		
Employer	\$ 5,753,030	\$ -
Employees	102,683	-
Total contributions	5,855,713	-
Investment earnings:		
Net appreciation in fair value of investments	36,631,521	-
Income on mutual funds	3,949,555	-
Interest and dividends	1,802,978	-
Income on real estate pooled separate account	115,952	-
Total investment earnings	42,500,006	-
Investment expense	(946,355)	-
Net investment earnings	41,553,651	-
Collections:		
Inmate trust collections	-	1,686,687
Library collections	-	329,151
Circuit court trial division collections	-	460,301
Circuit court family division collections	-	2,276
District court collections	-	2,345,697
Probate court collections	-	173,395
County clerk/register of deeds collections	-	8,674,564
Treasurer collections	-	125,991,139
Drain commissioner collections	-	240
Sheriff-administration/support collections	-	10,783
Planning collections	-	376
Other additions	4,475	55
Total additions	47,413,839	139,674,664
Deductions		
Benefit payments	14,979,485	-
Administrative expenses	613,263	-
Distributions:		
Inmate trust distributions	-	1,695,686
Library distributions	-	340,639
Circuit court trial division distributions	-	451,901
Circuit court family division distributions	-	2,276
District court distributions	-	2,424,075
Probate court distributions	-	175,720
County clerk/register of deeds distributions	-	8,756,219
Treasurer distributions	-	126,091,243
Sheriff-administration/support distributions	-	9,342
Planning distributions	-	25
Total deductions	15,592,748	139,947,126
Change in net position	31,821,091	(272,462)
Net position, beginning of year, as restated	222,748,846	589,586
Net position, end of year	\$ 254,569,937	\$ 317,124

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

COUNTY OF KALAMAZOO, MICHIGAN

Combining Statement of Net Position Discretely Presented Component Units

	September 30, 2019			December 31, 2019
	Integrated Services of Kalamazoo	Kalamazoo County Transportation Authority	Central County Transportation Authority	Road Commission
Assets				
Cash and cash equivalents	\$ 9,738,476	\$ -	\$ 7,839,523	\$ 6,139,308
Restricted cash	-	-	-	-
Investments	5,732,526	-	-	-
Receivables, net	3,388,623	341,341	3,104,070	5,830,639
Other assets	617,204	-	481,410	1,467,596
Capital assets not being depreciated	882,120	-	2,057,006	24,341,620
Capital assets being depreciated, net	8,754,307	-	20,691,072	124,851,431
Net pension asset	2,569,383	-	4,175,105	2,184,684
Total assets	31,682,639	341,341	38,348,186	164,815,278
Deferred outflows of resources				
Deferred pension amounts	6,240,815	-	3,262,984	622,066
Deferred other postemployment benefit amounts	1,004,583	-	4,407,905	134,204
Total deferred outflows of resources	7,245,398	-	7,670,889	756,270
Liabilities				
Accounts payable and accrued liabilities	8,373,732	341,341	1,308,852	2,598,906
Advances from primary government	-	-	-	-
Unearned revenue	50,900	-	686,307	-
Long-term debt:				
Due within one year	1,449,969	-	298,150	166,947
Due in more than one year	4,615,002	-	4,001,360	-
Net other postemployment benefit liability (due in more than one year)	1,727,226	-	11,467,204	856,145
Total liabilities	16,216,829	341,341	17,761,873	3,621,998
Deferred inflows of resources				
Property taxes levied for subsequent period	-	-	-	-
Deferred pension amounts	484,380	-	972,940	801,253
Deferred other postemployment benefit amounts	1,071,870	-	181,984	439,038
Total deferred inflows of resources	1,556,250	-	1,154,924	1,240,291
Net position				
Net investment in capital assets	4,735,203	-	22,748,078	149,193,051
Restricted for:				
Pension	8,325,818	-	6,465,149	2,005,497
Debt service	-	-	-	-
Donor specified purposes	-	-	-	-
Replacement and insurance escrow reserves	-	-	-	-
Assets held at Community Foundation	-	-	-	-
Millage service agreement	-	-	-	-
Unrestricted (deficit)	8,093,937	-	(2,110,949)	9,510,711
Total net position	\$ 21,154,958	\$ -	\$ 27,102,278	\$ 160,709,259

December 31, 2019						
Drainage Districts	Land Bank Authority	Lake Level Districts	Public Housing Commission	Brownfield Redevelopment Authority	Consolidated Dispatch Authority	Total
\$ 660,670	\$ 1,517,080	\$ 32,286	\$ 757,940	\$ 2,037,659	\$ 4,585,547	\$ 33,308,489
718,331	273,437	-	-	-	-	991,768
-	-	-	-	1,195,721	-	6,928,247
3,270,620	122,956	-	226,396	691,048	425,644	17,401,337
-	398,087	-	-	-	268,826	3,233,123
-	16,001	-	32,335	-	294,273	27,623,355
5,527,915	4,121,255	-	122,625	-	4,646,782	168,715,387
-	-	-	-	-	-	8,929,172
10,177,536	6,448,816	32,286	1,139,296	3,924,428	10,221,072	267,130,878
-	-	-	-	-	-	10,125,865
-	-	-	-	-	-	5,546,692
-	-	-	-	-	-	15,672,557
415,055	118,369	-	88,750	172,054	246,016	13,663,075
378,315	-	-	-	-	-	378,315
-	167,586	-	-	-	-	904,793
331,841	-	-	-	14,015	-	2,260,922
1,652,605	27,242	-	-	1,330,158	-	11,626,367
-	-	-	-	-	-	14,050,575
2,777,816	313,197	-	88,750	1,516,227	246,016	42,884,047
-	-	-	-	594,079	-	594,079
-	-	-	-	-	-	2,258,573
-	-	-	-	-	-	1,692,892
-	-	-	-	594,079	-	4,545,544
3,543,469	4,137,256	-	154,960	-	4,941,055	189,453,072
-	-	-	-	-	-	16,796,464
694,848	-	-	-	-	-	694,848
-	69,865	-	-	-	-	69,865
-	214,148	-	-	-	-	214,148
-	-	-	180,130	-	-	180,130
-	-	-	608,361	-	-	608,361
3,161,403	1,714,350	32,286	107,095	1,814,122	5,034,001	27,356,956
\$ 7,399,720	\$ 6,135,619	\$ 32,286	\$ 1,050,546	\$ 1,814,122	\$ 9,975,056	\$ 235,373,844

COUNTY OF KALAMAZOO, MICHIGAN

Combining Statement of Activities Discretely Presented Component Units

	Year Ended September 30, 2019			Year Ended December 31, 2019
	Integrated Services of Kalamazoo	Kalamazoo County Transportation Authority	Central County Transportation Authority	Road Commission
Expenses				
Integrated Services of Kalamazoo	\$ 85,229,575	\$ -	\$ -	\$ -
Kalamazoo County Transportation Authority	-	2,765,368	-	-
Central County Transportation Authority	-	-	21,841,141	-
Road Commission	-	-	-	23,353,669
Drainage Districts	-	-	-	-
Land Bank Authority	-	-	-	-
Lake Level Districts	-	-	-	-
Public Housing Commission	-	-	-	-
Brownfield Redevelopment Authority	-	-	-	-
Consolidated Dispatch Authority	-	-	-	-
Total expenses	85,229,575	2,765,368	21,841,141	23,353,669
Program revenues				
Charges for services	1,477,942	-	2,699,587	1,531,278
Operating grants and contributions	81,086,810	110,813	11,021,039	30,228,073
Capital grants and contributions	1,250	-	3,026,294	-
Total program revenues	82,566,002	110,813	16,746,920	31,759,351
Net revenues (expense)	(2,663,573)	(2,654,555)	(5,094,221)	8,405,682
General revenues				
Property taxes	-	2,654,555	3,768,478	-
Unrestricted investment earnings	148,089	-	128,633	-
Gain on sale of capital assets	-	-	15,856	-
Other revenues	-	-	-	503,393
Total general revenues	148,089	2,654,555	3,912,967	503,393
Change in net position	(2,515,484)	-	(1,181,254)	8,909,075
Net position, beginning of year	23,670,442	-	28,283,532	151,800,184
Net position, end of year	\$ 21,154,958	\$ -	\$ 27,102,278	\$ 160,709,259

Year Ended December 31, 2019						
Drainage Districts	Land Bank Authority	Lake Level Districts	Public Housing Commission	Brownfield Redevelopment Authority	Consolidated Dispatch Authority	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 85,229,575
-	-	-	-	-	-	2,765,368
-	-	-	-	-	-	21,841,141
-	-	-	-	-	-	23,353,669
491,783	-	-	-	-	-	491,783
-	3,199,949	-	-	-	-	3,199,949
-	-	1,356	-	-	-	1,356
-	-	-	1,069,148	-	-	1,069,148
-	-	-	-	785,344	-	785,344
-	-	-	-	-	4,775,164	4,775,164
491,783	3,199,949	1,356	1,069,148	785,344	4,775,164	143,512,497
-	1,243,108	-	18,360	20,027	1,611,913	8,602,215
-	1,198,157	-	1,181,205	183,998	4,300,000	129,310,095
-	-	-	-	-	-	3,027,544
-	2,441,265	-	1,199,565	204,025	5,911,913	140,939,854
(491,783)	(758,684)	(1,356)	130,417	(581,319)	1,136,749	(2,572,643)
-	-	-	-	2,305,307	-	8,728,340
-	15,578	-	1,800	1,554	48,034	343,688
-	163,064	-	-	-	-	178,920
540,000	19,719	461	30,647	-	-	1,094,220
540,000	198,361	461	32,447	2,306,861	48,034	10,345,168
48,217	(560,323)	(895)	162,864	1,725,542	1,184,783	7,772,525
7,351,503	6,695,942	33,181	887,682	88,580	8,790,273	227,601,319
\$ 7,399,720	\$ 6,135,619	\$ 32,286	\$ 1,050,546	\$ 1,814,122	\$ 9,975,056	\$ 235,373,844

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NOTES TO FINANCIAL STATEMENTS

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The *County of Kalamazoo, Michigan* (the "County" or the "government") was organized as a county by the territorial legislature on July 30, 1830. An eleven-member Board of Commissioners governs the County. The County provides the following services: general governmental administrative services, public safety, public works, health and welfare, cultural and recreation, judicial and community and economic development.

The financial statements of 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 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 County is financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations and as such, 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. Fiduciary component units include certain pension and OPEB plans and other component units that are fiduciary in nature. Each blended, discretely presented, and fiduciary component unit has a December 31 year-end, except for the Integrated Services of Kalamazoo (formerly known as Kalamazoo Community Mental Health and Substance Abuse Services), the Kalamazoo County Transportation Authority, and the Central County Transportation Authority, which have September 30 year-ends to be consistent with the fiscal period of their grantor agencies.

Blended Component Unit

Kalamazoo County Building Authority - The Kalamazoo County Building Authority is governed by a board which is appointed by the County Board of Commissioners. Although it is legally separate from the County, the Kalamazoo County Building Authority is reported as if it were part of the primary government because its sole purpose is to finance and construct the County's public buildings. A separate report is not prepared for the Building Authority.

Discretely Presented Component Units

Integrated Services of Kalamazoo (formerly known as Kalamazoo Community Mental Health and Substance Abuse Services) - The Integrated Services of Kalamazoo, a community mental health organization (the "CMH") was created by the County Board to operate, control, and manage an integrated behavioral healthcare system in order to serve the County. The County is a direct beneficiary of the services provided. The County appoints the members of the CMH's Board and provides financial support. Consequently, the County exercises effective control through its power of appointment. The CMH fiscal year end is September 30. The component unit is audited individually and complete financial statements can be obtained from the CMH's administrative offices.

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

Kalamazoo County Transportation Authority - The Kalamazoo County Transportation Authority (the "Authority"), established pursuant to the provisions of Act No. 196, of the Public Acts of 1986, as amended, is governed by a nine-member board of directors appointed by the County Board. The Authority may issue debt without the approval of the County Board and may levy a tax on all of the taxable property within the jurisdictional limits/boundaries of the Authority, for transportation purposes, with the approval of the registered electors residing in the jurisdictional limits/boundaries. The County is a direct beneficiary of the services provided. The Authority's fiscal year end is September 30. The component unit is audited individually and complete financial statements can be obtained from the Authority's administrative offices.

Central County Transportation Authority - The Central County Transportation Authority (the "Transportation Authority"), established pursuant to the provisions of Act No. 196, of the Public Acts of 1986, as amended, is governed by an eleven-member board of directors appointed by the County Board. The Transportation Authority may issue debt without the approval of the County Board and may levy a tax on all of the taxable property within the jurisdictional limits/boundaries of the Transportation Authority, for transportation purposes, with the approval of the registered electors residing in the jurisdictional limits/boundaries. The County is a direct beneficiary of the services provided. The Transportation Authority's fiscal year end is September 30. The component unit is audited individually and complete financial statements can be obtained from the Transportation Authority's administrative offices.

Kalamazoo County Road Commission - The Kalamazoo County Road Commission (the "Road Commission") is responsible for the maintenance and construction of the County road system. The County appoints the members of the Road Commission Board and is a direct beneficiary of the services provided. The Road Commission may not issue debt or levy a tax without the approval of the County Board. The component unit is audited individually and complete financial statements can be obtained from the Road Commission's administrative office.

Drainage Districts - The Drainage Districts consist of multiple individual districts created for alleviating drainage problems and is under the control of the County Drain Commissioner. Each drainage district accounts for the construction, maintenance, and financing costs associated with its drain program. Each individual district is a separate legal entity with power to assess the benefiting communities, including the County and the State of Michigan for road drainage. The County is a direct beneficiary of the service provided and its employees run the day-to-day operations. In addition, the County often pledges its full faith and credit for the long-term debt of the drainage districts. Based on the recommendations of the Michigan Department of Treasury, the County has determined that it would be misleading to exclude this entity from the County reporting entity. The financial activity of the Drainage Districts for the year ended December 31, 2019 is reported discretely as a governmental fund type. There are no separately issued financial statements of this component unit.

Kalamazoo County Land Bank Authority - The Kalamazoo County Land Bank Authority (the "Land Bank"), established in 2009 under agreement with the Michigan Land Bank Fast Track Authority and the Treasurer of the County of Kalamazoo with approval of the Board of Commissioners for the County of Kalamazoo under PA 128 of 2003 as amended, is governed by the County appointed seven member County Authority Board. The Kalamazoo County Land Bank Authority has the authority to acquire, manage, and dispose of interests in property, borrow money, and issue bonds and notes. Because members of the Land Bank are appointed by the County Board, the County exercises effective control over its activities. The County is a direct beneficiary of the services provided. The component unit is audited individually and complete financial statements can be obtained from the Land Bank's administrative office.

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

Lake Level - The County Drain Commissioner also administers the activity reported in the County's Lake Level Fund, as permitted by Act 451 PA 1994, as amended, (MCL 324.30701 et al.). Lake level projects establish the lake levels for inland lakes and perform construction and maintenance related to maintaining the established levels. Projects may be funded through the levying of special assessments or by issuing debt, and the County is a direct beneficiary of the services provided. The financial activity of the Lake Level Fund for the year ended December 31, 2019 is reported discretely as a governmental fund type. There are no separately issued financial statements of this component unit.

Kalamazoo County Public Housing Commission - The Kalamazoo County Public Housing Commission (the "Housing Commission") was created by ordinance adopted by the County Board in 2002. The Housing Commission is authorized to acquire and operate housing facilities for low income families within unincorporated areas of Kalamazoo County, and to contract for similar services with incorporated areas of the County. The County appoints the members of the Housing Commission Board and is a direct beneficiary of the services provided. The component unit is audited individually and complete financial statements can be obtained from the Housing Commission's administrative office.

Brownfield Redevelopment Authority - The Brownfield Redevelopment Authority (the "Brownfield") was established to review and approve plans for business development within designated areas of the County where property was once contaminated. Property tax revenues from the "captured" portion of these properties are restricted to pay for site clean-up expenditures and future development depending on the development plan adopted for each project. Funding is provided through tax increment financing, federal and state grants, and General Fund appropriations. The County Board appoints the governing body of the Brownfield. The financial activity of the Brownfield for the year ended December 31, 2019 is reported discretely as a governmental fund type. There are no separately issued financial statements of this component unit.

Kalamazoo County Consolidated Dispatch Authority - The Kalamazoo County Consolidated Dispatch Authority (the "Dispatch Authority") was established to account for all operational funds collected by the County from the service supplier for the operation of the 9-1-1 system. Both the regular E-911 System and the Enhanced 911-Emergency Services for Wireless Telephone Systems pursuant to Public Act 81 of 1999, are accounted for in this fund. The County has determined that it would be misleading to exclude this entity from the County reporting entity. The component unit is audited individually and complete financial statements can be obtained from the Dispatch Authority's administrative office.

Kalamazoo County Economic Development Corporation - The Economic Development Corporation of Kalamazoo County (EDC) is a separate legal entity that was established pursuant to Michigan Public Act 338 of 1974, in order to stimulate business capital investment, contribute to the area's employment, increase tax base, and provide needed public services. In certain situations, members of the EDC Board of Directors may be removed by a majority decision of the County Board. Separate financial statements are not prepared for this entity. The EDC had no activity during the year, and has therefore not been included in the financial statements.

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

Administrative Offices

Integrated Services of Kalamazoo
2030 Portage Street
Kalamazoo, Michigan 49001

Kalamazoo County Land Bank Authority
229 East Michigan Avenue, Suite 340
Kalamazoo, Michigan 49007

Kalamazoo County Transportation Authority
201 West Kalamazoo Avenue
Kalamazoo, Michigan 49007

Kalamazoo County Public Housing Commission
P.O. Box 101
Nazareth, Michigan 49074

Central County Transportation Authority
530 N. Rose Street
Kalamazoo, Michigan 49007

Kalamazoo County Consolidated Dispatch Authority
7040 Stadium Drive
Kalamazoo, Michigan 49009

Kalamazoo County Road Commission
3801 East Kilgore Road
Kalamazoo, Michigan 49002

Complete financial statements for these discretely presented component units may be obtained at the entity's administrative offices listed above. Accordingly, the County has elected to omit substantially all note disclosures related to these component units in these financial statements.

Fiduciary Component Units

The *Employees' Retirement System* (the System) is a single-employer defined benefit contributory retirement plan which provides pension, death and disability benefits covering certain full-time employees of Kalamazoo County. The System is administered through a qualified trust and reported in the Pension Trust Fund. Plan amendments are under the authority of County ordinances. The County is financially accountable for the System, as it obligated to make employer contributions; accordingly, it is included as a fiduciary component unit in the County's financial statements. Changes in required contributions are subject to collective bargaining agreements and approval by the Kalamazoo County Board of Commissioners.

The *Retiree Health Care Trust* (the Plan) is a single-employer defined benefit postemployment healthcare plan established and administered by Kalamazoo County to provide medical and healthcare benefits for retirees and their beneficiaries. The Plan is administered through a qualified trust and reported in the Retiree Health Care Trust Fund. The County is financially accountable for the Plan, as it obligated to make employer contributions; accordingly, it is included as a fiduciary component unit in the County's financial statements. Plan provisions are established and may be amended by the Kalamazoo County Board of Commissioners, subject to the County's various collective bargaining agreements.

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

Government-wide and Fund Financial Statements

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

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

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

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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 90 days of the end of the current fiscal period, except taxes which must be collected within 60 days, and expenditure-driven grants which must be collected within one year. Expenditures generally are recorded when a liability is 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. All other revenue items are considered to be measurable and available only when cash is received by the government.

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

The County 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 *Law Enforcement Fund* accounts for specific revenue derived from a special vote approved millage, state and federal grants, charges for services, and General Fund appropriations that are to be expended as dictated by legal, regulatory, or administrative requirements.

The *Senior Millage Fund* accounts for activity related to the collection of the special voter approved millage to support the programs for Kalamazoo County residents age 60 and older.

The *General County Public Improvement Fund* accounts for renovation/construction projects performed on the County facilities. These projects are funded primarily by the General Fund.

The County reports the following major enterprise funds:

The *Airport Fund* accounts for the operation and maintenance of the Kalamazoo/Battle Creek International Airport. Financing is provided primarily by user charges.

The *Delinquent Tax Revolving Fund* accounts for money advanced by the County to other local taxing units and various County funds to pay for their delinquent taxes and fees. Revenues are generated by the collection of the delinquent taxes and fees.

The *Local Government Public Works Financing Fund* accounts for revenues received from local municipalities for the payment of the limited obligation long-term debt (principal, interest and fees) of the County. The proceeds of such debt are used to fund construction projects, which the local governments agree to operate and lease over the life of the bonds. The lease agreement constitutes a capital lease and the lease payments to the County are generally equal to the debt service requirements of the County's bonds.

Additionally, the County 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.

Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Enterprise funds account for those operations that are financed and operated in a manner similar to private business or where the County has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

Internal service funds account for the employee benefits/programs, technology, document, and facility activities provided to other departments or funds on a cost reimbursement basis.

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

Pension and Retiree Health Care Trust Funds account for the activities of the Employees' Retirement System, a defined-benefit pension plan, and the Retiree Health Care Trust, which accumulates resources for other postemployment benefit payments to qualified employees.

Custodial funds are used to account for assets that the government holds for others in a custodial capacity (such as taxes collected for other governments).

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are revenues in excess of expenses for tax collection. Elimination of the revenues would distort the activity of the functions and would not reflect the proper future uses of the excesses collected for their specific governmental purposes.

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

Restricted assets represent amounts 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 government's cash and cash equivalents include amounts in demand deposit accounts, certificates of deposit and short term investments with original maturities of three months or less from the date of acquisition. Investments, exclusive of certificates of deposit, are stated at fair value. Certificates of deposit are carried at cost plus accrued interest, since the original maturity dates are less than one year or the certificates are non-participating (i.e., there is no available market for trade prior to maturity).

State statutes and County policy authorize the County to invest in:

- Bonds, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.
- Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.
- Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
- Bankers' acceptances of United States banks.

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

- Obligations of the State of Michigan and its political subdivisions, that, at the time of purchase are rated as investment grade by at least one standard rating service.
- Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
- External investment pools as authorized by Public Act 20 as amended through December 31, 1997.

The County pools cash resources of various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing securities and disclosed as part of the County's 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."

Property taxes receivable in governmental funds represent amounts due from taxpayers on the July 1 and December 1 tax levies in the General Fund and other governmental funds, respectively. Any amounts outstanding on the July 1 levy on March 1 (excluding personal property taxes) are purchased by the Delinquent Tax Revolving enterprise fund through the settlement process.

Property taxes receivable in the Delinquent Tax Revolving enterprise fund represent unpaid balances from the previous years' levies for the County itself as well as other local taxing authorities in the County's geographical region. The County is responsible for pursuing and administering collection of these balances and coordinating the forfeiture and foreclosure activities for the related parcels. This process takes place over a 3-year period. Interest at 1% per month (increased to 1.5% after 12 months, retroactive to the date of delinquency) and administrative fees at 4% are accrued in accordance with State statute. No amounts have been included in an allowance for uncollectible balances, as the structure of the Delinquent Tax Revolving enterprise fund has been designed to make the fund whole either through the eventual auction of the foreclosed parcels or through chargebacks to the local taxing authorities initially levying the taxes.

Advances between funds are offset by nonspendable fund balance in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

All trade receivables are shown net of an allowance for uncollectibles, as applicable.

Amounts due from other governments include amounts due from grantors for specific programs and capital projects. Program grants and capital grants for capital assets are recorded as receivables and revenues at the time reimbursable project costs are incurred. Amounts received in advance of project costs being incurred are reported as unearned revenue.

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

Restricted Assets

Assets which are restricted for specified uses by bond debt requirements, grant provisions or other external requirements are classified as restricted assets. Liabilities payable from such restricted assets are separately classified.

The Airport Fund's restricted receivable is restricted for capital improvements (terminal facility) related to passenger facility charges.

Other Assets

Inventories reported in the proprietary funds are valued at the lower of cost or market. Cost is determined under the first-in, first-out (FIFO) method. Inventories of the discretely presented component units are presented at average cost. The costs of governmental fund type inventories are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenditures. Prepaids are accounted for in governmental funds using the consumption method whereby expenditures are recognized over the benefitting period.

Capital Assets

Capital assets, which include property, buildings and equipment, 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 having a useful life in excess of three years and whose costs exceed \$5,000. Capital assets are stated at historical cost or estimated historical cost where actual cost information is not available. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at their estimated acquisition value as of the donation date.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets are capitalized as projects are constructed.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

	Years
Land improvements	20
Infrastructure	5-50
Building and improvements	15-50
Furniture, machinery, and equipment	5-20
Vehicles	5

The County evaluates its capital assets for impairment in accordance with GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. Assets to be disposed of would be recognized at the lower of carrying value or fair value less the estimated cost of disposal. Assets held and in use are reviewed for impairment whenever indicators of impairment exist. All recognized impairment losses, whether for assets to be disposed of or assets to be held and used, are recorded as operating expenses. No impairments have been identified as of December 31, 2019.

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The County reports deferred outflows of resources for the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized on a straight-line basis over the shorter of the life of the refunded or refunding debt. In addition, the County reports deferred outflows of resources for changes in expected and actual investment returns, assumptions, and benefits provided in its pension and other postemployment benefit plans.

Compensated Absences

County employees are granted vacation and sick leave in varying amounts based on length of service. Upon termination or retirement, employees are paid for unused vacation and sick leave reduced to the maximum amount allowed. Vacation and sick pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-term Obligations

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

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

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenues, which arise only under a modified accrual basis of accounting, from property taxes and special assessments. 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. The County also reports deferred inflows of resources for changes in expected and actual investment returns, assumptions, and benefits provided in its pension and other postemployment benefit plans.

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

Property taxes (excluding those for the General Fund, which are subject to a different timeline) are levied and attach as an enforceable lien on property on December 1. Property taxes unpaid as of February 28 are considered to be delinquent. Although the County's 2019 ad valorem tax (excluding the portion for general operations) is levied and collectible on December 1, 2019, it is the County's policy to recognize revenues from the December 1 tax levy in the subsequent year when the proceeds of this levy are budgeted and made available for the financing of the County's operations. Therefore, the entire amount of the December 1, 2019 levies is reported as deferred inflows of resources at year-end.

Fund Equity

Governmental funds report nonspendable fund balance for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Restricted fund balance is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. 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). A formal resolution of the Board of Commissioners is required to establish, modify, or rescind a fund balance commitment. The County reports assigned fund balance for amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The Board of Commissioners has the authority to assign fund balance and has not delegated this authority. Unassigned fund balance is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Other governmental funds besides the General Fund can only report a negative unassigned fund balance, which would occur if expenditures were to be incurred for specific purposes that exceeded the amounts restricted, committed or assigned in the fund.

The County Board of Commissioners has formally established a budget stabilization arrangement, under which a portion of the balance may be utilized during the budget process to prevent a reduction in the level of public service provided, or prevent a reduction in the number of employees providing these services. It can also be used due to a natural disaster. The use of these funds requires a 2/3 majority vote of County Board members. As of December 31, 2019, the balance in the stabilization arrangement was \$2,500,000, which is reported in the General Fund within restricted fund balance.

The County Board of Commissioners has adopted a minimum fund balance policy in which the uncommitted fund balance of the General Fund will be 20 to 25% of general operating revenues. Any amounts over the 20% threshold shall be limited to non-operational expenditures.

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

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. Internal service funds are used to record charges for services to all County departments and funds as transfers or operating revenue. All County funds record these payments to the internal service funds as transfers or operating expenditures/expenses.

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

Capital Contributions

Certain expenses for airport capital improvements are significantly funded through the Airport Improvement Program of the Federal Aviation Administration, with certain matching funds provided by the Aeronautics Department and the State of Michigan. Capital funding provided under government grants is considered earned as the related allowable expenditures are incurred and reimbursement has been requested. Grants for capital assets acquisition, facilities development and rehabilitation are reported in the statement of revenues, expenses and changes in fund net position, after nonoperating revenues and expenses as capital contributions.

Pension Plans

For purposes of measuring the net pension asset/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.

Other Postemployment Benefit Plans

For purposes of measuring the net other postemployment benefit asset/liability, deferred outflows of resources and deferred inflows of resources related to other postemployment benefit plans, and other postemployment benefit 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. The County utilizes various investment instruments which are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Grants and Third Party Cost Reimbursement Settlements

The County receives grants from other governmental units to finance specific programs. The grant revenues are recorded based on qualifying program expenditures, as determined by the County, and are subject to audit by the responsible agencies. Adjustments required upon final settlements are recorded in the period of settlement. Third party cost reimbursements are recorded at prospective rates and provisions are made at the end of each year to adjust such revenues to the reimbursable cost expected to be received. Adjustments required upon final settlements are recorded in the period of settlement.

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

Budgets

Budgets presented in the financial statements were prepared on the same basis as the accounting basis used to reflect actual results. The General Fund and special revenue funds are subject to legal budgetary accounting controls and all are budgeted annually. Debt service and capital project funds are also included in the budgetary process; however, state statutes do not require legally adopted budgets for such funds.

2. EXCESS OF EXPENDITURES OVER BUDGET

P.A. 621 of 1978, as amended, provides that a local unit shall not incur expenditures in excess of the amount budgeted. The approved budgets of the County were adopted on the department (activity) level for the General Fund and at the fund level basis for all other governmental funds, which is the legal level of control.

During the year ended December 31, 2019, the County incurred expenditures in certain budgetary funds which were in excess of the amounts budgeted, as follows:

	Final Budget	Actual	Actual Over Final Budget
General Fund:			
Current:			
General government -			
Deposits	\$ 735,000	\$ 757,563	\$ 22,563
Public safety -			
Sheriff	16,929,000	17,373,880	444,880
Other -			
At-large drains	81,600	81,617	17
Health and Community Services Grants			
Special Revenue Fund	98,200	154,928	56,728

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

3. DEPOSITS AND INVESTMENTS

Following is a reconciliation of deposit and investment balances as of December 31, 2019:

	Primary Government	Component Units	Totals
Statement of Net Position			
Cash and cash equivalents	\$ 10,519,141	\$ 33,308,489	\$ 43,827,630
Restricted cash	120,082	991,768	1,111,850
Investments	90,016,402	6,928,247	96,944,649
Negative equity in cash and cash equivalents	(9,282,963)	-	(9,282,963)
Statement of Fiduciary Net Position			
Cash and cash equivalents	1,665,216	8,158,587	9,823,803
Investments	150,000	250,217,869	250,367,869
Total deposits and investments	<u>93,187,878</u>	<u>299,604,960</u>	<u>392,792,838</u>
Less component units separately audited and not held by the County Treasurer			
Integrated Services of Kalamazoo	-	(15,471,002)	(15,471,002)
Central County Transportation Authority	-	(7,839,523)	(7,839,523)
Road Commission	-	(6,139,308)	(6,139,308)
Land Bank Authority	-	(1,790,517)	(1,790,517)
Public Housing Commission	-	(757,940)	(757,940)
Consolidated Dispatch Authority	-	(4,585,547)	(4,585,547)
Total	<u>\$ 93,187,878</u>	<u>\$ 263,021,123</u>	<u>\$ 356,209,001</u>
Deposits and investments			
Bank deposits:			
Checking and savings accounts			\$ 20,135,718
Certificates of deposit:			
Due within one year			16,436,131
Due in one to five years			10,990,223
Due in six to ten years			4,018,230
Investments:			
County			54,388,076
Retiree Health Care Trust Fund			19,673,138
Pension Trust Fund			230,544,731
Cash on hand			<u>22,754</u>
Total			<u>\$ 356,209,001</u>

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that, in the event of a bank failure, the County's deposits might not be returned. The County does not have a policy for mitigating custodial credit risk over deposits. As of year-end, \$46,786,034 of the County's bank balance of \$52,663,103 was exposed to custodial credit risk because it was uninsured and uncollateralized. Due to the dollar amounts of cash deposits and the limits of FDIC insurance, the County believes it is impractical to insure all bank deposits. As a result, the County evaluates each financial institution with which it deposits County funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

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. Although uninsured and unregistered, the County's investments are not exposed to custodial credit risk since the securities are held by the counterparty's trust department or agent in the County's name. Short-term investments in money market funds and equity mutual funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book form. As of December 31, 2019, the County had no investments exposed to custodial credit risk.

In addition, the Pension and Retiree Health Care Trust funds will only conduct business with investment management firms that will: comply with all relevant provisions contained in Act 485 of the Public Acts of 1996 as amended (Michigan Compiled Laws 38.1132 et seq.); support the overall investment policies of the System; understand and accept their designated "role" within the System's investment structure; construct a portfolio of securities that reflect the execution of their assigned investment strategy; and adhere to the guidelines the investment policy statement (as amended). The following criteria are used to evaluate each investment manager's performance: a) achievement of fund objectives as outlined in the investment policy; b) comparisons with other managers, indexes, etc.; c) subjective observations regarding the manager's organization, professionalism, administrative skills, etc.; and d) biannual due diligence meetings.

The County's investments are held in a number of portfolios administered by various investment managers. Following is a summary of the County's investments at fair value, as determined by quoted market price:

	County	Retiree Health Care Trust Fund	Pension Trust Fund
U.S. government securities	\$ 16,833,130	\$ 1,354,368	\$ 15,871,514
U.S. agency securities	5,039,271	1,762,899	20,658,990
Corporate obligations	-	1,337,981	15,679,469
Foreign corporate obligations	-	186,760	2,188,600
Municipal bonds	3,833,683	-	-
Mortgage-backed funds	3,133,577	86,074	1,008,682
Foreign mortgage-backed funds	-	11,810	138,397
Domestic equity mutual funds/collective trust funds	25,548,415	9,924,038	116,297,388
Emerging market mutual funds	-	2,035,068	23,848,465
International equity mutual funds	-	2,000,786	23,446,729
Real estate investment trust	-	489,183	5,732,617
Real estate pooled separate account	-	484,171	5,673,880
Total investments	\$ 54,388,076	\$ 19,673,138	\$ 230,544,731

Credit Risk. Statutes and various bond indentures authorized the County to invest in obligations of the U.S. Treasury, governmental agencies and instrumentalities, commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services, bankers' acceptances of U.S. banks, U.S. government or federal agency obligation repurchase agreements, obligations of the State of Michigan or any of its political subdivisions rated as investment grade by not less than one standard rating service, and mutual funds composed of the types of investment vehicles named previously.

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

For the Pension and Retiree Health Care Trust funds, credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The investment policy limits commercial paper to be those at the time of purchase are within the two highest classifications established by not less than two national rating services as determined by the State Treasurer of Michigan. These also must mature no more than 270 days after date of issue. The investment policy requires the average fixed income portfolio quality rating to be an "A" or better. All bonds owned should be rated "BBB" or better by Standard & Poor's or an equivalent rating agency as determined by the State Treasurer of Michigan with the following exception: when bond ratings have dropped below "BBB" after purchase, and when the investment manager deems it economically beneficial, the manager may retain ownership.

The County's investments were rated as follows:

	County	Retiree Health Care Trust Fund	Pension Trust Fund
Standard & Poor's AAA	\$ -	\$ 1,826,914	\$ 21,409,157
Standard & Poor's AA+	25,005,978	44,644	523,178
Standard & Poor's AA	3,472,961	23,198	271,856
Standard & Poor's AA-	-	96,352	1,129,125
Standard & Poor's A+	-	143,860	1,685,865
Standard & Poor's A	-	228,688	2,679,938
Standard & Poor's A-	-	451,194	5,287,438
Standard & Poor's BBB+	-	312,348	3,660,327
Standard & Poor's BBB	-	205,319	2,406,088
Standard & Poor's BBB-	-	4,650	54,496
Moody's Aaa	-	1,402,724	16,438,184
Moody's AAAM	25,548,415	-	-
Moody's A1	360,722	-	-
Unrated	-	484,171	5,673,880
Not subject to credit risk	-	14,449,076	169,325,199
Total investments	\$ 54,388,076	\$ 19,673,138	\$ 230,544,731

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of an investment. The County's policy provides for its fixed income portfolio to have a weighted-average duration within 0.05 years of the Lehman Brothers Government/Credit Intermediate Index and the Lehman Brothers Government/Credit Long Index. Maturities of the County's investments were as follows:

	County	Retiree Health Care Trust Fund	Pension Trust Fund
Less than 1 year	\$ 4,634,269	\$ 28,309	\$ 331,748
1 - 5 years	21,058,911	2,315,075	27,129,799
6 - 10 years	656,436	215,227	2,522,194
More than 10 years	2,490,045	2,181,282	25,561,911
No maturity	25,548,415	14,933,245	174,999,079
Total	\$ 54,388,076	\$ 19,673,138	\$ 230,544,731

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the County's investment in a single issuer. The State generally limits investments in a single issuer to no more than 5% of the total portfolio assets, with the exception of obligations issued, assumed, or guaranteed by the United States. To minimize concentration of credit risk and increase portfolio diversification, the County places the following additional limits to investments:

- 70% of the portfolio will be invested in common stock with the balance invested in notes, bonds, equity real estate, and short-term securities.
- No more than 5% of portfolio assets at market value will be invested in equity real estate.

The investment portfolio was concentrated as follows:

Investment Type	Issuer	Percentage of Portfolio	
		Retiree Health Care Trust Fund	Pension Trust Fund
Collective trust funds	Blackrock Fund	30.3%	30.3%
Emerging market mutual fund	Dimensional	10.3%	10.3%
International equity mutual funds	Dimensional	10.2%	10.2%
Domestic equity mutual fund - small cap	Dimensional	10.1%	10.1%
Domestic equity mutual fund - micro cap	Dimensional	5.0%	5.0%
Domestic equity mutual fund - large cap	Dimensional	5.0%	5.0%

Foreign Currency Risk. Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. The State permits investments in investment grade, dollar denominated obligations issued in the United States by foreign governments, banks, or corporations. Investments in foreign securities are limited to not exceed more than 20% of the County's holdings. It is the County's policy to not purchase foreign investments except those listed in the United States.

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

Investment (currency in U.S. dollars)	Retiree Health Care Trust Fund	Pension Trust Fund
Foreign corporate obligations	\$ 186,760	\$ 2,188,600
Foreign mortgage-backed funds	11,810	138,397
Emerging market mutual funds	2,035,068	23,848,465
International equity mutual funds	2,000,786	23,446,729
Total	\$ 4,234,424	\$ 49,622,191

Fair Value Measurement. The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset, as determined by the investment advisors. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. These levels are determined by the County's investment manager, and are determined at the fund level based on a review of the investment's class, structure, and what kind of securities are held in the funds. The investment manager will request the information from the fund manager, if necessary. The County had the following recurring fair value measurements as of December 31, 2019:

	Level 1	Level 2	Level 3	Total
U.S. government securities	\$ -	\$ 34,059,012	\$ -	\$ 34,059,012
U.S. agency securities	-	27,461,160	-	27,461,160
Corporate obligations	120,460	16,896,990	-	17,017,450
Foreign corporate obligations	-	2,375,360	-	2,375,360
Municipal bonds	-	3,833,683	-	3,833,683
Mortgage-backed funds	-	4,228,333	-	4,228,333
Foreign mortgage-backed funds	-	150,207	-	150,207
Domestic equity mutual funds/ collective trust funds	126,221,426	-	-	126,221,426
Emerging market mutual funds	25,883,533	-	-	25,883,533
International equity mutual funds	25,447,515	-	-	25,447,515
Real estate investment trust	6,221,800	-	-	6,221,800
Real estate pooled separate account	-	6,158,051	-	6,158,051
	<u>\$ 183,894,734</u>	<u>\$ 95,162,796</u>	<u>\$ -</u>	<u>279,057,530</u>
Investments at net asset value per share - Michigan CLASS				<u>25,548,415</u>
Total investments				<u>\$ 304,605,945</u>

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

The fair value of the County's Level 1 investments is based on quotes from publicly traded securities markets, where available. The fair value of the County's Level 2 investments is determined primarily by a matrix pricing technique, which is used to value securities based on their relationship to benchmark quoted prices. Due to the inherent uncertainty of determining the fair value of investments that are not publicly traded, the fair value reported for these investments may differ significantly from the values that would have been used had a publicly traded market existed for such investments.

The County holds shares in Michigan CLASS whereby the fair value of the investment is measured on a recurring basis using net asset value per share (or its equivalent) of the investment pool as a practical expedient.

At year end, the net asset value of the County's investment in Michigan CLASS government investment pool was \$25,548,415. The investment pool had no unfunded commitments, specific redemption frequency or redemption notice period required. The Michigan CLASS government investment pool invests in U.S. treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated 'A-1' or better) collateralized bank deposits, repurchase agreements (collateralized at 102% by Treasuries and agencies), and approved money-market funds. The program seeks to provide safety, liquidity, convenience, and competitive rates of return, and is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities and other public agencies.

4. RECEIVABLES

Receivables of the primary government are comprised of the following at year-end:

	Governmental Activities	Business-type Activities
Accounts	\$ 3,019,588	\$ 536,438
Less: allowance for uncollectibles	-	(33,409)
Taxes (current)	16,969,723	-
Taxes (delinquent)	62,000	7,595,784
Due from other governments	6,637,449	956,693
Leases	-	5,337,919
Accrued interest	539,268	15,713
Total receivables	\$ 27,228,028	\$ 14,409,138

The Airport enterprise fund reported restricted receivables of \$92,373. The Airport Fund's restricted receivable is restricted for capital improvements (terminal facility) related to passenger facility charges.

Of the amounts reported for receivables above, leases receivable of \$4,942,008 are not expected to be collected within one year.

The amount recorded as an allowance for uncollectibles in business-type activities is related to billings receivable in the Airport fund.

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities of the primary government are comprised of the following at year-end:

	Governmental Activities	Business-type Activities
Accounts payable	\$ 5,948,648	\$ 310,126
Accrued liabilities	2,121,902	41,817
Claims payable	2,171,968	-
Due to other governments	780,649	81,786
Deposits payable	121,525	11,128
Accrued interest on long-term debt	223,323	45,756
Total	<u>\$ 11,368,015</u>	<u>\$ 490,613</u>

6. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

An internal balance existed between governmental activities and business-type activities in the amount of \$155,138. This resulted from the allocation of a portion of internal service fund net position of governmental-type internal service funds to business-type activities.

Advances to and from component units

	Advances to Component Units	Advances from Primary Government
General Fund	\$ 378,315	\$ -
Drainage Districts	-	378,315
Total	<u>\$ 378,315</u>	<u>\$ 378,315</u>

These balances resulted 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.

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

For the year ended December 31, 2019, interfund transfers consisted of the following:

Transfers Out	Transfers in				Totals
	General	General County Public Improvement	Nonmajor Governmental Funds	Internal Service Funds	
General	\$ -	\$ 3,742,454	\$ 8,323,869	\$ 1,177,200	\$ 13,243,523
Law Enforcement	-	-	305,133	-	305,133
Senior Millage	-	-	1,321,368	-	1,321,368
General County Public Improvement	-	-	-	343,800	343,800
Nonmajor governmental funds	84,000	-	529,794	-	613,794
Delinquent Tax Revolving	1,577,800	-	-	-	1,577,800
Nonmajor enterprise fund	250,000	-	-	-	250,000
Total	<u>\$ 1,911,800</u>	<u>\$ 3,742,454</u>	<u>\$ 10,480,164</u>	<u>\$ 1,521,000</u>	<u>\$ 17,655,418</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.

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

7. CAPITAL ASSETS

Primary government

Capital asset activity for the primary government for the year ended December 31, 2019, was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Governmental Activities					
Capital assets, not being depreciated:					
Land	\$ 4,201,921	\$ -	\$ -	\$ -	\$ 4,201,921
Construction in progress	2,321,136	1,981,434	-	(1,705,125)	2,597,445
Intangible easements	147,493	-	-	-	147,493
	<u>6,670,550</u>	<u>1,981,434</u>	<u>-</u>	<u>(1,705,125)</u>	<u>6,946,859</u>
Capital assets, being depreciated:					
Land improvements	14,949,249	21,310	-	-	14,970,559
Buildings and improvements	107,457,953	2,851,887	(41,987)	1,665,674	111,933,527
Furniture, machinery, and equipment	13,547,975	1,283,979	(1,175,229)	39,451	13,696,176
Vehicles	5,812,976	463,956	(294,356)	-	5,982,576
Law library books	410,688	-	-	-	410,688
	<u>142,178,841</u>	<u>4,621,132</u>	<u>(1,511,572)</u>	<u>1,705,125</u>	<u>146,993,526</u>
Less accumulated depreciation for:					
Land improvements	(8,105,247)	(625,931)	-	-	(8,731,178)
Buildings and improvements	(36,704,256)	(2,366,832)	34,989	-	(39,036,099)
Furniture, machinery, and equipment	(9,195,047)	(1,165,411)	1,136,258	-	(9,224,200)
Vehicles	(4,194,287)	(609,201)	257,708	-	(4,545,780)
Law library books	(405,922)	(1,059)	-	-	(406,981)
	<u>(58,604,759)</u>	<u>(4,768,434)</u>	<u>1,428,955</u>	<u>-</u>	<u>(61,944,238)</u>
Total capital assets being depreciated, net	<u>83,574,082</u>	<u>(147,302)</u>	<u>(82,617)</u>	<u>1,705,125</u>	<u>85,049,288</u>
Governmental activities					
capital assets, net	<u>\$ 90,244,632</u>	<u>\$ 1,834,132</u>	<u>\$ (82,617)</u>	<u>\$ -</u>	<u>\$ 91,996,147</u>

At December 31, 2019, the County's governmental activities had outstanding commitments through construction contracts of approximately \$4.8 million.

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Business-type Activities					
Capital assets, not being depreciated:					
Land	\$ 5,323,562	\$ -	\$ -	\$ -	\$ 5,323,562
Construction in progress	3,983,614	5,471,210	(3,325)	(385,557)	9,065,942
	<u>9,307,176</u>	<u>5,471,210</u>	<u>(3,325)</u>	<u>(385,557)</u>	<u>14,389,504</u>
Capital assets, being depreciated:					
Land improvements	49,723,456	-	-	374,607	50,098,063
Buildings and improvements	35,028,384	-	-	10,950	35,039,334
Vehicles	3,894,791	-	(28,890)	-	3,865,901
Furniture, machinery, and equipment	7,048,693	30,662	-	-	7,079,355
	<u>95,695,324</u>	<u>30,662</u>	<u>(28,890)</u>	<u>385,557</u>	<u>96,082,653</u>
Less accumulated depreciation for:					
Land improvements	(36,039,244)	(1,558,654)	-	-	(37,597,898)
Buildings and improvements	(8,675,663)	(839,978)	-	-	(9,515,641)
Vehicles	(3,633,752)	(68,598)	14,445	-	(3,687,905)
Furniture, machinery, and equipment	(5,622,881)	(521,750)	-	-	(6,144,631)
	<u>(53,971,540)</u>	<u>(2,988,980)</u>	<u>14,445</u>	<u>-</u>	<u>(56,946,075)</u>
Total capital assets being depreciated, net	<u>41,723,784</u>	<u>(2,958,318)</u>	<u>(14,445)</u>	<u>385,557</u>	<u>39,136,578</u>
Business-type activities					
capital assets, net	<u>\$ 51,030,960</u>	<u>\$ 2,512,892</u>	<u>\$ (17,770)</u>	<u>\$ -</u>	<u>\$ 53,526,082</u>

At December 31, 2019, the County's business-type activities had outstanding commitments through construction contracts of approximately \$69,000.

Depreciation expense was charged to functions/programs of the primary government as follows:

Depreciation of governmental activities by function

General government	\$ 366,173
Public safety	1,650,871
Health and welfare	783,343
Cultural and recreation	750,026
Judicial	919,167
Internal service funds	<u>298,854</u>

Total \$ 4,768,434

Depreciation of business-type activities by function

Airport	<u>\$ 2,988,980</u>
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COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

Discretely presented component units

Capital assets activity for the Drainage District component unit for the year ended December 31, 2019, consists of the following:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Component Unit - Drainage District					
Capital assets, being depreciated:					
Infrastructure	\$ 7,476,293	\$ 196,482	\$ -	\$ -	\$ 7,672,775
Less accumulated depreciation for:					
Infrastructure	(1,993,369)	(151,491)	-	-	(2,144,860)
Drainage District capital assets, net	\$ 5,482,924	\$ 44,991	\$ -	\$ -	\$ 5,527,915

At December 31, 2019, the Drainage Districts component unit had no outstanding commitments.

8. LONG-TERM DEBT

Long-term debt activity for the year ended December 31, 2019, was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Governmental activities					
General obligation bonds	\$ 20,235,000	\$ -	\$ (1,145,000)	\$ 19,090,000	\$ 1,195,000
Net bond premium/discount	2,693,913	-	(202,043)	2,491,870	202,043
Compensated absences	3,729,185	3,699,423	(3,283,169)	4,145,439	3,277,660
Total governmental activities	\$ 26,658,098	\$ 3,699,423	\$ (4,630,212)	\$ 25,727,309	\$ 4,674,703
Business-type activities					
General obligation bonds	\$ 9,460,000	\$ -	\$ (940,000)	\$ 8,520,000	\$ 965,000
Net bond premium/discount	394,776	-	(38,618)	356,158	38,618
Compensated absences	107,730	47,382	(55,025)	100,087	52,733
Total business-type activities	\$ 9,962,506	\$ 47,382	\$ (1,033,643)	\$ 8,976,245	\$ 1,056,351

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Discretely presented component units					
<i>Brownfield Redevelopment Authority</i>					
Direct borrowings/ placements -					
Loans payable	\$ 150,000	\$ 1,194,173	\$ -	\$ 1,344,173	\$ 14,015
<i>Drainage Districts</i>					
Direct borrowings/ placements -					
Notes payable	\$ 2,017,800	\$ 220,000	\$ (253,354)	\$ 1,984,446	\$ 331,841
<u>Governmental activities</u>					
\$19,390,000 2017 Juvenile Home Facilities Refunding Bonds, due in annual installments of \$850,000 to \$1,875,000 plus interest ranging from 4.00 to 5.00%, payable semi-annually, through April 1, 2032.					\$ 17,595,000
\$3,000,000 2011 Expo Center Improvement Bonds, due in annual installments of \$75,000 to \$125,000 plus interest of 3.20%, payable semi-annually, through April 1, 2026.					1,495,000
Total governmental activities					\$ 19,090,000
<u>Business-type activities</u>					
\$6,520,000 2012 Airport Refunding Bonds, due in annual installments of \$25,000 to \$640,000, plus interest ranging from 2.00 to 4.00%, payable semi-annually, through May 1, 2028.					\$ 3,325,000
\$780,000 1982 Water Supply System No. 1 Bonds, due in annual installments of \$10,000 to \$30,000 plus interest at 5.00%, payable semi-annually, through May 1, 2020.					10,000
\$750,000 2005 Village of Augusta Water Supply, due in annual installments of \$15,000 to \$45,000 plus interest at 2.125%, payable semi-annually, through April 1, 2025.					265,000
\$1,195,000 2012 Cooper Township Sewage Disposal System Refunding Bonds, due in annual installments of \$130,000 to \$135,000 plus interest at 1.96%, payable semi-annually, through May 1, 2021.					270,000
\$5,000,000 2015 CMH Capital Improvement Bonds, due in annual installments of \$100,000 to \$400,000 plus interest ranging from 2.25 to 4.00%, payable semi-annually, through May 1, 2034.					4,650,000
Total business-type activities					\$ 8,520,000

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

Discretely presented component units

Brownfield Redevelopment Authority

\$150,000 2015 Eliza Street, Schoolcraft Project loan payable due in annual installments of \$14,015 to \$16,025 plus interest at 1.50%, payable annually beginning in 2020, through September 14, 2029. \$ 150,000

\$1,194,173 2018 Paper City Development loan payable due in annual installments of \$100,661 to \$116,822 plus interest at 1.50%, payable annually beginning in 2024, through December 5, 2034. 1,194,173

Total Brownfield Redevelopment Authority component unit \$ 1,344,173

Drainage District

\$500,000 2016 East Corporation Drain promissory note payable, due in annual installments of \$37,820 to \$46,602, plus interest of 2.00%, payable annually, through July 1, 2028. \$ 384,837

\$350,000 2016 East Corporation Drain promissory note payable, due in annual installments of \$26,366 to \$32,225, plus interest of 2.00%, payable annually, through July 1, 2028. 267,996

\$825,000 2017 Lexington Green Drain note payable, due in annual installments of \$90,520 to \$113,527, plus interest of 2.71%, through July 1, 2025. 637,781

\$60,000 2018 Big Marsh Drain note payable, due in annual installments of \$30,000, plus interest of 2.69%, through July 1, 2020. 30,000

\$115,000 2018 Davis-Olmstead Drain note payable, due in annual installments of \$18,147 to \$49,007, plus interest of 2.38%, through July 1, 2021. 96,853

\$380,000 2018 Townline-Galesburg Drain note payable, due in annual installments of \$33,021 to \$43,319, plus interest of 2.99%, through July 1, 2028. 346,979

\$70,000 2019 Reinbold Drain note payable, due in annual installments of \$17,137 to \$17,927, plus interest of 2.25%, through July 1, 2023. 70,000

\$150,000 2019 Texas Heights Drain note payable, due in annual installments of \$36,378 to \$38,683, plus interest of 2.12%, through July 1, 2023. 150,000

Total Drainage Districts component unit \$ 1,984,446

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

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

Year Ended December 31,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2020	\$ 1,195,000	\$ 868,629	\$ 965,000	\$ 253,726
2021	1,190,000	822,483	985,000	220,102
2022	1,290,000	769,301	870,000	186,222
2023	1,340,000	707,545	895,000	154,765
2024	1,395,000	643,431	510,000	133,865
2025-2029	7,335,000	2,172,906	2,395,000	463,409
2030-2034	5,345,000	363,500	1,900,000	157,500
Totals	\$ 19,090,000	\$ 6,347,795	\$ 8,520,000	\$ 1,569,589

Year Ended December 31,	Discretely Presented Component Units			
	Brownfield Redevelopment Authority		Drainage Districts	
	Principal	Interest	Principal	Interest
2020	\$ 14,015	\$ 2,250	\$ 331,841	\$ 48,298
2021	14,225	2,040	308,545	40,786
2022	14,439	1,826	265,939	33,203
2023	14,655	1,610	272,500	26,642
2024	131,697	1,390	221,353	19,940
2025-2029	596,424	69,008	584,268	31,460
2030-2033	558,718	25,393	-	-
Totals	\$ 1,344,173	\$ 103,517	\$ 1,984,446	\$ 200,329

The County has entered into agreements to lease certain facilities acquired and constructed by the Kalamazoo County Building Authority. The agreements are, in substance, lease purchases. Upon termination of the lease agreements, titles to the facilities and equipment will pass to the County.

The County has debt that is being repaid by special assessments. This debt is the responsibility of the local unit using the special assessment. If the local unit defaults on the debt, it is the County's responsibility.

The full faith, credit, and resources of the County have been pledged for the prompt payment of all long-term debt requirements.

The local government public works financing bonds were issued by the County pursuant to contracts entered into with the Village of Climax, Village of Augusta, Indian/Pickereel Lakes and Cooper Township financing additional sewage collection and disposal and water supply systems for the contractees. Additionally, the County financed bonds for the CMH used for construction of facilities. Under the terms of the agreements, the contractees are to pay the County each year amounts sufficient to provide for debt service. For certain of the above debt issuances and as described in the individual agreements, the full faith and credit of the County and that of the respective participating municipalities are pledged for repayment of the bonds.

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

There are a number of limitations and restrictions contained in the various debt issues. At December 31, 2019, the County complied with all significant limitations and restrictions.

The compensated absence liability attributable to the governmental activities will be liquidated by the County's General, Law Enforcement, Alcott Facility, Parks, Friend of the Court, Health, Child Care, Public Safety Special Grants and HSD Pooled Costs funds.

9. BENEFIT PLANS

Kalamazoo County Employees' Retirement System ("System")

The System is a single-employer, defined benefit pension plan, which provides retirement and disability benefits to eligible plan members and beneficiaries. The System was established by the County of Kalamazoo Board of Commissioners and is administered by the Office of Finance of the County of Kalamazoo, Michigan. Accordingly, it is included as a fiduciary component unit in the County's comprehensive annual financial report. The County of Kalamazoo, Michigan (the "County"), Kalamazoo County Road Commission (the "Road Commission"), and the Integrated Services of Kalamazoo (the "CMH"), formerly known as Kalamazoo Community Mental Health and Substance Abuse Services, are participating employers of the System and are required to contribute to the System under state of Michigan statutes. Employees of participating employers holding regular positions, either full-time or part-time of 20 hours or more per week, are included by law in the System. Employees of the Sheriff's Deputy Association, Sheriff's Supervisory Association, certain District Court employees, and Judges elected or appointed after March 31, 1997, are excluded from the plan pursuant to past negotiations.

The System is controlled by laws established by the State of Michigan. Any changes to the plan document must be approved by the County of Kalamazoo Board of Commissioners and subsequently implemented by the County of Kalamazoo Office of Finance. The System provides retirement, disability and death benefits to plan members and their beneficiaries. It is accounted for as a separate pension trust fund. Stand-alone financial reports are issued that include financial statements and required supplementary information for the System, which may be obtained from the Office of Finance, County of Kalamazoo, Michigan, 201 West Kalamazoo Avenue, Kalamazoo, Michigan, 49007.

Eligibility

An employee becomes a member in the System as of his or her date of eligible employment. Participants become 100% vested for benefits after eight years of service. Terminated members vested in the System are eligible for deferred retirement benefits.

As of December 31, 2019, the System's membership consisted of the following:

	County	Road Commission	CMH	Total
Retirees and beneficiaries currently receiving benefits	358	33	51	442
Terminated employees entitled to but not yet receiving benefits	149	7	61	217
Vested active participants	282	16	85	383
Nonvested participants	372	32	177	581
Total membership	1,161	88	374	1,623

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

Benefits Provided

Regular retirement benefits begin at age 60 with 8 years or more of service for the CMH and the Road Commission employees, as well as the County employees hired before July 1, 2009. Regular retirement benefits begin at age 65 with 8 years or more of service for the County employees hired on or after July 1, 2009. Certain County employees are eligible for normal retirement at age 55 with 25 years of service. Members may retire at age 55 with 8 years of service for a reduced benefit.

Deferred members of the County hired before October 1, 2009, deferred members of the CMH hired before February 5, 2013, and all deferred members of the Road Commission may elect to receive a lump sum benefit at any time before or after reaching the retirement age. All deferred members may receive annuity benefits at the normal or early retirement age.

Benefits are determined at the member's retirement date based on a formula of the member's service credit, final average compensation, and a percentage factor. Service credit is determined by the total number of full or part-time (at least 20 hours per week) years and months of employment. Additional service may be credited for any member with a military leave and for Road Commission employees with disability leave. The final average compensation is the average compensation received during the highest 5 consecutive years of the last 10 years of service or all years of service if the employee has less than 10 years of service. The percentage is determined by the participating employers of the System and ranged from 1.7% to 2.5% in 2019 and 2018. Annual benefits are reduced for early retirement or beneficiary benefits. Employees may choose to receive benefits in monthly payments or as a lump sum payment. Lump sum payments for employees hired before October 1, 2009, are calculated using the annual benefit, expected future lifetime, and a discount rate. Lump sum payments are no longer an option available for County employees hired on or after October 1, 2009, and CMH employees hired on or after February 5, 2013. The discount rate shall be the investment return assumption as adopted by the Retirement Investment Committee to be used in the annual actuarial valuation of the System.

Contributions

Employer Contributions. The System's funding policy provides for periodic employer contributions at actuarially determined rates that are expressed as percentages of annual covered payroll, and are designed to accumulate sufficient assets to pay benefits when due. The contribution rate ranged from 0.00% to 11.53% of projected valuation payroll for the year ended December 31, 2019. The normal cost and amortization payment were determined using an entry-age actuarial funding method. Unfunded actuarial accrued liabilities are being amortized as a level percent-of-payroll over an open period of 10 years.

Employee Contributions. No employee contributions are required for participation in the System. The only contributions recognized are those relating to purchased years of service.

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

It is the System's policy to fund the actuarial determined pension liability in order for funds to be available when a member retires. The employers are required to contribute a percentage of payroll at an actuarially determined rate. The contribution rate is based on the actuarial assumptions and experiences. Once a group is full or overfunded, the employer no longer contributes for that group. The employers were required to contribute the following percentages of payroll for the year ended December 31, 2019:

Kalamazoo County:	
Airport	0.00%
AS&E/B&G/Parks	5.19%
Head start I	0.00%
Head start II	0.00%
Juvenile court	11.53%
Juvenile home	4.39%
Non-represented	4.27%
Sheriff command	0.00%
FOP	0.00%
Road Commission - all eligible employees	0.00%
CMH:	
Managerial	7.35%
Professional	5.08%
TOPS	5.72%

The sheriff command no longer has active members and therefore no contribution rate can be determined based on a percentage of payroll. The County contributed a fixed dollar amount for the sheriff command of \$56,052 for the year ended December 31, 2019.

The employers' actual contributions were as follows for the year ended December 31, 2019:

Employer	Actuarially Determined Contribution	Actual Contribution	Percent Contributed
County	\$ 1,603,818	\$ 1,603,818	100.00%
Road Commission	-	-	0.00%
CMH	784,761	394,250	50.24%
Total contributions	\$ 2,388,579	\$ 1,998,068	

System members may purchase credited service for time served in the military. To purchase credited service for military leave, members pay an amount equal to 5% of the member's annual compensation for each year purchased. Members of the County of Kalamazoo Board of Commissioners electing to participate in the plan must contribute 100% of the actuarial cost annually. System members retain the right upon termination to withdraw their contributions plus regular interest, as defined by the System, in lieu of any pension rights they may have. Members may repurchase past service credit for an amount equal to the aggregate amount of contributions the County made at the time of the previous service plus accrued interest from the date of separation to the date of the deposit.

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

The System maintains a member deposit fund, which is used to accumulate contributions made by plan members and related accrued interest. As detailed in the plan document, the fund is legally required to distribute individual employee contributions and related interest, upon request by a terminated plan member. The balance in the member deposit fund at December 31, 2019 is \$575,434.

Net Pension Asset. The components of the net pension asset of the System at December 31, 2019, were as follows:

	County	Road Commission	CMH	Total
Total pension liability	\$ 147,130,345	\$ 12,608,468	\$ 37,484,207	\$ 197,223,020
System fiduciary net position	172,623,791	14,793,152	43,979,139	231,396,082
Net pension asset	<u>\$ (25,493,446)</u>	<u>\$ (2,184,684)</u>	<u>\$ (6,494,932)</u>	<u>\$ (34,173,062)</u>
System fiduciary net position percentage of total pension liability	117.33%	117.33%	117.33%	117.33%
		Net Pension Asset at December 31, 2019	Timing Difference	As Reported in the Statement of Net Position
Net pension asset by employer:				
County	\$ 25,493,446	\$ -	\$ 25,493,446	
Road Commission	2,184,684	-	2,184,684	
CMH	6,494,932	3,925,549	2,569,383	
Net pension asset	<u>\$ 34,173,062</u>	<u>\$ 3,925,549</u>	<u>\$ 30,247,513</u>	

The CMH is presented on a September 30 year-end, and as such the amount reported above at December 31, 2019 will be reported by that component unit in the subsequent year audit report.

Actuarial Assumptions. The System's net pension asset was measured as of December 31, 2019, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2018, using the following actuarial assumptions applied to all periods included in the measurement:

	County	Road Commission	CMH
Inflation	3.25%	3.25%	3.25%
Salary increases (includes inflation at 3.5%)	3.25% to 7.25%	3.25% to 6.98%	3.75% to 5.25%
Investment rate of return	7.25%	7.25%	7.25%

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

Mortality rates for 2019 were based on the Pub-2010 amount weighted, general, employee, healthy retiree, disabled retiree, safety, male, and female tables, with future mortality improvements projected to 2025 using scale MP-2019.

The actuarial assumptions used in the December 31, 2018 valuation was based on the results of an actuarial experience study for the period January 1, 2014 to December 31, 2018.

Long-term Expected Rate of Return. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense 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. Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation are summarized in the following table as of December 31, 2019:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
U.S. small cap (manager 1)	5.00%	4.87%	0.24%
U.S. small cap (manager 2)	10.00%	4.87%	0.49%
International developed equity	10.00%	5.37%	0.54%
U.S. large cap (manager 1)	30.00%	4.37%	1.31%
U.S. large cap (manager 2)	5.00%	4.37%	0.22%
Emerging markets	10.00%	7.87%	0.79%
Domestic fixed income	25.00%	0.57%	0.14%
Real estate (manager 1)	2.50%	2.77%	0.07%
Real estate (manager 2)	2.50%	2.77%	0.07%
	<u>100.00%</u>		
Inflation			3.25%
Risk factor adjustment			<u>0.13%</u>
Investment rate of return			<u>7.25%</u>

Discount Rate. The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that System contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. 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.

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

Changes in the Net Pension Asset. The components of the change in the net pension asset are summarized as follows:

	Total System		
	Total Pension Liability	System Fiduciary Net Position	Net Pension Asset
Balance at December 31, 2018	\$ 190,399,134	\$ 203,716,137	\$ (13,317,003)
Changes for the year:			
Service cost	3,937,210	-	3,937,210
Interest on the total pension liability	13,498,601	-	13,498,601
Difference between expected and actual experience	(484,306)	-	(484,306)
Assumption changes	2,232,668	-	2,232,668
Benefit payments and refunds	(12,360,287)	(12,360,287)	-
Employer contributions	-	1,998,068	(1,998,068)
Employee contributions	-	102,683	(102,683)
Net investment income	-	38,326,229	(38,326,229)
Administrative expenses	-	(386,748)	386,748
Net changes	6,823,886	27,679,945	(20,856,059)
Balance at December 31, 2019	\$ 197,223,020	\$ 231,396,082	\$ (34,173,062)
	County		
	Total Pension Liability	System Fiduciary Net Position	Net Pension Asset
Balance at December 31, 2018	\$ 142,039,658	\$ 151,974,275	\$ (9,934,617)
Changes for the year:			
Service cost	2,937,198	-	2,937,198
Interest on the total pension liability	10,070,091	-	10,070,091
Difference between expected and actual experience	(361,297)	-	(361,297)
Assumption changes	1,665,593	-	1,665,593
Benefit payments and refunds	(9,220,898)	(9,220,898)	-
Employer contributions	-	1,603,818	(1,603,818)
Employee contributions	-	76,602	(76,602)
Net investment income	-	28,478,512	(28,478,512)
Administrative expenses	-	(288,518)	288,518
Net changes	5,090,687	20,649,516	(15,558,829)
Balance at December 31, 2019	\$ 147,130,345	\$ 172,623,791	\$ (25,493,446)

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

Road Commission			
	Total Pension Liability	System Fiduciary Net Position	Net Pension Asset
Balance at December 31, 2018	\$ 12,172,217	\$ 13,023,573	\$ (851,356)
Changes for the year:			
Service cost	251,706	-	251,706
Interest on the total pension liability	862,966	-	862,966
Difference between expected and actual experience	(30,962)	-	(30,962)
Assumption changes	142,734	-	142,734
Benefit payments and refunds	(790,193)	(790,193)	-
Employee contributions	-	6,565	(6,565)
Net investment income	-	2,577,932	(2,577,932)
Administrative expenses	-	(24,725)	24,725
Net changes	436,251	1,769,579	(1,333,328)
Balance at December 31, 2019	\$ 12,608,468	\$ 14,793,152	\$ (2,184,684)
CMH			
	Total Pension Liability	System Fiduciary Net Position	Net Pension Asset
Balance at December 31, 2018	\$ 36,187,259	\$ 38,718,289	\$ (2,531,030)
Changes for the year:			
Service cost	748,306	-	748,306
Interest on the total pension liability	2,565,544	-	2,565,544
Difference between expected and actual experience	(92,047)	-	(92,047)
Assumption changes	424,341	-	424,341
Benefit payments and refunds	(2,349,196)	(2,349,196)	-
Employer contributions	-	394,250	(394,250)
Employee contributions	-	19,516	(19,516)
Net investment income	-	7,269,785	(7,269,785)
Administrative expenses	-	(73,505)	73,505
Net changes	1,296,948	5,260,850	(3,963,902)
Balance at December 31, 2019	\$ 37,484,207	\$ 43,979,139	\$ (6,494,932)

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

Sensitivity of the Net Pension Asset to Changes in the Discount Rate. The following table presents the System's net pension asset, calculated using a single discount rate of 7.25%, as well as what the System's net pension asset would be if it were calculated using a single discount rate that is one-percentage-point lower (6.25%) or one-percentage-point higher (8.25%) than the current rate:

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
County	(6,605,613)	(25,493,446)	(41,278,629)
Road Commission	(566,074)	(2,184,684)	(3,537,410)
CMH	(1,682,903)	(6,494,932)	(10,516,502)
County's net pension asset	<u>\$ (8,854,590)</u>	<u>\$ (34,173,062)</u>	<u>\$ (55,332,541)</u>

Pension Plan Fiduciary Net Position. Detailed information about the System's fiduciary net position is available in the combining statements for the pension and other postemployment benefit trust funds in Note 11.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. For the year ended December 31, 2019, total pension expense amounted to \$5,172,636 (\$3,123,841 recognized by the County, \$(215,613) recognized by the Road Commission, and \$2,264,408 recognized by the CMH). At December 31, 2019, the employers reported pension-related deferred outflows of resources and deferred inflows of resources from the following sources:

Total System	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ 1,234,486	\$ 537,281	\$ 697,205
Changes of assumptions	4,825,408	-	4,825,408
Net difference between projected and actual investment earnings on pension plan investments	-	8,301,178	(8,301,178)
Changes in proportion and differences between employer contributions and share of contributions	945,747	945,747	-
Total	<u>\$ 7,005,641</u>	<u>\$ 9,784,206</u>	<u>\$ (2,778,565)</u>

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

County	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ 920,939	\$ 400,817	\$ 520,122
Changes of assumptions	3,599,803	-	3,599,803
Net difference between projected and actual investment earnings on pension plan investments	-	6,192,762	(6,192,762)
Changes in proportion and differences between employer contributions and share of contributions	330,745	522,144	(191,399)
Total	\$ 4,851,487	\$ 7,115,723	\$ (2,264,236)

Road Commission	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ 78,921	\$ 34,348	\$ 44,573
Changes of assumptions	308,488	-	308,488
Net difference between projected and actual investment earnings on pension plan investments	-	530,694	(530,694)
Changes in proportion and differences between employer contributions and share of contributions	234,657	236,211	(1,554)
Total	\$ 622,066	\$ 801,253	\$ (179,187)

CMH	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ 234,626	\$ 102,116	\$ 132,510
Changes of assumptions	917,117	-	917,117
Net difference between projected and actual investment earnings on pension plan investments	-	1,577,722	(1,577,722)
Changes in proportion and differences between employer contributions and share of contributions	380,345	187,392	192,953
Total	\$ 1,532,088	\$ 1,867,230	\$ (335,142)

The CMH is presented on a September 30 year-end, and as such the amounts reported above at December 31, 2019 will be reported by that component unit in the subsequent year audit report.

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

Amounts reported as pension-related deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ended December 31,	County	Road Commission	CMH	Total
2020	\$ (1,285,788)	\$ (125,418)	\$ (262,707)	\$ (1,673,913)
2021	151,815	9,803	111,566	273,184
2022	2,281,403	205,382	658,297	3,145,082
2023	(3,411,666)	(268,954)	(842,298)	(4,522,918)
	<u>\$ (2,264,236)</u>	<u>\$ (179,187)</u>	<u>\$ (335,142)</u>	<u>\$ (2,778,565)</u>

Payable to the Pension Plan. At December 31, 2019, the County reported a payable of \$64,163 to the pension plan.

Defined Contribution Plans

Sheriff's Department

The County provides pension benefits for all of its full-time employees of the Sheriff's Department not covered by the Kalamazoo County Employees' Retirement System through a defined contribution plan, established and administered by the Fraternal Order of Police, Lodge No. 98 (FOP). In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Employees are eligible to participate from the date of employment. For employees hired before September 17, 2013, the County contributes an amount equal to 16.00% of the employee's salary each pay period. For employees hired after this date, the County contributes an amount equal to 10.00% of the employee's salary each pay period. The County's contributions for each employee (and interest allocated to the employee's account) are fully vested upon deposit into a participant's account. The County made the required 2019 contribution of \$2,173,963. The County is not a fiduciary with respect to this plan and, accordingly, assets and liabilities of the plan have been excluded from these financial statements. Contribution requirements are established or amended under the authority of the County Board and collective bargaining.

Other Defined Contribution Plan

Currently, one Probate Court judge and four District Court employees have elected not to participate in the County's defined benefit plan described above. The probate judge is considered a State of Michigan employee and has elected to participate in a State of Michigan retirement plan under which the State and participant share in the cost of the plan.

The County has agreed to contribute, on behalf of the District Court employees, to defined contribution plans that are administered by unrelated third parties. The County made the required 2019 contributions on behalf of the District Court employees in the amount of \$13,329. The County is not a fiduciary with respect to these plans and, accordingly, the assets and liabilities of these plans have been excluded from these financial statements.

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

10. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Kalamazoo County Retiree Medical Benefits Plan ("Plan")

The Plan is a single-employer, defined benefit OPEB plan, which provides retiree health care benefits to eligible Plan members and beneficiaries. The Plan was established by the County Board of Commissioners and is administered by the Office of Finance of the County of Kalamazoo, Michigan. Accordingly, it is included as a fiduciary component unit in the County's comprehensive annual financial report. The County, the Road Commission, and the CMH are participating employers of the Plan.

Eligibility and Benefits Provided

County policy established that retiring employees, who terminate employment after becoming eligible for immediate commencement of retirement benefits from the County, shall be eligible for group health insurance. These benefits are established and can be amended by the County Board of Commissioners. Active participants of the Fraternal Order of Police ("FOP") defined contribution plan are eligible under the terms of their collective bargaining agreement. Changes are made through collective bargaining. All other retiring employees reach eligibility based on hire date, years of retirement plan, credited service and age at retirement. A retiree and his/her covered dependents must obtain Medicare Parts A & B at the earliest date eligible. Eligibility conditions for retiree health care benefits are as follows:

General County

Members hired on or before 12/31/2008 - Age 55 with 8 years of service; Members hired on or after 1/1/2009 - Age 60 with 8 years of service (until age 65 for members hired on or after 1/1/2010); Members hired on or after 1/1/2012 - not eligible for retiree health care benefits.

CMH

Members hired on or before 12/31/2009 - Age 55 with 8 years of service; Members hired on or after 1/1/2010 - Age 60 with 8 years of service, benefits are payable until 65; Members hired on or after 1/1/2012 - not eligible for retiree health care benefits.

Road Commission

Non-Union members hired on or before 12/31/2012 and Union members hired on or before 12/31/2016 - Age 55 with 25 years of service or age 60 with 8 years of service; Non-Union members hired on or after 1/1/2013 and Union members hired on or after 1/1/2017 - not eligible for retiree health care benefits.

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

The Plan's membership consisted of the following at December 31, 2017, the date of the most recent actuarial valuation:

	County	Road Commission	CMH	Total
Inactive employees or beneficiaries currently receiving benefit payment	440	39	47	526
Active employees	564	27	93	684
	<u>1,004</u>	<u>66</u>	<u>140</u>	<u>1,210</u>

Contributions

The Retiree Health Trust currently funds the Plan under the CMH defined by the Kalamazoo County Board of Commissioners. Plan members are charged contributions at a set rate per member depending on years of service over eight years and the type of optional coverage elected. The County is currently contributing 50% of the fixed rate determined in the most recent actuarial valuation adjusted for plan design changes made during the year. The Road Commission and the CMH are contributing based on the percentage of payroll determined in the most recent actuarial valuation.

The contribution rates include amortization of the unfunded actuarial accrued liability over a closed period of 23 years for County and the CMH. A closed period of 25 years for Road Commission, and a 28 year closed period for Sheriff (FOP).

Contributions were as follows at December 31, 2019, based on actuarially determined amounts from the December 31, 2017 actuarial valuation:

Employer	Actuarially Determined Contribution	Actual Contribution	Percent Contributed
County	\$ 3,304,770	\$ 3,409,685	103.17%
Road Commission	123,181	199,525	161.98%
CMH	145,752	145,752	100.00%
Total contributions	<u>\$ 3,573,703</u>	<u>\$ 3,754,962</u>	

Net OPEB Liability. The components of the net OPEB liability at December 31, 2019, were as follows:

	County	Road Commission	CMH	Total
Total OPEB liability	\$ 50,879,289	\$ 3,171,529	\$ 4,333,003	\$ 58,383,821
Plan fiduciary net position	17,864,126	2,315,384	2,994,345	23,173,855
Net OPEB liability	<u>\$ 33,015,163</u>	<u>\$ 856,145</u>	<u>\$ 1,338,658</u>	<u>\$ 35,209,966</u>
Plan fiduciary net position as a percentage of total OPEB liability	35.11%	73.01%	69.11%	39.69%

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

	Net OPEB Liability at December 31, 2019	Timing Difference	As Reported in the Statement of Net Position
Net OPEB liability by employer:			
County	\$ 33,015,163	\$ -	\$ 33,015,163
Road Commission	856,145	-	856,145
CMH	1,338,658	388,568	1,727,226
	<u>1,338,658</u>	<u>388,568</u>	<u>1,727,226</u>
Net OPEB liability	<u>\$ 35,209,966</u>	<u>\$ 388,568</u>	<u>\$ 35,598,534</u>

The CMH is presented on a September 30 year-end, and as such the amount reported above at December 31, 2019 will be reported by that component unit in the subsequent year audit report.

Actuarial Assumptions. The County's net OPEB liability was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017, using the following actuarial assumptions applied to all periods included in the measurement:

	County	Road Commission	CMH
Inflation	3.25%	3.25%	3.25%
Salary increases (includes inflation at 3.5%)	3.25% to 7.25%	3.25% to 6.98%	3.75% to 5.25%
Investment rate of return	7.25%	7.25%	7.25%
Healthcare cost trend rates	Initial trend of 9.0% gradually decreasing to 3.5%		

Mortality rates for 2019 were based on the Pub-2010 amount weighted, general, employee, healthy retiree, disabled retiree, safety, male, and female tables, with future mortality improvements projected to 2025 using scale MP-2019.

The actuarial assumptions used in the December 31, 2017 valuation (measurement date of December 31, 2019) was based on the results of an actuarial experience study for the period January 1, 2014 to December 31, 2018.

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

Long-term Expected Rate of Return. The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense 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. Best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation are summarized in the following tables as of December 31, 2019:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
U.S. small cap (manager 1)	5.00%	4.87%	0.24%
U.S. small cap (manager 2)	10.00%	4.87%	0.49%
International developed equity	10.00%	5.37%	0.54%
U.S. large cap (manager 1)	30.00%	4.37%	1.31%
U.S. large cap (manager 2)	5.00%	4.37%	0.22%
Emerging markets	10.00%	7.87%	0.79%
Domestic fixed income	25.00%	0.57%	0.14%
Real estate (manager 1)	2.50%	2.77%	0.07%
Real estate (manager 2)	2.50%	2.77%	0.07%
	<u>100.00%</u>		
Inflation			3.25%
Risk factor adjustment			<u>0.13%</u>
Investment rate of return			<u>7.25%</u>

Discount Rate. The discount rate used to measure the total OPEB liability at December 31, 2019 was 7.25%. The projection of cash flows used to determine the discount rate assumed that the County will contribute at a rate equal to the greater of the pay-as-you-go cost or 50% of the actuarially determined employer contribution, plus an additional \$300,000 per year. Based on those assumptions, the OPEB Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

Changes in the Net OPEB Liability. The components of the change in the net OPEB liability are summarized as follows:

	Total Plan		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at December 31, 2018	\$ 60,626,733	\$ 19,032,709	\$ 41,594,024
Changes for the year:			
Service cost	557,369	-	557,369
Interest on the total OPEB liability	4,320,696	-	4,320,696
Difference between expected and actual experience	(950,252)	-	(950,252)
Assumption changes	(3,551,527)	-	(3,551,527)
Benefit payments and refunds	(2,619,198)	(2,619,198)	-
Employer contributions	-	3,754,962	(3,754,962)
Net investment income	-	3,227,422	(3,227,422)
Administrative expenses	-	(226,515)	226,515
Other	-	4,475	(4,475)
Net changes	(2,242,912)	4,141,146	(6,384,058)
Balance at December 31, 2019	\$ 58,383,821	\$ 23,173,855	\$ 35,209,966

	County		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at December 31, 2018	\$ 52,991,346	\$ 14,332,217	\$ 38,659,129
Changes for the year:			
Service cost	454,431	-	454,431
Interest on the total OPEB liability	3,779,078	-	3,779,078
Difference between expected and actual experience	(930,445)	-	(930,445)
Assumption changes	(3,228,433)	-	(3,228,433)
Benefit payments and refunds	(2,186,688)	(2,186,688)	-
Employer contributions	-	3,409,685	(3,409,685)
Net investment income	-	2,487,936	(2,487,936)
Administrative expenses	-	(182,473)	182,473
Other	-	3,449	(3,449)
Net changes	(2,112,057)	3,531,909	(5,643,966)
Balance at December 31, 2019	\$ 50,879,289	\$ 17,864,126	\$ 33,015,163

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

	Road Commission		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at December 31, 2018	\$ 3,166,337	\$ 1,958,668	\$ 1,207,669
Changes for the year:			
Service cost	36,609	-	36,609
Interest on the total OPEB liability	225,642	-	225,642
Difference between expected and actual experience	(78,036)	-	(78,036)
Assumption changes	(34,352)	-	(34,352)
Benefit payments and refunds	(144,671)	(144,671)	-
Employer contributions	-	199,525	(199,525)
Net investment income	-	322,464	(322,464)
Administrative expenses	-	(21,050)	21,050
Other	-	448	(448)
Net changes	5,192	356,716	(351,524)
Balance at December 31, 2019	\$ 3,171,529	\$ 2,315,384	\$ 856,145
	CMH		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at December 31, 2018	\$ 4,469,050	\$ 2,741,824	\$ 1,727,226
Changes for the year:			
Service cost	66,329	-	66,329
Interest on the total OPEB liability	315,976	-	315,976
Difference between expected and actual experience	58,229	-	58,229
Assumption changes	(288,742)	-	(288,742)
Benefit payments and refunds	(287,839)	(287,839)	-
Employer contributions	-	145,752	(145,752)
Net investment income	-	417,022	(417,022)
Administrative expenses	-	(22,992)	22,992
Other	-	578	(578)
Net changes	(136,047)	252,521	(388,568)
Balance at December 31, 2019	\$ 4,333,003	\$ 2,994,345	\$ 1,338,658

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate. The following table presents the net OPEB liability, calculated using a single discount rate of 7.25%, as well as what the net OPEB liability would be if it were calculated using a single discount rate that is one-percentage-point lower (6.25%) or one-percentage-point higher (8.25%) than the current rate:

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
County	\$ 38,611,715	\$ 33,015,163	\$ 28,292,130
Road Commission	1,177,439	856,145	582,099
CMH	1,842,657	1,338,658	914,857
County's net OPEB liability	<u>\$ 41,631,811</u>	<u>\$ 35,209,966</u>	<u>\$ 29,789,086</u>

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate Assumption. The following table presents the net OPEB liability of the County, as well as what the County's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (8.0% decreasing to 2.5%) or 1% higher (10.0% decreasing to 4.5%) than the current healthcare cost trend rates:

	1% Decrease (8.0% Decreasing to 2.5%)	Healthcare Cost Trend Rates (9.0% Decreasing to 3.5%)	1% Increase (10.0% Decreasing to 4.5%)
County	\$ 27,265,236	\$ 33,015,163	\$ 39,904,981
Road Commission	519,008	856,145	1,254,681
CMH	823,567	1,338,658	1,954,599
County's net OPEB liability	<u>\$ 28,607,811</u>	<u>\$ 35,209,966</u>	<u>\$ 43,114,261</u>

OPEB Plan Fiduciary Net Position. Detailed information about the OPEB plan's fiduciary net position is available in the combining statements for the pension and other postemployment benefit trust funds in Note 11.

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. For the year ended December 31, 2019, total OPEB expense amounted to \$1,219,609 (\$1,194,519 recognized by the County, \$(17,167) recognized by the Road Commission, and \$42,257 recognized by the CMH). At December 31, 2019, the County reported OPEB-related deferred outflows of resources and deferred inflows of resources from the following sources:

Total Plan	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ 183,942	\$ 6,646,103	\$ (6,462,161)
Changes in assumptions	2,997,508	2,684,081	313,427
Net difference between projected and actual investment earnings on pension plan investments	-	193,341	(193,341)
Changes in proportion and differences between employer contributions and share of contributions	61,173	61,173	-
Total	\$ 3,242,623	\$ 9,584,698	\$ (6,342,075)

County	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ -	\$ 5,617,019	\$ (5,617,019)
Changes in assumptions	2,631,250	2,439,182	192,068
Net difference between projected and actual investment earnings on OPEB plan investments	-	150,616	(150,616)
Changes in proportion and differences between employer contributions and share of contributions	61,173	61,173	-
Total	\$ 2,692,423	\$ 8,267,990	\$ (5,575,567)

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

Road Commission	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ -	\$ 411,295	\$ (411,295)
Changes in assumptions	134,204	25,074	109,130
Net difference between projected and actual investment earnings on OPEB plan investments	-	2,669	(2,669)
Total	\$ 134,204	\$ 439,038	\$ (304,834)

CMH	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ 183,942	\$ 617,789	\$ (433,847)
Changes in assumptions	232,054	219,825	12,229
Net difference between projected and actual investment earnings on OPEB plan investments	-	40,056	(40,056)
Total	\$ 415,996	\$ 877,670	\$ (461,674)

The CMH is presented on a September 30 year-end, and as such the amounts reported above at December 31, 2019 will be reported by that component unit in the subsequent year audit report.

Amounts reported as OPEB-related deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year Ended December 31,	County	Road Commission	CMH	Total
2020	\$ (2,141,084)	\$ (156,775)	\$ (169,643)	\$ (2,467,502)
2021	(2,082,706)	(113,131)	(188,125)	(2,383,962)
2022	(977,560)	915	(48,630)	(1,025,275)
2023	(374,217)	(35,843)	(55,276)	(465,336)
	\$ (5,575,567)	\$ (304,834)	\$ (461,674)	\$ (6,342,075)

Payable to the OPEB Plan. At December 31, 2019, the County reported no amount payable to the OPEB plan.

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

11. FINANCIAL STATEMENTS FOR INDIVIDUAL PENSION AND OTHER POSTEMPLOYMENT BENEFIT FUNDS

Financial statements for the individual pension and other postemployment benefits plans are as follows:

Combining Statement of Fiduciary Net Position

	Retiree Health Care Trust Fund	Pension Trust Fund	Total
Assets			
Cash and cash equivalents	\$ 5,007,560	\$ 3,151,027	\$ 8,158,587
Investments, at fair value:			
U.S. government securities	1,354,368	15,871,514	17,225,882
U.S. agency securities	1,762,899	20,658,990	22,421,889
Corporate obligations	1,337,981	15,679,469	17,017,450
Foreign corporate obligations	186,760	2,188,600	2,375,360
Mortgage-backed funds	86,074	1,008,682	1,094,756
Foreign mortgage-backed funds	11,810	138,397	150,207
Domestic equity mutual funds/ collective trust funds	9,924,038	116,297,388	126,221,426
Emerging market mutual funds	2,035,068	23,848,465	25,883,533
International equity mutual funds	2,000,786	23,446,729	25,447,515
Real estate investment trust	489,183	5,732,617	6,221,800
Real estate pooled separate account	484,171	5,673,880	6,158,051
 Receivables:			
Interest and dividends	25,118	294,350	319,468
Employer contributions	-	53,871	53,871
Other	110,108	-	110,108
 Other assets -			
Prepays	151,338	11,543	162,881
 Total assets	24,967,262	234,055,522	259,022,784
 Liabilities			
Accounts payable	1,653,174	142,149	1,795,323
Benefits payable	8,434	972,769	981,203
Purchase of investments	131,799	1,544,522	1,676,321
 Total liabilities	1,793,407	2,659,440	4,452,847
 Net position			
Restricted for:			
Employees' pension benefits	-	231,396,082	231,396,082
Other postemployment benefits	23,173,855	-	23,173,855
 Total net position	\$ 23,173,855	\$ 231,396,082	\$ 254,569,937

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

Combining Statement of Changes in Fiduciary Net Position

	Retiree Health Care Trust Fund	Pension Trust Fund	Total
Additions			
Contributions:			
Employer	\$ 3,754,962	\$ 1,998,068	\$ 5,753,030
Employees	-	102,683	102,683
Total contributions	3,754,962	2,100,751	5,855,713
Investment earnings:			
Net appreciation in fair value of investments	2,786,375	33,845,146	36,631,521
Income on mutual funds	366,825	3,582,730	3,949,555
Interest and dividends	138,352	1,664,626	1,802,978
Income on real estate pooled separate account	8,999	106,953	115,952
Total investment earnings	3,300,551	39,199,455	42,500,006
Investment expense	(73,129)	(873,226)	(946,355)
Net investment earnings	3,227,422	38,326,229	41,553,651
Other additions	4,475	-	4,475
Total additions	6,986,859	40,426,980	47,413,839
Deductions			
Benefit payments	2,619,198	12,360,287	14,979,485
Administrative expenses	226,515	386,748	613,263
Total deductions	2,845,713	12,747,035	15,592,748
Change in net position	4,141,146	27,679,945	31,821,091
Net position, beginning of year	19,032,709	203,716,137	222,748,846
Net position, end of year	\$ 23,173,855	\$ 231,396,082	\$ 254,569,937

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

12. RISK MANAGEMENT

The risks of loss arising from general liability, property, and crime, other than aviation activities, are managed through a combination of purchased commercial insurance, through the Michigan Municipal Risk Management Authority, and the set aside of assets. Assets have been set aside for the coverage of up to a maximum of \$150,000 for each general liability claim, and \$1,000 for each property and crime claim (also, 10% of next \$100,000 of each property and crime claim). Purchased commercial insurance provides coverage in excess of these limits and for all other risks of loss. With regard to vehicle physical damage claims, the County is entirely self-insured due to the prohibitive cost of commercial insurance for such losses.

Risk of loss associated with Aviation operations are managed through the purchase of commercial insurance.

The Employee Benefit Fund provides coverage for up to a maximum of \$550,000 for each workers' compensation claim. The County purchases commercial insurance for claims in excess of this coverage up to a maximum of \$1,000,000 for each claim and \$10,000,000 for aggregate claims. Workers' compensation claim expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss may be reasonably estimated.

Liabilities include an amount for claims that have been incurred but not reported. Because actual claim liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing claim liabilities does not necessarily result in an exact amount. Claim liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors. Liabilities for incurred losses to be settled by fixed or reasonably determinable payments over a long period are not significant, as the County prefers to liquidate such liabilities immediately.

The County manages its risk of loss arising from health and medical claims through a combination of purchased commercial insurance and a set aside of assets for claims settlements. For those claims (up to an annual maximum of \$200,000 per individual) financed from the set aside of assets, the County reports claim expenditures and liabilities when it is probable that a loss has occurred and the amount of loss may be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Health and medical claim liabilities are subject to the same estimation limitations and periodic reevaluation as workers' compensation claims. For all risks of loss, there have been no significant reductions in insurance coverage from coverage provided in prior years. In addition, in the past three fiscal years, settlements did not exceed insurance coverage.

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

Changes in the balances of claim liabilities consists of the following:

	Estimated Liability Beginning of Year	Current Year Claims and Changes in Estimates	Claims Payments	Estimated Liability End of Year
General liability and crime:				
2018	\$ 417,173	\$ 171,096	\$ (95,694)	\$ 492,575
2019	492,575	391,430	(317,771)	566,234
Workers' compensation:				
2018	933,204	259,861	(222,563)	970,502
2019	970,502	252,269	(337,037)	885,734
Employee health and medical:				
2018	551,393	7,565,482	(7,405,893)	710,982
2019	710,982	7,432,832	(7,460,814)	683,000
Employee dental:				
2018	32,452	557,538	(558,485)	31,505
2019	31,505	642,636	(637,141)	37,000

The County considers property and vehicle damage claims arising from natural disasters, catastrophes, or other extraordinary events as subject to the provisions of the accounting standards governing risk management and, therefore, reportable. Expenditures incurred in connection with assets repairs or replacements not associated with such causes are considered outside the measurement and reporting standards.

13. LEASES

Leases Receivable

The Airport has entered into agreements to lease airport facilities to various airlines and vendors. The aggregate amount of future minimum lease payments expected to be received by the Airport, exclusive of expected extensions and airline month-to-month agreements, in each of the next five years and thereafter are as follows:

Year Ended December 31,	Amount
2020	\$ 317,147
2021	273,264
2022	75,409
2023	72,477
2024	68,264
2025-2029	302,463
2030-2034	258,895
2035-2036	195,280
	<u>\$ 1,563,199</u>

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

Lease Commitments

The County leases several facilities and equipment under non-cancelable agreements that have been classified as operating leases. Total cost for such leases were \$347,215 in 2019. The future minimum lease payments for these leases consist of the following:

Year Ended December 31,	Amount
2020	\$ 371,632
2021	363,456
2022	351,586
2023	349,313
2024	333,423
2025-2029	1,692,310
2030-2034	1,941,000
2035-2038	<u>1,326,350</u>
	<u>\$ 6,729,070</u>

Included with the facility leases is a building at 400 Bryant in Kalamazoo. On August 2, 2017, an amendment was entered into in which the County provided advance funding of \$5 million related to this lease agreement. This advance funding reduced each of the monthly lease payments through the termination of the lease (May 2038). Amounts exceeding the advance funding amount are included in the future minimum lease payments noted above. Additionally, a \$5 million letter of credit exists related to this advance funding.

14. PROPERTY TAXES

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.

Tax Abatements

The County received reduced property tax revenues during 2019 as a result of industrial facilities tax exemptions (IFT's) entered into by cities, villages, townships, and authorities within the County.

The IFT's were entered into based upon the Plant Rehabilitation and Industrial Developments Districts Act (known as the Industrial Facilities Exemption), PA 198 of 1974, as amended. IFT's provide a tax incentive to manufacturers to enable renovation and expansion of aging facilities, assist in the building of new facilities, and to promote the establishment of high-tech facilities. Properties qualifying for IFT status are taxed at 50% of the millage rate applicable to other real and personal property in the county. The abatements amounted to \$379,470 in reduced county tax revenues for 2019.

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

15. CONTINGENT LIABILITIES

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the County and its Corporate Counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the County.

Amounts received or receivable from grantor agencies are subject to audit and 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.

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

16. FUND BALANCES - GOVERNMENTAL FUNDS

Detailed information on fund balances of governmental funds is as follows:

	General Fund	Law Enforcement	Senior Millage	General County Public Improvement	Nonmajor Governmental Funds	Total
Nonspendable						
Inventories	\$ 20,649	\$ -	\$ -	\$ -	\$ 770	\$ 21,419
Prepays	173,677	-	-	-	13,745	187,422
Long-term advances	378,315	-	-	-	-	378,315
Total nonspendable	572,641	-	-	-	14,515	587,156
Restricted						
Budget stabilization	2,500,000	-	-	-	-	2,500,000
Law enforcement	-	683,192	-	-	-	683,192
Senior millage	-	-	1,631,576	-	-	1,631,576
Register of deeds automation	-	-	-	-	759,567	759,567
Community development	-	-	-	-	293,071	293,071
Accommodation tax	-	-	-	-	1,335,000	1,335,000
Grant programs	-	-	-	-	1,687,433	1,687,433
Concealed pistol license	-	-	-	-	262,781	262,781
Debt services	-	-	-	-	350,554	350,554
Total restricted	2,500,000	683,192	1,631,576	-	4,688,406	9,503,174
Committed						
Capital projects	3,994,630	78,050	-	-	-	4,072,680
Social welfare	14,093	-	-	-	-	14,093
Community training disaster recovery	40,000	-	-	-	-	40,000
Total committed	4,048,723	78,050	-	-	-	4,126,773
Assigned						
Capital projects	-	-	-	19,294,813	-	19,294,813
Grant programs	-	-	-	-	14,328	14,328
Total assigned	-	-	-	19,294,813	14,328	19,309,141
Unassigned	31,324,324	-	-	-	-	31,324,324
Total fund balances, governmental funds	\$ 38,445,688	\$ 761,242	\$ 1,631,576	\$ 19,294,813	\$ 4,717,249	\$ 64,850,568

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

17. NET INVESTMENT IN CAPITAL ASSETS

The composition of the County's net investment in capital assets as of December 31, 2019, was as follows:

	Governmental Activities	Business-type Activities
Capital assets:		
Capital assets not being depreciated	\$ 6,946,859	\$ 14,389,504
Capital assets being depreciated, net	85,049,288	39,136,578
	<u>91,996,147</u>	<u>53,526,082</u>
Related debt:		
Total installment debt	19,090,000	8,520,000
Net bond premium/discount	2,491,870	356,158
Deferred charge on refunding	(171,607)	(277,386)
Bonds payable related to capital leases	-	(5,195,000)
Bond premiums related to capital leases	-	(116,917)
	<u>21,410,263</u>	<u>3,286,855</u>
Net investment in capital assets	<u>\$ 70,585,884</u>	<u>\$ 50,239,227</u>

18. RESTATEMENT

The County adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, in the current year. As a result of this change, beginning fund balance of the general fund and public safety special grants special revenue fund were increased by \$220,559 and \$31,255, respectively, and net position of governmental activities was increased by \$251,814. Additionally, beginning net position of the custodial funds was increased by \$589,586.

19. SUBSEQUENT EVENT

In March 2020, the World Health Organization declared the novel coronavirus outbreak (COVID-19) to be a global pandemic. The extent of the ultimate impact of the pandemic on the government's operational and financial performance will depend on various developments, including the duration and spread of the outbreak and its impact on employees, vendors, and taxpayers, all of which cannot be reasonably predicted at this time. In addition, it may place additional demands on the government for providing emergency services to its citizens. While management reasonably expects the COVID-19 outbreak to negatively impact the government's financial position, changes in financial position, and, where applicable, the timing and amounts of cash flows, the related financial consequences and duration are highly uncertain.

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REQUIRED SUPPLEMENTARY INFORMATION

COUNTY OF KALAMAZOO, MICHIGAN

Required Supplementary Information

Employees' Retirement System
Total System

Schedule of Changes in Net Pension Asset and Related Ratios

	Year Ended December 31,					
	2014	2015	2016	2017	2018	2019
Total pension liability						
Service cost	\$ 3,629,274	\$ 3,339,511	\$ 3,449,662	\$ 3,502,608	\$ 3,584,907	\$ 3,937,210
Interest on total pension liability	11,540,803	11,895,347	12,251,457	12,514,402	13,019,964	13,498,601
Difference between expected and actual experience	-	(2,986,458)	(949,324)	1,388,645	1,248,982	(484,306)
Assumption changes	-	2,164,854	-	-	5,298,105	2,232,668
Benefit payments	(11,408,049)	(9,187,843)	(10,252,492)	(12,292,215)	(9,119,760)	(12,360,287)
Net change in total pension liability	3,762,028	5,225,411	4,499,303	5,113,440	14,032,198	6,823,886
Total pension liability, beginning of year	157,766,754	161,528,782	166,754,193	171,253,496	176,366,936	190,399,134
Total pension liability, end of year	161,528,782	166,754,193	171,253,496	176,366,936	190,399,134	197,223,020
Plan fiduciary net position						
Employer contributions	1,985,340	1,320,723	1,464,540	1,212,943	782,613	1,998,068
Employee contributions	-	4,500	-	47,754	7,991	102,683
Net investment income (loss)	13,528,275	(3,399,365)	23,448,619	32,317,005	(15,868,059)	38,326,229
Benefit payments	(11,408,049)	(9,187,843)	(10,252,492)	(12,292,215)	(9,119,760)	(12,360,287)
Administrative expense	(252,272)	(345,891)	(303,990)	(313,277)	(316,553)	(386,748)
Net change in plan fiduciary net position	3,853,294	(11,607,876)	14,356,677	20,972,210	(24,513,768)	27,679,945
Plan fiduciary net position, beginning of year	200,655,600	204,508,894	192,901,018	207,257,695	228,229,905	203,716,137
Plan fiduciary net position, end of year	204,508,894	192,901,018	207,257,695	228,229,905	203,716,137	231,396,082
Net pension asset	\$ (42,980,112)	\$ (26,146,825)	\$ (36,004,199)	\$ (51,862,969)	\$ (13,317,003)	\$ (34,173,062)
Plan fiduciary net position as a percentage of total pension liability	126.61%	115.68%	121.02%	129.41%	106.99%	117.33%
Covered payroll ⁽¹⁾	\$ 41,180,449	\$ 41,152,336	\$ 43,438,087	\$ 45,624,833	\$ 47,753,851	\$ 51,080,853
Net pension asset as a percentage of covered payroll	-104.37%	-63.54%	-82.89%	-113.67%	-27.89%	-66.90%

Note: GASB 67 was implemented in 2014. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

The 2019 assumption changes resulted from the following:

- Wage inflation decreased from 3.50% to 3.25%
- The spread between investment return and wage inflation increased from 3.75% to 4.00%
- Mortality rates for 2019 were based on the Pub-2010 amount weighted, general, employee, healthy retiree, disabled retiree, safety, male, and female tables, with future mortality improvements projected to 2025 using scale MP-2019. Mortality rates for 2018 were based on the RP-2000 Mortality Combined Healthy Tables, projected 20 years with U.S. Projection Scale BB

The 2018 assumption changes resulted from a change in the discount rate from 7.50% to 7.25%.

The 2015 assumption changes resulted from the following:

- 1994 Group Annuity Mortality Table used in 2014 and RP-2000 Mortality Combined Healthily Tables used in 2015
- Salary increases for the County ranged from 3.5% to 9.5% in 2014 and 3.5% to 7.5% in 2015
- Salary increases for the Road Commission ranged from 3.5% to 8.2% in 2014 and 3.5% to 7.2% in 2015

⁽¹⁾ Valuation payroll as of the previous year ended December 31

COUNTY OF KALAMAZOO, MICHIGAN

Required Supplementary Information

Employees' Retirement System
County

Schedule of Changes in Net Pension Asset and Related Ratios

	Year Ended December 31, 2019
Total pension liability	
Service cost	\$ 2,937,198
Interest on total pension liability	10,070,091
Difference between expected and actual experience	(361,297)
Assumption changes	1,665,593
Benefit payments	(9,220,898)
Net change in total pension liability	<u>5,090,687</u>
Total pension liability, beginning of year	<u>142,039,658</u>
Total pension liability, end of year	<u>147,130,345</u>
Plan fiduciary net position	
Employer contributions	1,603,818
Employee contributions	76,602
Net investment income	28,478,512
Benefit payments	(9,220,898)
Administrative expense	(288,518)
Net change in plan fiduciary net position	<u>20,649,516</u>
Plan fiduciary net position, beginning of year	<u>151,974,275</u>
Plan fiduciary net position, end of year	<u>172,623,791</u>
Net pension asset	<u>\$ (25,493,446)</u>
Plan fiduciary net position as a percentage of total pension liability	117.33%
Covered payroll ⁽¹⁾	<u>\$ 33,819,547</u>
Net pension asset as a percentage of covered payroll	-75.38%

Note: GASB 67 was implemented in 2014, however, this level of information was not available prior to 2019. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

The 2019 assumption changes resulted from the following:

- Wage inflation decreased from 3.50% to 3.25%
- The spread between investment return and wage inflation increased from 3.75% to 4.00%
- Mortality rates for 2019 were based on the Pub-2010 amount weighted, general, employee, healthy retiree, disabled retiree, safety, male, and female tables, with future mortality improvements projected to 2025 using scale MP-2019. Mortality rates for 2018 were based on the RP-2000 Mortality Combined Healthy Tables, projected 20 years with U.S. Projection Scale BB.

⁽¹⁾ Valuation payroll as of the previous year ended December 31

COUNTY OF KALAMAZOO, MICHIGAN

Required Supplementary Information

Employees' Retirement System
Road Commission

Schedule of Changes in Net Pension Asset and Related Ratios

	Year Ended December 31, 2019
Total pension liability	
Service cost	\$ 251,706
Interest on total pension liability	862,966
Difference between expected and actual experience	(30,962)
Assumption changes	142,734
Benefit payments	(790,193)
Net change in total pension liability	<u>436,251</u>
Total pension liability, beginning of year	<u>12,172,217</u>
Total pension liability, end of year	<u>12,608,468</u>
Plan fiduciary net position	
Employee contributions	6,565
Net investment income	2,577,932
Benefit payments	(790,193)
Administrative expense	(24,725)
Net change in plan fiduciary net position	<u>1,769,579</u>
Plan fiduciary net position, beginning of year	<u>13,023,573</u>
Plan fiduciary net position, end of year	<u>14,793,152</u>
Net pension asset	<u><u>\$ (2,184,684)</u></u>
Plan fiduciary net position as a percentage of total pension liability	117.33%
Covered payroll ⁽¹⁾	<u><u>\$ 3,299,694</u></u>
Net pension asset as a percentage of covered payroll	-66.21%

Note: GASB 67 was implemented in 2014, however, this level of information was not available prior to 2019. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

The 2019 assumption changes resulted from the following:

- Wage inflation decreased from 3.50% to 3.25%
- The spread between investment return and wage inflation increased from 3.75% to 4.00%
- Mortality rates for 2019 were based on the Pub-2010 amount weighted, general, employee, healthy retiree, disabled retiree, safety, male, and female tables, with future mortality improvements projected to 2025 using scale MP-2019. Mortality rates for 2018 were based on the RP-2000 Mortality Combined Healthy Tables, projected 20 years with U.S. Projection Scale BB.

⁽¹⁾ Valuation payroll as of the previous year ended December 31

COUNTY OF KALAMAZOO, MICHIGAN

Required Supplementary Information

Employees' Retirement System
Integrated Services of Kalamazoo

Schedule of Changes in Net Pension Asset and Related Ratios

	Year Ended December 31, 2019
Total pension liability	
Service cost	\$ 748,306
Interest on total pension liability	2,565,544
Difference between expected and actual experience	(92,047)
Assumption changes	424,341
Benefit payments	(2,349,196)
Net change in total pension liability	<u>1,296,948</u>
Total pension liability, beginning of year	<u>36,187,259</u>
Total pension liability, end of year	<u>37,484,207</u>
Plan fiduciary net position	
Employer contributions	394,250
Employee contributions	19,516
Net investment income	7,269,785
Benefit payments	(2,349,196)
Administrative expense	(73,505)
Net change in plan fiduciary net position	<u>5,260,850</u>
Plan fiduciary net position, beginning of year	<u>38,718,289</u>
Plan fiduciary net position, end of year	<u>43,979,139</u>
Net pension asset	<u>\$ (6,494,932)</u>
Plan fiduciary net position as a percentage of total pension liability	117.33%
Covered payroll ⁽¹⁾	<u>\$ 13,961,612</u>
Net pension asset as a percentage of covered payroll	-46.52%

Note: GASB 67 was implemented in 2014, however, this level of information was not available prior to 2019. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

The 2019 assumption changes resulted from the following:

- Wage inflation decreased from 3.50% to 3.25%
- The spread between investment return and wage inflation increased from 3.75% to 4.00%
- Mortality rates for 2019 were based on the Pub-2010 amount weighted, general, employee, healthy retiree, disabled retiree, safety, male, and female tables, with future mortality improvements projected to 2025 using scale MP-2019. Mortality rates for 2018 were based on the RP-2000 Mortality Combined Healthy Tables, projected 20 years with U.S. Projection Scale BB.

⁽¹⁾ Valuation payroll as of the previous year ended December 31

COUNTY OF KALAMAZOO, MICHIGAN

Required Supplementary Information Employees' Retirement System

Schedule of Net Pension Asset

Total System						
Year Ended December 31,	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Asset	Plan Fiduciary Net Position as Percentage of Total Pension Liability	Covered ⁽¹⁾ Payroll	Net Pension Asset as Percentage of Covered Payroll
2014	\$ 161,528,782	\$ 204,508,894	\$ (42,980,112)	126.61%	\$ 41,180,449	-104.37%
2015	166,754,193	192,901,018	(26,146,825)	115.68%	41,152,336	-63.54%
2016	171,253,496	207,257,695	(36,004,199)	121.02%	43,438,087	-82.89%
2017	176,366,936	228,229,905	(51,862,969)	129.41%	45,624,833	-113.67%
2018	190,399,134	203,716,137	(13,317,003)	106.99%	47,753,851	-27.89%
2019	197,223,020	231,396,082	(34,173,062)	117.33%	51,080,853	-66.90%

County						
Year Ended December 31,	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Asset	Plan Fiduciary Net Position as Percentage of Total Pension Liability	Covered ⁽¹⁾ Payroll	Net Pension Asset as Percentage of Covered Payroll
2014	\$ 105,940,267	\$ 134,129,203	\$ (28,188,936)	126.61%	\$ 28,124,717	-100.23%
2015	125,235,731	144,872,519	(19,636,788)	115.68%	29,100,398	-67.48%
2016	127,779,083	154,643,257	(26,864,174)	121.02%	30,382,053	-88.42%
2017	130,049,452	168,292,168	(38,242,716)	129.41%	31,090,984	-123.00%
2018	140,055,699	149,851,553	(9,795,854)	106.99%	32,319,766	-30.31%
2019	147,130,345	172,623,791	(25,493,446)	117.33%	33,819,547	-75.38%

Road Commission						
Year Ended December 31,	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Asset	Plan Fiduciary Net Position as Percentage of Total Pension Liability	Covered ⁽¹⁾ Payroll	Net Pension Asset as Percentage of Covered Payroll
2014	\$ -	\$ -	\$ -	0.00%	\$ 2,222,722	0.00%
2015	11,962,951	13,838,725	(1,875,774)	115.68%	2,042,092	-91.86%
2016	12,093,922	14,636,538	(2,542,616)	121.02%	2,403,555	-105.79%
2017	12,186,955	15,770,686	(3,583,731)	129.41%	2,700,098	-132.73%
2018	13,607,826	14,559,592	(951,766)	106.99%	2,897,844	-32.84%
2019	12,608,468	14,793,152	(2,184,684)	117.33%	3,299,694	-66.21%

Integrated Services of Kalamazoo						
Year Ended December 31,	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Asset	Plan Fiduciary Net Position as Percentage of Total Pension Liability	Covered ⁽¹⁾ Payroll	Net Pension Asset as Percentage of Covered Payroll
2014	\$ 55,588,515	\$ 70,379,691	\$ (14,791,176)	126.61%	\$ 10,833,010	-136.54%
2015	29,555,511	34,189,774	(4,634,263)	115.68%	10,009,846	-46.30%
2016	31,380,491	37,977,900	(6,597,409)	121.02%	10,652,479	-61.93%
2017	34,130,529	44,167,051	(10,036,522)	129.41%	11,833,751	-84.81%
2018	36,735,609	39,304,992	(2,569,383)	106.99%	12,536,241	-20.50%
2019	37,484,207	43,979,139	(6,494,932)	117.33%	13,961,612	-46.52%

Note: GASB 67 was implemented in 2014. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

⁽¹⁾ Valuation payroll as of the previous year ended December 31

COUNTY OF KALAMAZOO, MICHIGAN

Required Supplementary Information
Employees' Retirement System

Schedule of Contributions

Total System					
Year Ended December 31,	Actuarially ⁽²⁾ Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered ⁽¹⁾ Payroll	Actual Contribution as Percentage of Covered Payroll
2014	\$ 1,985,340	\$ 1,985,340	\$ -	\$ 41,180,449	4.82%
2015	1,320,723	1,320,723	-	41,152,336	3.21%
2016	1,464,540	1,464,540	-	43,438,087	3.37%
2017	1,212,943	1,212,943	-	45,624,833	2.66%
2018	782,613	782,613	-	47,753,851	1.64%
2019	2,388,579	1,998,068	390,511	51,080,853	3.91%

County					
Year Ended December 31,	Actuarially ⁽²⁾ Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered ⁽¹⁾ Payroll	Actual Contribution as Percentage of Covered Payroll
2014	\$ 1,302,099	\$ 1,302,099	\$ -	\$ 28,124,717	4.63%
2015	843,226	843,226	-	29,100,398	2.90%
2016	949,476	949,476	-	30,382,053	3.13%
2017	662,427	662,427	-	31,090,984	2.13%
2018	424,057	424,057	-	32,319,766	1.31%
2019	1,603,818	1,603,818	-	33,819,547	4.74%

Road Commission					
Year Ended December 31,	Actuarially ⁽²⁾ Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered ⁽¹⁾ Payroll	Actual Contribution as Percentage of Covered Payroll
2014	\$ -	\$ -	\$ -	\$ 2,222,722	0.00%
2015	-	-	-	2,042,092	0.00%
2016	-	-	-	2,403,555	0.00%
2017	-	-	-	2,700,098	0.00%
2018	-	-	-	2,897,844	0.00%
2019	-	-	-	3,299,694	0.00%

Integrated Services of Kalamazoo					
Year Ended December 31,	Actuarially ⁽²⁾ Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered ⁽¹⁾ Payroll	Actual Contribution as Percentage of Covered Payroll
2014	\$ 683,241	\$ 683,241	\$ -	\$ 10,833,010	6.31%
2015	477,497	477,497	-	10,009,846	4.77%
2016	515,064	515,064	-	10,652,479	4.84%
2017	550,516	550,516	-	11,833,751	4.65%
2018	358,556	358,556	-	12,536,241	2.86%
2019	784,761	394,250	390,511	13,961,612	2.82%

⁽¹⁾ Valuation payroll as of the previous year ended December 31

⁽²⁾ The actuarially determined contribution was calculated based on projected covered payroll. Employer contributions were made in full based on actual covered payroll. Accordingly, the actuarially-determined contribution has been expressed above as a percentage of actual payroll.

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COUNTY OF KALAMAZOO, MICHIGAN

Required Supplementary Information

Employees' Retirement System

Notes to Schedule of Contributions

Valuation Date Actuarially determined contribution rates are calculated as of December 31, 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 percentage of payroll, open period
Remaining amortization period	10 years
Asset valuation method	Market value with 5-year smoothing
Inflation	3.50%
Salary increases (including inflation):	
County	3.5% to 7.5%
Road commission	3.5% to 7.23%
Authority	3.5% to 5.5%
Investment rate of return	7.25% net of investment expenses
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to an experience study of the period 2009 - 2013.
Mortality	RP-2000 mortality combined healthy tables, projected 20 years with U.S. Projection Scale BB.

Note: GASB 67 was implemented in 2014. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

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COUNTY OF KALAMAZOO, MICHIGAN

Required Supplementary Information Employees' Retirement System

Schedule of Investment Returns

Year Ended December 31,	Annual ⁽¹⁾ Return
2014	6.87%
2015	-1.71%
2016	13.21%
2017	17.02%
2018	-7.08%
2019	19.53%

⁽¹⁾ Annual money-weighted rate of return, net of investment expenses

Note: GASB 67 was implemented in 2014. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

COUNTY OF KALAMAZOO, MICHIGAN

Required Supplementary Information

Retiree Health Care Trust
Total Plan

Schedule of Changes in Net OPEB Liability and Related Ratios

	Year Ended December 31,		
	2017	2018	2019
Total OPEB liability			
Service cost	\$ 560,834	\$ 530,375	\$ 557,369
Interest on total OPEB liability	4,485,283	4,675,342	4,320,696
Changes in benefits	1,003,146	-	-
Difference between expected and actual experience	(471,099)	(10,978,729)	(950,252)
Assumptions changes	-	5,884,457	(3,551,527)
Benefit payments	(2,942,769)	(3,114,845)	(2,619,198)
Net change in total OPEB liability	2,635,395	(3,003,400)	(2,242,912)
Total OPEB liability, beginning of year	60,994,738	63,630,133	60,626,733
Total OPEB liability, end of year	63,630,133	60,626,733	58,383,821
Plan fiduciary net position			
Employer contributions	5,769,169	6,094,446	3,754,962
Net investment income (loss)	2,053,018	(1,330,486)	3,227,422
Benefit payments	(2,942,769)	(3,114,845)	(2,619,198)
Administrative expense	(148,818)	(229,694)	(226,515)
Other	-	-	4,475
Net change in plan fiduciary net position	4,730,600	1,419,421	4,141,146
Plan fiduciary net position, beginning of year	12,882,688	17,613,288	19,032,709
Plan fiduciary net position, end of year	17,613,288	19,032,709	23,173,855
Net OPEB liability	\$ 46,016,845	\$ 41,594,024	\$ 35,209,966
Plan fiduciary net position as a percentage of total OPEB liability	27.68%	31.39%	39.69%
Covered payroll	\$ 41,683,200	\$ 40,653,266	\$ 39,286,023
Net OPEB liability as a percentage of covered payroll	110.40%	102.31%	89.62%

Note: GASB 74 was implemented in 2017. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

The 2019 assumption changes resulted from a change in aging factors. In 2018, aging factors were based on an internal GRS study using several pricing manuals from National Health Care Consultant Groups and incorporating analysis and data from a SOA survey regarding aging practices used in health care valuations. In 2019, aging factors were based on the 2013 SOA Study "Health Care Costs - From Birth to Death"

The 2018 assumption changes resulted from a change in the discount rate from 7.50% to 7.25%.

The 2017 change in benefit terms resulted from the following:

- The Kalamazoo County Road Commission eligibility requirements in 2016 included members hired on or before 12/31/2012. In 2017, eligibility included non-union members hired on or before 12/31/2012 and union members hired on or before 12/31/2016.
- In 2016, Sheriff employees age 55 with a least 25 years of service or age 60 with at least 10 years of service were eligible. In 2017, Sheriff employees age 55 or older with at least 8 years of County service were eligible.

COUNTY OF KALAMAZOO, MICHIGAN

Required Supplementary Information

Retiree Health Care Trust
County

Schedule of Changes in Net OPEB Liability and Related Ratios

	Year Ended December 31,		
	2017	2018	2019
Total OPEB liability			
Service cost	\$ 430,095	\$ 429,901	\$ 454,431
Interest on total OPEB liability	3,883,245	4,045,398	3,779,078
Changes in benefits	1,003,146	-	-
Difference between expected and actual experience	(779,859)	(9,073,498)	(930,445)
Assumptions changes	-	5,148,593	(3,228,433)
Benefit payments	(2,183,504)	(2,565,480)	(2,186,688)
Net change in total OPEB liability	2,353,123	(2,015,086)	(2,112,057)
Total OPEB liability, beginning of year	52,653,309	55,006,432	52,991,346
Total OPEB liability, end of year	55,006,432	52,991,346	50,879,289
Plan fiduciary net position			
Employer contributions	5,261,320	5,707,497	3,409,685
Net investment income (loss)	1,333,253	(1,001,897)	2,487,936
Benefit payments	(2,183,504)	(2,565,480)	(2,186,688)
Administrative expense	(122,895)	(182,286)	(182,473)
Other	-	-	3,449
Net change in plan fiduciary net position	4,288,174	1,957,834	3,531,909
Plan fiduciary net position, beginning of year	8,086,209	12,374,383	14,332,217
Plan fiduciary net position, end of year	12,374,383	14,332,217	17,864,126
Net OPEB liability	\$ 42,632,049	\$ 38,659,129	\$ 33,015,163
Plan fiduciary net position as a percentage of total OPEB liability	22.50%	27.05%	35.11%
Covered payroll	\$ 33,982,319	\$ 33,626,921	\$ 32,567,422
Net OPEB liability as a percentage of covered payroll	125.45%	114.96%	101.37%

Note: GASB 74 was implemented in 2017. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

The 2019 assumption changes resulted from a change in aging factors. In 2018, aging factors were based on an internal GRS study using several pricing manuals from National Health Care Consultant Groups and incorporating analysis and data from a SOA survey regarding aging practices used in health care valuations. In 2019, aging factors were based on the 2013 SOA Study "Health Care Costs - From Birth to Death"

The 2018 assumption changes resulted from a change in the discount rate from 7.50% to 7.25%.

The 2017 change in benefit terms resulted from the following:

- The Kalamazoo County Road Commission eligibility requirements in 2016 included members hired on or before 12/31/2012. In 2017, eligibility included non-union members hired on or before 12/31/2012 and union members hired on or before 12/31/2016.
- In 2016, Sheriff employees age 55 with a least 25 years of service or age 60 with at least 10 years of service were eligible. In 2017, Sheriff employees age 55 or older with at least 8 years of County service were eligible.

COUNTY OF KALAMAZOO, MICHIGAN

Required Supplementary Information

Retiree Health Care Trust
Road Commission

Schedule of Changes in Net OPEB Liability and Related Ratios

	Year Ended December 31,		
	2017	2018	2019
Total OPEB liability			
Service cost	\$ 48,263	\$ 33,294	\$ 36,609
Interest on total OPEB liability	245,204	253,077	225,642
Difference between expected and actual experience	(67,989)	(723,172)	(78,036)
Assumptions changes	-	291,860	(34,352)
Benefit payments	(133,161)	(92,870)	(144,671)
Net change in total OPEB liability	<u>92,317</u>	<u>(237,811)</u>	<u>5,192</u>
Total OPEB liability, beginning of year	<u>3,311,831</u>	<u>3,404,148</u>	<u>3,166,337</u>
Total OPEB liability, end of year	<u>3,404,148</u>	<u>3,166,337</u>	<u>3,171,529</u>
Plan fiduciary net position			
Employer contributions	297,957	211,297	199,525
Net investment income (loss)	211,945	(136,921)	322,464
Benefit payments	(133,161)	(92,870)	(144,671)
Administrative expense	(9,581)	(20,280)	(21,050)
Other	-	-	448
Net change in plan fiduciary net position	<u>367,160</u>	<u>(38,774)</u>	<u>356,716</u>
Plan fiduciary net position, beginning of year	<u>1,630,282</u>	<u>1,997,442</u>	<u>1,958,668</u>
Plan fiduciary net position, end of year	<u>1,997,442</u>	<u>1,958,668</u>	<u>2,315,384</u>
Net OPEB liability	<u>\$ 1,406,706</u>	<u>\$ 1,207,669</u>	<u>\$ 856,145</u>
Plan fiduciary net position as a percentage of total OPEB liability	58.68%	61.86%	73.01%
Covered payroll	<u>\$ 1,921,362</u>	<u>\$ 1,663,500</u>	<u>\$ 1,577,971</u>
Net OPEB liability as a percentage of covered payroll	73.21%	72.60%	54.26%

Note: GASB 74 was implemented in 2017. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

The 2019 assumption changes resulted from a change in aging factors. In 2018, aging factors were based on an internal GRS study using several pricing manuals from National Health Care Consultant Groups and incorporating analysis and data from a SOA survey regarding aging practices used in health care valuations. In 2019, aging factors were based on the 2013 SOA Study "Health Care Costs - From Birth to Death"

The 2018 assumption changes resulted from a change in the discount rate from 7.50% to 7.25%.

The 2017 change in benefit terms resulted from the following:

- The Kalamazoo County Road Commission eligibility requirements in 2016 included members hired on or before 12/31/2012. In 2017, eligibility included non-union members hired on or before 12/31/2012 and union members hired on or before 12/31/2016.
- In 2016, Sheriff employees age 55 with a least 25 years of service or age 60 with at least 10 years of service were eligible. In 2017, Sheriff employees age 55 or older with at least 8 years of County service were eligible.

COUNTY OF KALAMAZOO, MICHIGAN

Required Supplementary Information

Retiree Health Care Trust
Integrated Services of Kalamazoo

Schedule of Changes in Net OPEB Liability and Related Ratios

	Year Ended December 31,		
	2017	2018	2019
Total OPEB liability			
Service cost	\$ 82,476	\$ 67,180	\$ 66,329
Interest on total OPEB liability	356,834	376,867	315,976
Difference between expected and actual experience	376,749	(1,182,059)	58,229
Assumptions changes	-	444,004	(288,742)
Benefit payments	(626,104)	(456,495)	(287,839)
Net change in total OPEB liability	<u>189,955</u>	<u>(750,503)</u>	<u>(136,047)</u>
Total OPEB liability, beginning of year	5,029,598	5,219,553	4,469,050
Total OPEB liability, end of year	<u>5,219,553</u>	<u>4,469,050</u>	<u>4,333,003</u>
Plan fiduciary net position			
Employer contributions	209,892	175,652	145,752
Net investment income (loss)	507,820	(191,668)	417,022
Benefit payments	(626,104)	(456,495)	(287,839)
Administrative expense	(16,342)	(27,128)	(22,992)
Other	-	-	578
Net change in plan fiduciary net position	<u>75,266</u>	<u>(499,639)</u>	<u>252,521</u>
Plan fiduciary net position, beginning of year	3,166,197	3,241,463	2,741,824
Plan fiduciary net position, end of year	<u>3,241,463</u>	<u>2,741,824</u>	<u>2,994,345</u>
Net OPEB liability	<u>\$ 1,978,090</u>	<u>\$ 1,727,226</u>	<u>\$ 1,338,658</u>
Plan fiduciary net position as a percentage of total OPEB liability	62.10%	61.35%	69.11%
Covered payroll	<u>\$ 5,779,519</u>	<u>\$ 5,362,845</u>	<u>\$ 5,140,630</u>
Net OPEB liability as a percentage of covered payroll	34.23%	32.21%	26.04%

Note: GASB 74 was implemented in 2017. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

The 2019 assumption changes resulted from a change in aging factors. In 2018, aging factors were based on an internal GRS study using several pricing manuals from National Health Care Consultant Groups and incorporating analysis and data from a SOA survey regarding aging practices used in health care valuations. In 2019, aging factors were based on the 2013 SOA Study "Health Care Costs - From Birth to Death"

The 2018 assumption changes resulted from a change in the discount rate from 7.50% to 7.25%.

The 2017 change in benefit terms resulted from the following:

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- In 2016, Sheriff employees age 55 with a least 25 years of service or age 60 with at least 10 years of service were eligible. In 2017, Sheriff employees age 55 or older with at least 8 years of County service were eligible.

COUNTY OF KALAMAZOO, MICHIGAN

Required Supplementary Information Retiree Health Care Trust

Schedule of Net OPEB Liability

Total Plan						
Year Ended December 31,	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability	Plan Net Position as Percentage of Total OPEB Liability	Covered Payroll	Net OPEB Liability as Percentage of Covered Payroll
2017	\$ 63,630,133	\$ 17,613,288	\$ 46,016,845	27.68%	\$ 41,683,200	110.40%
2018	60,626,733	19,032,709	41,594,024	31.39%	40,653,266	102.31%
2019	58,383,821	23,173,855	35,209,966	39.69%	39,286,023	89.62%

County						
Year Ended December 31,	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability	Plan Net Position as Percentage of Total OPEB Liability	Covered Payroll	Net OPEB Liability as Percentage of Covered Payroll
2017	\$ 55,006,432	\$ 12,374,383	\$ 42,632,049	22.50%	\$ 33,982,319	125.45%
2018	52,991,346	14,332,217	38,659,129	27.05%	33,626,921	114.96%
2019	50,879,289	17,864,126	33,015,163	35.11%	32,567,422	101.37%

Road Commission						
Year Ended December 31,	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability	Plan Net Position as Percentage of Total OPEB Liability	Covered Payroll	Net OPEB Liability as Percentage of Covered Payroll
2017	\$ 3,404,148	\$ 1,997,442	\$ 1,406,706	58.68%	\$ 1,921,362	73.21%
2018	3,166,337	1,958,668	1,207,669	61.86%	1,663,500	72.60%
2019	3,171,529	2,315,384	856,145	73.01%	1,577,971	54.26%

Integrated Services of Kalamazoo						
Year Ended December 31,	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability	Plan Net Position as Percentage of Total OPEB Liability	Covered Payroll	Net OPEB Liability as Percentage of Covered Payroll
2017	\$ 5,219,553	\$ 3,241,463	\$ 1,978,090	62.10%	\$ 5,779,519	34.23%
2018	4,469,050	2,741,824	1,727,226	61.35%	5,362,845	32.21%
2019	4,333,003	2,994,345	1,338,658	69.11%	5,140,630	26.04%

Note: GASB 74 was implemented in 2017. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

COUNTY OF KALAMAZOO, MICHIGAN

Required Supplementary Information Retiree Health Care Trust

Schedule of Contributions

Total Plan					
Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as Percentage of Covered Payroll
2017	\$ 5,131,036	\$ 5,769,169	\$ (638,133)	\$ 41,683,200	13.84%
2018	3,573,709	6,094,446	(2,520,737)	40,653,266	14.99%
2019	3,573,703	3,754,962	(181,259)	39,286,023	9.56%

County					
Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as Percentage of Covered Payroll
2017	\$ 4,722,640	\$ 5,261,320	\$ (538,680)	\$ 33,982,319	15.48%
2018	3,292,072	5,707,497	(2,415,425)	33,626,921	16.97%
2019	3,304,770	3,409,685	(104,915)	32,567,422	10.47%

Road Commission					
Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as Percentage of Covered Payroll
2017	\$ 179,423	\$ 297,957	\$ (118,534)	\$ 1,921,362	15.51%
2018	125,066	211,297	(86,231)	1,663,500	12.70%
2019	123,181	199,525	(76,344)	1,577,971	12.64%

Integrated Services of Kalamazoo					
Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as Percentage of Covered Payroll
2017	\$ 228,973	\$ 209,892	\$ 19,081	\$ 5,779,519	3.63%
2018	156,571	175,652	(19,081)	5,362,845	3.28%
2019	145,752	145,752	-	5,140,630	2.84%

continued...

COUNTY OF KALAMAZOO, MICHIGAN

Required Supplementary Information

Retiree Health Care Trust

Notes to Schedule of Contributions

Valuation Date Actuarially determined contribution rates are calculated as of December 31, two years prior to the end 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	
County	Level dollar for General, closed period; Level percentage for FOP, closed period
Road commission	Level dollar, closed period
Authority	Level dollar, closed period
Remaining amortization period	
County	23 years for General; 28 years for FOP
Road commission	25 years
Authority	23 years
Asset valuation method	Market value assets
Inflation	3.5%
Salary increases (including inflation):	
County	3.5% to 7.5%
Road commission	3.5% to 7.23%
Authority	3.5% to 5.5%
Investment rate of return	7.5% net of OPEB plan expenses
Retirement age	Age-based or service-based table of rates that are specific to the type of eligibility conditions.
Mortality	RP-2000 Combined Healthy Annuitant Mortality Tables projected 20 years with U.S. Projection Scale BB.
Healthcare cost trend rates	Initial trend of 9.00% gradually decreasing to 3.50%
Excise tax	No load was applied in connection with the "Cadillac" tax
Aging factors	Based on an internal actuary GRS study using several pricing manuals from National Health Care Consultant Groups and incorporating analysis and data from a Society of Actuaries survey regarding aging practices used in health care valuations.

Note: GASB 74 was implemented in 2017. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

concluded

COUNTY OF KALAMAZOO, MICHIGAN

Required Supplementary Information Retiree Health Care Trust

Schedule of Investment Returns

Year Ended December 31,	Annual ⁽¹⁾ Return
2017	15.58%
2018	-11.91%
2019	15.10%

⁽¹⁾ Annual money-weighted rate of return, net of investment expenses

Note: GASB 74 was implemented in 2017. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

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**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

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COUNTY OF KALAMAZOO, MICHIGAN

General Fund

The General Fund is the principal operating fund of the County. It is used to account for all revenues, expenditures, and activities not specifically accounted for and reported in another fund. Revenues are derived primarily from property taxes, intergovernmental revenues, and charges for services.

COUNTY OF KALAMAZOO, MICHIGAN

Detailed Schedule of Revenues, Expenditures and Change in Fund Balance

Budget and Actual - General Fund

For the Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes:				
Property	\$ 40,579,500	\$ 40,579,500	\$41,048,991	\$ 469,491
Treasurer	90,000	90,000	95,002	5,002
Trailer	25,000	48,000	25,576	(22,424)
Total taxes	40,694,500	40,717,500	41,169,569	452,069
Licenses and permits:				
County clerk / register of deeds	10,000	10,000	8,500	(1,500)
Animal services and enforcement	530,000	590,200	680,744	90,544
Treasurer	14,500	14,500	14,095	(405)
Soil erosion & sedimentation control	35,000	35,000	40,590	5,590
Medical examiner	85,000	85,000	97,718	12,718
Total licenses and permits	674,500	734,700	841,647	106,947
Intergovernmental:				
Federal grants:				
Sheriff	18,500	13,000	9,715	(3,285)
Emergency management	31,500	31,500	52,340	20,840
Prosecuting attorney	2,200	2,200	3,240	1,040
State grants:				
State revenue sharing	5,240,000	5,332,000	5,332,503	503
State stabilization sharing	2,530,000	2,624,000	2,624,019	19
State court fund distribution	1,200,000	1,200,000	1,274,450	74,450
Convention and tourism	1,321,400	1,321,400	1,321,344	(56)
Elections	1,000	1,000	-	(1,000)
Friend of the court	249,000	274,500	361,668	87,168
Circuit court trial division	183,000	182,900	182,896	(4)
Circuit court family division	328,000	330,500	364,463	33,963
District court	361,900	361,900	319,339	(42,561)
Prosecuting attorney	319,000	319,000	299,387	(19,613)
Probate court	140,000	148,500	159,380	10,880
County clerk / register of deeds	2,500	2,500	2,117	(383)
Animal services and enforcement	-	5,000	3,587	(1,413)
Local unit contributions:				
Sheriff	2,320,800	2,335,800	2,182,909	(152,891)
Veterans affairs	4,100	4,100	4,100	-
Total intergovernmental	14,252,900	14,489,800	14,497,457	7,657

continued...

COUNTY OF KALAMAZOO, MICHIGAN

Detailed Schedule of Revenues, Expenditures and Change in Fund Balance

Budget and Actual - General Fund

For the Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues (continued)				
Charges for services:				
Circuit court administration	\$ 685,900	\$ 572,200	\$ 559,378	\$ (12,822)
District court	1,674,400	1,614,400	1,491,169	(123,231)
Friend of the court	185,000	170,700	173,623	2,923
Probate court	77,400	80,400	87,430	7,030
Elections	176,100	176,100	266,153	90,053
Deposits	-	735,000	626,136	(108,864)
Identification program	10,000	10,000	12,107	2,107
Animal services and enforcement	85,100	111,800	79,822	(31,978)
County clerk / register of deeds	2,707,900	2,707,900	2,585,164	(122,736)
Equalization	-	-	3,500	3,500
Human resources	100	100	1,045	945
Prosecuting attorney	26,900	26,900	24,570	(2,330)
Treasurer	47,500	47,500	44,602	(2,898)
Buildings & grounds	-	-	934	934
Drain commissioner	1,600	1,600	2,321	721
Sheriff	1,192,400	1,244,300	1,727,188	482,888
HCS administration	2,700	2,700	3,780	1,080
MSU extension	9,500	9,500	7,250	(2,250)
Planning	2,000	2,000	1,758	(242)
Total charges for services	<u>6,884,500</u>	<u>7,513,100</u>	<u>7,697,930</u>	<u>184,830</u>
Fines and forfeitures:				
Circuit court administration	30,000	22,000	12,252	(9,748)
District court	1,230,000	1,230,000	1,064,623	(165,377)
Treasurer	200	200	-	(200)
Soil erosion & sedimentation control	500	500	-	(500)
Total fines and forfeitures	<u>1,260,700</u>	<u>1,252,700</u>	<u>1,076,875</u>	<u>(175,825)</u>
Investment earnings	<u>908,000</u>	<u>1,033,000</u>	<u>1,819,764</u>	<u>786,764</u>
Contributions and reimbursements:				
Non department revenue	-	-	17,536	17,536
Identification program	-	-	370	370
Soldiers & sailors relief	-	-	1,184	1,184
Resource development	-	-	567	567
Treasurer	-	40,000	40,000	-
MSU extension	5,000	5,000	-	(5,000)
Total contributions and reimbursements	<u>5,000</u>	<u>45,000</u>	<u>59,657</u>	<u>14,657</u>

continued...

COUNTY OF KALAMAZOO, MICHIGAN

Detailed Schedule of Revenues, Expenditures and Change in Fund Balance

Budget and Actual - General Fund

For the Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues (concluded)				
Other:				
Non department revenue	\$ -	\$ -	\$ 8,666	\$ 8,666
Circuit court administration	-	400	487	87
District court	-	-	642	642
Probate court	-	2,300	2,380	80
Family counseling services	24,500	24,500	22,770	(1,730)
County clerk / register of deeds	1,000	1,000	125	(875)
Finance	101,500	231,200	260,457	29,257
Central service cost recovery	1,399,900	2,182,600	2,267,408	84,808
Prosecuting attorney	1,800	1,800	1,768	(32)
Treasurer	2,000	2,000	166	(1,834)
Sheriff	242,500	268,900	243,657	(25,243)
Animal services and enforcement	-	-	350	350
Emergency management	-	-	1	1
Legal services	-	-	812	812
Buildings and grounds	-	-	14	14
Soil erosion and sedimentation control	-	-	35	35
Total other	1,773,200	2,714,700	2,809,738	95,038
Total revenues	66,453,300	68,500,500	69,972,637	1,472,137
Expenditures				
Current:				
General government:				
Board of commissioners	239,800	262,500	240,126	(22,374)
County administration	736,100	761,900	745,503	(16,397)
Communications	75,900	78,700	75,916	(2,784)
Legal services	282,000	683,300	632,227	(51,073)
Elections	278,300	308,800	308,238	(562)
County identification program	59,900	61,400	58,052	(3,348)
County clerk / register of deeds	767,700	800,600	767,693	(32,907)
Finance	1,627,900	1,597,400	1,557,497	(39,903)
Equalization	506,300	529,800	508,222	(21,578)
Fringe benefits, temporary	1,083,300	955,500	933,390	(22,110)
Information systems	951,100	1,105,400	1,078,664	(26,736)
Treasurer	1,172,300	1,308,200	1,284,235	(23,965)
Buildings & grounds	2,842,700	2,913,000	2,839,209	(73,791)
Utilities	1,422,700	1,422,700	1,275,890	(146,810)
Security	674,900	574,900	551,898	(23,002)
Deposits	-	735,000	757,563	22,563
Total general government	12,720,900	14,099,100	13,614,323	(484,777)

continued...

COUNTY OF KALAMAZOO, MICHIGAN

Detailed Schedule of Revenues, Expenditures and Change in Fund Balance

Budget and Actual - General Fund

For the Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (continued)				
Current (continued):				
Public safety:				
Sheriff	\$ 16,779,000	\$ 16,929,000	\$17,373,880	\$ 444,880
Animal services and enforcement	694,600	775,100	728,923	(46,177)
Emergency management	312,300	269,000	221,672	(47,328)
Adult probation	50,700	50,700	36,320	(14,380)
Total public safety	17,836,600	18,023,800	18,360,795	336,995
Public works:				
Contractual services	327,200	345,300	291,562	(53,738)
Contractual temp employees	90,200	96,600	90,057	(6,543)
Total public works	417,400	441,900	381,619	(60,281)
Health and welfare:				
HCS administration	710,300	777,700	731,034	(46,666)
Public housing	100,000	100,000	-	(100,000)
Circuit court family division	912,700	934,900	922,892	(12,008)
Veterans affairs	173,900	216,500	205,520	(10,980)
Advertising	737,600	737,600	737,408	(192)
Veterans burial	15,000	15,000	10,200	(4,800)
Soldiers & sailors relief	50,000	50,000	29,527	(20,473)
Appropriations to:				
Community mental health	2,278,700	2,278,700	2,278,672	(28)
Social services	-	14,000	(83)	(14,083)
Public housing	125,000	125,000	125,000	-
Total health and welfare	5,103,200	5,249,400	5,040,170	(209,230)
Judicial:				
Circuit court administration	5,626,600	4,920,500	4,762,849	(157,651)
Circuit court trial division	470,700	474,500	464,637	(9,863)
District court	4,830,400	4,430,100	4,336,832	(93,268)
Prosecuting attorney	2,479,700	2,642,600	2,576,917	(65,683)
Jury board	3,300	3,300	2,677	(623)
Probate court	907,500	942,900	921,351	(21,549)
Total judicial	14,318,200	13,413,900	13,065,263	(348,637)
Community and economic development:				
Planning	259,700	218,300	194,392	(23,908)
MSU extension	317,000	310,000	304,078	(5,922)
Appropriation to SW Michigan First	75,000	75,000	75,000	-
Total community and economic development	651,700	603,300	573,470	(29,830)

continued...

COUNTY OF KALAMAZOO, MICHIGAN

Detailed Schedule of Revenues, Expenditures and Change in Fund Balance

Budget and Actual - General Fund

For the Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (concluded)				
Current (concluded):				
Other:				
Contingency	\$ 125,500	\$ 50,000	\$ -	\$ (50,000)
Restricted reserve	2,787,900	1,683,300	1,514,025	(169,275)
At-large drains	61,900	81,600	81,617	17
Insurance	20,000	20,000	6,860	(13,140)
Strategic issues	72,000	162,000	138,446	(23,554)
Total other	<u>3,067,300</u>	<u>1,996,900</u>	<u>1,740,948</u>	<u>(255,952)</u>
Capital outlay	<u>951,000</u>	<u>2,554,400</u>	<u>1,053,392</u>	<u>(1,501,008)</u>
Total expenditures	<u>55,066,300</u>	<u>56,382,700</u>	<u>53,829,980</u>	<u>(2,552,720)</u>
Revenues over expenditures	<u>11,387,000</u>	<u>12,117,800</u>	<u>16,142,657</u>	<u>4,024,857</u>
Other financing sources (uses)				
Transfers in	2,053,000	2,054,800	1,911,800	(143,000)
Transfers out	(13,440,000)	(15,579,400)	(13,243,523)	(2,335,877)
Proceeds from sale of capital assets	-	-	28,519	28,519
Total other financing uses	<u>(11,387,000)</u>	<u>(13,524,600)</u>	<u>(11,303,204)</u>	<u>(2,221,396)</u>
Net change in fund balance	-	(1,406,800)	4,839,453	6,246,253
Fund balance, beginning of year, as restated	<u>33,606,235</u>	<u>33,606,235</u>	<u>33,606,235</u>	-
Fund balance, end of year	<u>\$ 33,606,235</u>	<u>\$ 32,199,435</u>	<u>\$ 38,445,688</u>	<u>\$ 6,246,253</u>

concluded

COUNTY OF KALAMAZOO, MICHIGAN

Nonmajor Governmental Funds

Special Revenue Funds

The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

Parks Fund - accounts for the maintenance and operation of the County owned parks and fairgrounds. Funding is provided from charges for services, grants, and interfund transfers.

Health Fund - accounts for the costs of providing health protection and health services. Funding is provided through licenses and permits, federal and state grants, charges for services, General Fund appropriations, and interfund transfers.

Capital Outlay Special Grants Fund - accounts for various capital outlay function activities financed by federal and/or state grants restricted for such activities. None are considered individually significant to require presentation in a separate fund.

Friend of the Court Fund - accounts for operations of the Friend of the Court, including costs incurred in the collection and subsequent disbursement of child support payments. Fund is provided through federal and state grants and charges for services. Most of the Friend of the Court revenues are deposited in the General Fund and later transferred to the Friend of the Court Fund as needed.

Justice Special Grants Fund - accounts for various judicial function activities financed by federal and/or state grants restricted for such activities. None are considered individually significant to require presentation in a separate fund.

Public Works Special Grants Fund - accounts for various public works function activities financed by federal and/or state grants or local grants restricted for such activities. None are considered individually significant to require presentation in a separate fund.

Health and Welfare Special Grants Fund - accounts for various health and welfare function activities financed by federal and/or state grants or local grants restricted for such activities. None are considered individually significant to require presentation in a separate fund.

Community Economic Development Special Grants Fund - accounts for the fiduciary activity of the Public Housing Commission. Funding is provided through tax increment payments.

Accommodation Tax Fund - accounts for the collection of a 5% excise tax, which is imposed on all individuals engaged in the business of providing rooms for transient guests within the County. This tax provides funding for the Kalamazoo Convention and Visitors Bureau. The County Board resolutions allocate the use of these revenues to promote tourism and convention business.

Public Safety Special Grants Fund - accounts for various public safety function activities financed by charges for services and federal and/or state grants restricted for such activities. None are considered individually significant to require presentation in a separate fund.

Concealed Pistol Licensing Fund - accounts for the fees collected and expenditures related to the County Clerk issuing licenses to carry a concealed pistol and administering Public Act 3 of 2015.

COUNTY OF KALAMAZOO, MICHIGAN

Nonmajor Governmental Funds

Law Library Fund - accounts for funds provided for the maintenance of a law library. Funding is provided from penal fees and interfund transfers.

Area Agency on Aging Fund - accounts for operation and administration of services programs to senior citizens. Funding is provided through federal and state grants.

Child Care Fund - accounts for the County court-administered health and welfare of minor children. Funding is provided through federal and state grants and interfund transfers.

Community Healthy Start Grant Fund - accounts for operations aimed at reducing infant mortality. Funding is provided through federal grants and local grants and interfund transfers.

Community Corrections Fund - accounts for alternatives such as tethers, bail screening, and additional probation to alleviate jail-overcrowding problems. Funding is provided through state grants and charges for services.

Indigent Defense Fund - accounts for state grant revenue and local share contributions to provide indigent defendants in criminal cases with effective assistance of counsel.

Health and Community Services Grants Fund - accounts for various health and welfare function activities financed by federal and/or state grants or local grants restricted for such activities. None are considered individually significant to require presentation in a separate fund.

Debt Service Funds

Debt Service Funds account for the collection of resources and the payment of general long-term debt.

2007 Juvenile Home Bond Fund - accounts for the collection of ad valorem taxes and the payment of the general obligation debt service. This debt is secured by the unlimited taxing power of the County, issued in connection with the construction of a new Juvenile Home.

2011 Expo Center Improvements Fund - accounts for the transfer of the Accommodation Tax revenue and the payment of the limited tax general obligation debt service. This debt is secured by Accommodation Tax revenue and the limited taxing power of the County, issued in connection with the improvements to the Expo Center.

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COUNTY OF KALAMAZOO, MICHIGAN

Combining Balance Sheet

Nonmajor Governmental Funds

December 31, 2019

	Special Revenue Funds				
	Parks	Health	Capital Outlay Special Grants	Friend of the Court	Justice Special Grants
Assets					
Cash and cash equivalents	\$ -	\$ 620,296	\$ -	\$ -	\$ -
Investments	-	-	750,000	-	-
Receivables, net:					
Accounts	161,320	74,186	37,180	-	251,483
Taxes	-	-	-	-	-
Due from other governments	-	29,800	-	466,613	396,204
Accrued interest	-	-	20,960	-	-
Inventories	600	-	-	170	-
Prepays	6,391	450	-	-	-
Total assets	\$ 168,311	\$ 724,732	\$ 808,140	\$ 466,783	\$ 647,687
Liabilities					
Negative equity in pooled cash and cash equivalents	\$ 122,345	\$ -	\$ 42,170	\$ 349,232	\$ 362,237
Accounts payable	11,485	45,359	4,894	43,271	72,300
Accrued liabilities	22,021	98,910	1,509	73,825	42,438
Due to other governments	-	213,545	-	-	-
Deposits payable	5,469	10,000	-	-	-
Unearned revenue	-	356,468	-	-	156,384
Total liabilities	161,320	724,282	48,573	466,328	633,359
Deferred inflows of resources					
Property taxes levied for subsequent period	-	-	-	-	-
Unavailable revenue - property taxes	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
Fund balances					
Nonspendable	6,991	450	-	170	-
Restricted	-	-	759,567	285	-
Assigned	-	-	-	-	14,328
Total fund balances	6,991	450	759,567	455	14,328
Total liabilities, deferred inflows of resources and fund balances	\$ 168,311	\$ 724,732	\$ 808,140	\$ 466,783	\$ 647,687

Special Revenue Funds						
Public Works Special Grants	Health and Welfare Special Grants	Community Economic Development Special Grants	Accommodation Tax	Public Safety Special Grants	Concealed Pistol Licensing	Law Library
\$ 29,393	\$ -	\$ 405,254	\$ 1,456,723	\$ 1,337,371	\$ 261,892	\$ 17,642
-	-	-	-	-	-	-
-	2,964	-	168,362	270,702	1,764	-
-	-	761,344	-	-	-	-
51,694	198,509	-	-	275,533	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	888	-	-
<u>\$ 81,087</u>	<u>\$ 201,473</u>	<u>\$ 1,166,598</u>	<u>\$ 1,625,085</u>	<u>\$ 1,884,494</u>	<u>\$ 263,656</u>	<u>\$ 17,642</u>
\$ -	\$ 11,383	\$ -	\$ -	\$ -	\$ -	\$ -
80,845	9,993	-	290,085	451,140	-	17,642
-	83,270	-	-	5,743	875	-
-	32,475	-	-	-	-	-
-	-	-	-	-	-	-
-	64,352	-	-	144,721	-	-
<u>80,845</u>	<u>201,473</u>	<u>-</u>	<u>290,085</u>	<u>601,604</u>	<u>875</u>	<u>17,642</u>
-	-	872,658	-	-	-	-
-	-	869	-	-	-	-
-	-	873,527	-	-	-	-
-	-	-	-	888	-	-
242	-	293,071	1,335,000	1,282,002	262,781	-
-	-	-	-	-	-	-
<u>242</u>	<u>-</u>	<u>293,071</u>	<u>1,335,000</u>	<u>1,282,890</u>	<u>262,781</u>	<u>-</u>
<u>\$ 81,087</u>	<u>\$ 201,473</u>	<u>\$ 1,166,598</u>	<u>\$ 1,625,085</u>	<u>\$ 1,884,494</u>	<u>\$ 263,656</u>	<u>\$ 17,642</u>

continued...

COUNTY OF KALAMAZOO, MICHIGAN

Combining Balance Sheet

Nonmajor Governmental Funds

December 31, 2019

	Special Revenue Funds				
	Area Agency on Aging	Child Care	Community Healthy Start Grant	Community Corrections	Indigent Defense
Assets					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 275,880	\$ 11,886
Investments	-	-	-	-	95
Receivables, net:					
Accounts	14,523	-	22,057	-	-
Taxes	-	-	-	-	-
Due from other governments	600,701	2,382,559	45,079	189,995	1,127,125
Accrued interest	-	-	-	-	-
Inventories	-	-	-	-	-
Prepays	6,016	-	-	-	-
Total assets	<u>\$ 621,240</u>	<u>\$ 2,382,559</u>	<u>\$ 67,136</u>	<u>\$ 465,875</u>	<u>\$ 1,139,106</u>
Liabilities					
Negative equity in pooled cash and cash equivalents	\$ 255,355	\$ 1,796,544	\$ 18,296	\$ -	\$ -
Accounts payable	339,785	295,532	25,990	35,734	1,136,865
Accrued liabilities	15,697	161,126	19,333	25,237	2,241
Due to other governments	-	124,200	-	-	-
Deposits payable	-	-	-	-	-
Unearned revenue	4,387	5,157	3,517	-	-
Total liabilities	<u>615,224</u>	<u>2,382,559</u>	<u>67,136</u>	<u>60,971</u>	<u>1,139,106</u>
Deferred inflows of resources					
Property taxes levied for subsequent period	-	-	-	-	-
Unavailable revenue - property taxes	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances					
Nonspendable	6,016	-	-	-	-
Restricted	-	-	-	404,904	-
Assigned	-	-	-	-	-
Total fund balances	<u>6,016</u>	<u>-</u>	<u>-</u>	<u>404,904</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 621,240</u>	<u>\$ 2,382,559</u>	<u>\$ 67,136</u>	<u>\$ 465,875</u>	<u>\$ 1,139,106</u>

Special Revenue Fund	Debt Service Funds		
Health and Community Services Grants	2007 Juvenile Home Bond	2011 Expo Center Improvements	Total
\$ 379,494	\$ 293,135	\$ -	\$ 5,088,966
-	279,338	-	1,029,433
-	-	-	1,004,541
-	1,399,477	-	2,160,821
27,223	-	-	5,791,035
-	-	-	20,960
-	-	-	770
-	-	-	13,745
<u>\$ 406,717</u>	<u>\$ 1,971,950</u>	<u>\$ -</u>	<u>\$ 15,110,271</u>
\$ -	\$ -	\$ -	\$ 2,957,562
2,223	-	-	2,863,143
-	-	-	552,225
404,494	-	-	774,714
-	-	-	15,469
-	-	-	734,986
<u>406,717</u>	<u>-</u>	<u>-</u>	<u>7,898,099</u>
-	1,618,527	-	2,491,185
-	2,869	-	3,738
<u>-</u>	<u>1,621,396</u>	<u>-</u>	<u>2,494,923</u>
-	-	-	14,515
-	350,554	-	4,688,406
-	-	-	14,328
<u>-</u>	<u>350,554</u>	<u>-</u>	<u>4,717,249</u>
<u>\$ 406,717</u>	<u>\$ 1,971,950</u>	<u>\$ -</u>	<u>\$ 15,110,271</u>

concluded

COUNTY OF KALAMAZOO, MICHIGAN

Combining Statement of Revenues, Expenditures and Change in Fund Balances - Nonmajor Governmental Funds For the Year Ended December 31, 2019

	Special Revenue Funds				
	Parks	Health	Capital Outlay Special Grants	Friend of the Court	Justice Special Grants
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	712,894	-	-	-
Intergovernmental	-	1,929,418	-	2,199,854	2,304,452
Charges for services	1,212,077	964,224	196,250	77,323	50,742
Investment earnings	4,096	-	19,467	-	-
Contributions, grants and reimbursements	78,919	16,345	22,635	-	10,072
Other	19,667	6,628	-	12	5,430
Total revenues	1,314,759	3,629,509	238,352	2,277,189	2,370,696
Expenditures					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Health and welfare	-	5,343,504	-	-	-
Cultural and recreation	1,581,212	-	-	-	-
Judicial	-	-	-	3,309,286	2,614,080
Community and economic development	-	-	216,626	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Capital outlay	-	-	23,735	-	-
Total expenditures	1,581,212	5,343,504	240,361	3,309,286	2,614,080
Revenues over (under) expenditures	(266,453)	(1,713,995)	(2,009)	(1,032,097)	(243,384)
Other financing sources (uses)					
Transfers in	270,770	1,718,110	-	1,034,072	240,844
Transfers out	-	(3,745)	-	(1,975)	-
Total other financing sources (uses)	270,770	1,714,365	-	1,032,097	240,844
Net change in fund balances	4,317	370	(2,009)	-	(2,540)
Fund balances, beginning of year, as restated	2,674	80	761,576	455	16,868
Fund balances, end of year	\$ 6,991	\$ 450	\$ 759,567	\$ 455	\$ 14,328

Special Revenue Funds						
Public Works Special Grants	Health and Welfare Special Grants	Community Economic Development Special Grants	Accommodation Tax	Public Safety Special Grants	Concealed Pistol Licensing	Law Library
\$ -	\$ -	\$ 839,990	\$ 3,127,316	\$ -	\$ -	\$ -
-	-	-	-	-	89,182	-
90,793	3,454,615	76,070	-	854,496	-	-
-	10,202	-	-	1,165,284	-	-
-	-	-	-	-	-	-
-	80,490	-	-	301,239	-	-
-	-	-	-	70,947	860	6,500
90,793	3,545,307	916,060	3,127,316	2,391,966	90,042	6,500
90,793	-	-	-	-	-	-
-	-	-	-	2,380,086	38,942	-
-	3,692,782	839,594	-	-	-	-
-	-	-	2,251,949	-	-	-
-	-	-	-	-	-	70,566
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	25,913	-	-
90,793	3,692,782	839,594	2,251,949	2,405,999	38,942	70,566
-	(147,475)	76,466	875,367	(14,033)	51,100	(64,066)
-	147,475	-	-	85,133	-	64,066
-	-	-	(608,074)	-	-	-
-	147,475	-	(608,074)	85,133	-	64,066
-	-	76,466	267,293	71,100	51,100	-
242	-	216,605	1,067,707	1,211,790	211,681	-
\$ 242	\$ -	\$ 293,071	\$ 1,335,000	\$ 1,282,890	\$ 262,781	\$ -

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COUNTY OF KALAMAZOO, MICHIGAN

Combining Statement of Revenues, Expenditures and Change in Fund Balances - Nonmajor Governmental Funds For the Year Ended December 31, 2019

	Special Revenue Funds				
	Area Agency on Aging	Child Care	Community Healthy Start Grant	Community Corrections	Indigent Defense
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	2,054,995	5,506,694	921,805	723,336	4,467,950
Charges for services	51,296	127,323	-	504,981	53,313
Investment earnings	-	-	-	-	10,039
Contributions, grants and reimbursements	269	9,959	111,786	-	-
Other	-	-	-	13,732	-
Total revenues	2,106,560	5,643,976	1,033,591	1,242,049	4,531,302
Expenditures					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	1,356,466	-
Health and welfare	3,704,152	9,709,445	1,105,159	-	-
Cultural and recreation	-	-	-	-	-
Judicial	-	-	-	-	5,500,255
Community and economic development	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	3,704,152	9,709,445	1,105,159	1,356,466	5,500,255
Revenues over (under) expenditures	(1,597,592)	(4,065,469)	(71,568)	(114,417)	(968,953)
Other financing sources (uses)					
Transfers in	1,603,608	4,022,817	71,568	19,296	936,954
Transfers out	-	-	-	-	-
Total other financing sources (uses)	1,603,608	4,022,817	71,568	19,296	936,954
Net change in fund balances	6,016	(42,652)	-	(95,121)	(31,999)
Fund balances, beginning of year, as restated	-	42,652	-	500,025	31,999
Fund balances, end of year	\$ 6,016	\$ -	\$ -	\$ 404,904	\$ -



Special Revenue Fund	Debt Service Funds		
Health and Community Services Grants	2007 Juvenile Home Bond	2011 Expo Center Improvements	Total
\$ -	\$ 1,674,012	\$ -	\$ 5,641,318
-	-	-	802,076
142,781	178,500	-	24,905,759
-	-	-	4,413,015
-	11,153	-	44,755
-	-	-	631,714
-	-	-	123,776
142,781	1,863,665	-	36,562,413
-	-	-	90,793
-	-	-	3,775,494
154,928	-	-	24,549,564
-	-	-	3,833,161
-	-	-	11,494,187
-	-	-	216,626
-	945,000	200,000	1,145,000
-	860,802	53,304	914,106
-	-	-	49,648
154,928	1,805,802	253,304	46,068,579
(12,147)	57,863	(253,304)	(9,506,166)
12,147	-	253,304	10,480,164
-	-	-	(613,794)
12,147	-	253,304	9,866,370
-	57,863	-	360,204
-	292,691	-	4,357,045
\$ -	\$ 350,554	\$ -	\$ 4,717,249

concluded

COUNTY OF KALAMAZOO, MICHIGAN

Schedule of Revenues, Expenditures and Change in Fund Balances

Budget and Actual

Nonmajor Special Revenue Funds

For the Year Ended December 31, 2019

	Parks			Health		
	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	663,700	712,894	49,194
Intergovernmental	-	-	-	1,724,900	1,929,418	204,518
Charges for services	1,212,400	1,212,077	(323)	786,200	964,224	178,024
Investment earnings	11,800	4,096	(7,704)	-	-	-
Contributions, grants and reimbursements	171,100	78,919	(92,181)	16,400	16,345	(55)
Other	22,300	19,667	(2,633)	-	6,628	6,628
Total revenues	1,417,600	1,314,759	(102,841)	3,191,200	3,629,509	438,309
Expenditures						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Health and welfare	-	-	-	5,568,800	5,343,504	(225,296)
Cultural and recreation	1,794,500	1,581,212	(213,288)	-	-	-
Judicial	-	-	-	-	-	-
Community and economic development	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	1,794,500	1,581,212	(213,288)	5,568,800	5,343,504	(225,296)
Revenues over (under) expenditures	(376,900)	(266,453)	110,447	(2,377,600)	(1,713,995)	663,605
Other financing sources (uses)						
Transfers in	376,900	270,770	(106,130)	2,377,600	1,718,110	(659,490)
Transfers out	-	-	-	-	(3,745)	3,745
Total other financing sources (uses)	376,900	270,770	(106,130)	2,377,600	1,714,365	(663,235)
Net change in fund balances	-	4,317	4,317	-	370	370
Fund balances, beginning of year, as restated	2,674	2,674	-	80	80	-
Fund balances, end of year	\$ 2,674	\$ 6,991	\$ 4,317	\$ 80	\$ 450	\$ 370

Capital Outlay Special Grants			Friend of the Court			Justice Special Grants		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
-	-	-	2,237,200	2,199,854	(37,346)	2,489,380	2,304,452	(184,928)
230,000	196,250	(33,750)	68,400	77,323	8,923	54,500	50,742	(3,758)
-	19,467	19,467	-	-	-	-	-	-
35,000	22,635	(12,365)	-	-	-	36,100	10,072	(26,028)
-	-	-	-	12	12	1,344,920	5,430	(1,339,490)
265,000	238,352	(26,648)	2,305,600	2,277,189	(28,411)	3,924,900	2,370,696	(1,554,204)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	3,409,200	3,309,286	(99,914)	4,268,400	2,614,080	(1,654,320)
413,800	216,626	(197,174)	-	-	-	-	-	-
230,000	23,735	(206,265)	-	-	-	-	-	-
643,800	240,361	(403,439)	3,409,200	3,309,286	(99,914)	4,268,400	2,614,080	(1,654,320)
(378,800)	(2,009)	376,791	(1,103,600)	(1,032,097)	71,503	(343,500)	(243,384)	100,116
-	-	-	1,103,600	1,034,072	(69,528)	343,500	240,844	(102,656)
-	-	-	-	(1,975)	1,975	-	-	-
-	-	-	1,103,600	1,032,097	(71,503)	343,500	240,844	(102,656)
(378,800)	(2,009)	376,791	-	-	-	-	(2,540)	(2,540)
761,576	761,576	-	455	455	-	16,868	16,868	-
\$ 382,776	\$ 759,567	\$ 376,791	\$ 455	\$ 455	\$ -	\$ 16,868	\$ 14,328	\$ (2,540)

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COUNTY OF KALAMAZOO, MICHIGAN

Schedule of Revenues, Expenditures and Change in Fund Balances

Budget and Actual

Nonmajor Special Revenue Funds

For the Year Ended December 31, 2019

	Public Works Special Grants			Health and Welfare Special Grants		
	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	97,800	90,793	(7,007)	3,096,300	3,454,615	358,315
Charges for services	-	-	-	6,900	10,202	3,302
Investment earnings	-	-	-	-	-	-
Contributions, grants and reimbursements	-	-	-	114,400	80,490	(33,910)
Other	100	-	(100)	508,400	-	(508,400)
Total revenues	<u>97,900</u>	<u>90,793</u>	<u>(7,107)</u>	<u>3,726,000</u>	<u>3,545,307</u>	<u>(180,693)</u>
Expenditures						
Current:						
General government	97,900	90,793	(7,107)	-	-	-
Public safety	-	-	-	-	-	-
Public works	200	-	(200)	-	-	-
Health and welfare	-	-	-	3,890,200	3,692,782	(197,418)
Cultural and recreation	-	-	-	-	-	-
Judicial	-	-	-	-	-	-
Community and economic development	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>98,100</u>	<u>90,793</u>	<u>(7,307)</u>	<u>3,890,200</u>	<u>3,692,782</u>	<u>(197,418)</u>
Revenues over (under) expenditures	<u>(200)</u>	<u>-</u>	<u>200</u>	<u>(164,200)</u>	<u>(147,475)</u>	<u>16,725</u>
Other financing sources (uses)						
Transfers in	-	-	-	164,200	147,475	(16,725)
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>164,200</u>	<u>147,475</u>	<u>(16,725)</u>
Net change in fund balances	<u>(200)</u>	<u>-</u>	<u>200</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, beginning of year, as restated	242	242	-	-	-	-
Fund balances, end of year	<u>\$ 42</u>	<u>\$ 242</u>	<u>\$ 200</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Community Economic Development Special Grants			Accommodation Tax			Public Safety Special Grants		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ 839,600	\$ 839,990	\$ 390	\$ 3,041,700	\$ 3,127,316	\$ 85,616	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
-	76,070	76,070	-	-	-	738,200	854,496	116,296
-	-	-	-	-	-	1,187,900	1,165,284	(22,616)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	31,300	301,239	269,939
-	-	-	-	-	-	516,600	70,947	(445,653)
839,600	916,060	76,460	3,041,700	3,127,316	85,616	2,474,000	2,391,966	(82,034)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	2,350,300	2,380,086	29,786
-	-	-	-	-	-	-	-	-
839,600	839,594	(6)	-	-	-	-	-	-
-	-	-	2,340,800	2,251,949	(88,851)	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	65,000	25,913	(39,087)
839,600	839,594	(6)	2,340,800	2,251,949	(88,851)	2,415,300	2,405,999	(9,301)
-	76,466	76,466	700,900	875,367	174,467	58,700	(14,033)	(72,733)
-	-	-	-	-	-	59,300	85,133	25,833
-	-	-	(700,900)	(608,074)	(92,826)	(143,000)	-	(143,000)
-	-	-	(700,900)	(608,074)	(92,826)	(83,700)	85,133	168,833
-	76,466	76,466	-	267,293	267,293	(25,000)	71,100	96,100
216,605	216,605	-	1,067,707	1,067,707	-	1,211,790	1,211,790	-
\$ 216,605	\$ 293,071	\$ 76,466	\$ 1,067,707	\$ 1,335,000	\$ 267,293	\$ 1,186,790	\$ 1,282,890	\$ 96,100

continued...

COUNTY OF KALAMAZOO, MICHIGAN

Schedule of Revenues, Expenditures and Change in Fund Balances

Budget and Actual

Nonmajor Special Revenue Funds

For the Year Ended December 31, 2019

	Concealed Pistol Licensing			Law Library		
	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	68,600	89,182	20,582	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Investment earnings	-	-	-	-	-	-
Contributions, grants and reimbursements	-	-	-	-	-	-
Other	-	860	860	6,500	6,500	-
Total revenues	68,600	90,042	21,442	6,500	6,500	-
Expenditures						
Current:						
General government	-	-	-	-	-	-
Public safety	68,600	38,942	(29,658)	-	-	-
Public works	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Cultural and recreation	-	-	-	-	-	-
Judicial	-	-	-	70,600	70,566	(34)
Community and economic development	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	68,600	38,942	(29,658)	70,600	70,566	(34)
Revenues over (under) expenditures	-	51,100	51,100	(64,100)	(64,066)	34
Other financing sources (uses)						
Transfers in	-	-	-	64,100	64,066	(34)
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	64,100	64,066	(34)
Net change in fund balances	-	51,100	51,100	-	-	-
Fund balances, beginning of year, as restated	211,681	211,681	-	-	-	-
Fund balances, end of year	\$ 211,681	\$ 262,781	\$ 51,100	\$ -	\$ -	\$ -

Area Agency on Aging			Child Care			Community Healthy Start Grant		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
2,064,500	2,054,995	(9,505)	5,264,300	5,506,694	242,394	1,075,400	921,805	(153,595)
69,100	51,296	(17,804)	127,500	127,323	(177)	-	-	-
-	-	-	-	-	-	-	-	-
1,200	269	(931)	15,100	9,959	(5,141)	128,500	111,786	(16,714)
904,300	-	(904,300)	-	-	-	-	-	-
3,039,100	2,106,560	(932,540)	5,406,900	5,643,976	237,076	1,203,900	1,033,591	(170,309)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
5,045,400	3,704,152	(1,341,248)	10,563,400	9,709,445	(853,955)	1,275,900	1,105,159	(170,741)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
5,045,400	3,704,152	(1,341,248)	10,563,400	9,709,445	(853,955)	1,275,900	1,105,159	(170,741)
(2,006,300)	(1,597,592)	408,708	(5,156,500)	(4,065,469)	1,091,031	(72,000)	(71,568)	432
2,006,300	1,603,608	(402,692)	5,156,500	4,022,817	(1,133,683)	72,000	71,568	(432)
-	-	-	-	-	-	-	-	-
2,006,300	1,603,608	(402,692)	5,156,500	4,022,817	(1,133,683)	72,000	71,568	(432)
-	6,016	6,016	-	(42,652)	(42,652)	-	-	-
-	-	-	42,652	42,652	-	-	-	-
\$ -	\$ 6,016	\$ 6,016	\$ 42,652	\$ -	\$ (42,652)	\$ -	\$ -	\$ -

continued...

COUNTY OF KALAMAZOO, MICHIGAN

Schedule of Revenues, Expenditures and Change in Fund Balances

Budget and Actual

Nonmajor Special Revenue Funds

For the Year Ended December 31, 2019

	Community Corrections			Indigent Defense		
	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	647,000	723,336	76,336	3,340,800	4,467,950	1,127,150
Charges for services	435,000	504,981	69,981	-	53,313	53,313
Investment earnings	-	-	-	-	10,039	10,039
Contributions, grants and reimbursements	-	-	-	-	-	-
Other	354,100	13,732	(340,368)	1,125,000	-	(1,125,000)
Total revenues	<u>1,436,100</u>	<u>1,242,049</u>	<u>(194,051)</u>	<u>4,465,800</u>	<u>4,531,302</u>	<u>65,502</u>
Expenditures						
Current:						
General government	-	-	-	-	-	-
Public safety	1,436,100	1,356,466	(79,634)	-	-	-
Public works	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Cultural and recreation	-	-	-	-	-	-
Judicial	-	-	-	5,642,800	5,500,255	(142,545)
Community and economic development	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>1,436,100</u>	<u>1,356,466</u>	<u>(79,634)</u>	<u>5,642,800</u>	<u>5,500,255</u>	<u>(142,545)</u>
Revenues over (under) expenditures	<u>-</u>	<u>(114,417)</u>	<u>(114,417)</u>	<u>(1,177,000)</u>	<u>(968,953)</u>	<u>208,047</u>
Other financing sources (uses)						
Transfers in	-	19,296	19,296	1,177,000	936,954	(240,046)
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>19,296</u>	<u>19,296</u>	<u>1,177,000</u>	<u>936,954</u>	<u>(240,046)</u>
Net change in fund balances	<u>-</u>	<u>(95,121)</u>	<u>(95,121)</u>	<u>-</u>	<u>(31,999)</u>	<u>(31,999)</u>
Fund balances, beginning of year, as restated	500,025	500,025	-	31,999	31,999	-
Fund balances, end of year	<u>\$ 500,025</u>	<u>\$ 404,904</u>	<u>\$ (95,121)</u>	<u>\$ 31,999</u>	<u>\$ -</u>	<u>\$ (31,999)</u>



Health and Community Services Grants		
Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -
-	-	-
50,000	142,781	92,781
-	-	-
-	-	-
-	-	-
48,200	-	(48,200)
<hr/>		
98,200	142,781	44,581
<hr/>		
-	-	-
-	-	-
-	-	-
98,200	154,928	56,728
-	-	-
-	-	-
-	-	-
-	-	-
<hr/>		
98,200	154,928	56,728
<hr/>		
-	(12,147)	(12,147)
<hr/>		
-	12,147	12,147
-	-	-
<hr/>		
-	12,147	12,147
<hr/>		
-	-	-
-	-	-
<hr/>		
\$ -	\$ -	\$ -
<hr/>		
concluded		

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COUNTY OF KALAMAZOO, MICHIGAN

Internal Service Funds

The Internal Service Funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the County, and to other governmental units on a cost reimbursement basis.

Employee Benefits Fund - was established to accumulate and allocate the costs of fringe benefits provided to employees of the primary government. Funding is provided through charges to the departments based upon payroll costs.

Technology Fund - was established to accumulate and allocate the costs to provide telephone and network services throughout all departments of the primary government. Funding is provided through charges for services to benefited departments.

Alcott Facility Fund - was established to accumulate and allocate the operating and maintenance costs of the facility that house many health and welfare departments of the primary government. Funding is provided through rental charges to benefited departments.

Central Stores Fund - was established to accumulate and allocate the costs of print shop and central stores of the primary government. Funding is provided through charges for services and products to benefited departments.

HSD Personnel Pool Fund - was established to accumulate and allocate the costs of a personnel pool utilized by many of the health and welfare departments of the primary government. Funding is provided through charges for services to benefited departments.

Local Site Remediation Revolving Fund - was established to account for the money available to the Brownfield Development Authority to pay for the costs of eligible activities on eligible property located in the County in accordance with MCL 125.2663, Section 13(5).

Insurance Fund - was established to account for insurance costs associated with the Michigan Municipal Risk Management Authority and other purchased commercial insurance as well as proceeds related to insurance claims. Funding is provided by the General Fund.

COUNTY OF KALAMAZOO, MICHIGAN

Combining Statement of Net Position

Internal Service Funds

December 31, 2019

	Employee Benefits	Technology	Alcott Facility	Central Stores
Assets				
Current assets:				
Cash and cash equivalents	\$ 4,016,245	\$ 614,913	\$ -	\$ -
Investments	4,994,683	-	-	-
Receivables, net:				
Accounts	1,712,337	-	-	-
Accrued interest	41,665	-	-	-
Inventories	-	692	1,133	107,374
Prepays	520,222	209,759	4,605,049	-
Total current assets	11,285,152	825,364	4,606,182	107,374
Noncurrent assets -				
Capital assets being depreciated, net	-	560,527	885,285	26,424
Total assets	11,285,152	1,385,891	5,491,467	133,798
Liabilities				
Current liabilities:				
Negative equity in cash and cash equivalents	-	-	-	10,618
Accounts payable	537,289	153,905	40,754	14,277
Accrued liabilities	200,235	5,884	9,895	3,322
Deposits payable	62,746	-	-	6,395
Current portion of long-term debt	1,832	12,648	14,758	5,196
Total current liabilities	802,102	172,437	65,407	39,808
Noncurrent liabilities, net of current portion:				
Claims payable	1,605,734	-	-	-
Long-term debt	-	-	9,905	-
Total noncurrent liabilities	1,605,734	-	9,905	-
Total liabilities	2,407,836	172,437	75,312	39,808
Net position				
Investment in capital assets	-	560,527	885,285	26,424
Unrestricted	8,877,316	652,927	4,530,870	67,566
Total net position	\$ 8,877,316	\$ 1,213,454	\$ 5,416,155	\$ 93,990

HSD Personnel Pool	Local Site Remediation Revolving Fund	Insurance	Total
\$ 23,747	\$ 287,160	\$ -	\$ 4,942,065
-	-	-	4,994,683
-	-	-	1,712,337
-	-	-	41,665
-	-	-	109,199
-	-	1,242,464	6,577,494
23,747	287,160	1,242,464	18,377,443
-	-	-	1,472,236
23,747	287,160	1,242,464	19,849,679
-	-	98,210	108,828
-	-	-	746,225
23,747	-	-	243,083
-	-	-	69,141
-	-	-	34,434
23,747	-	98,210	1,201,711
-	-	566,234	2,171,968
-	-	-	9,905
-	-	566,234	2,181,873
23,747	-	664,444	3,383,584
-	-	-	1,472,236
-	287,160	578,020	14,993,859
\$ -	\$ 287,160	\$ 578,020	\$ 16,466,095

COUNTY OF KALAMAZOO, MICHIGAN

Combining Statement of Revenues, Expenditures and

Change in Fund Net Position

Internal Service Funds

For the Year Ended December 31, 2019

	Employee Benefits	Technology	Alcott Facility	Central Stores
Operating revenues				
Charges for services	\$ 22,714,833	\$ 815,199	\$ 688,504	\$ 623,304
Operating expenses				
Salaries and fringes	71,486	211,143	363,229	123,697
Supplies and other operating expenses	134,326	604,985	751,057	535,916
Depreciation	12,476	204,173	80,651	1,554
Insurance benefits and claims	21,546,721	-	-	-
Total operating expenses	21,765,009	1,020,301	1,194,937	661,167
Operating income (loss)	949,824	(205,102)	(506,433)	(37,863)
Nonoperating revenues (expenses)				
Investment earnings	301,488	-	-	-
Loss on sale of capital assets	-	-	(13,828)	-
Total nonoperating revenues (expenses)	301,488	-	(13,828)	-
Income (loss) before transfers	1,251,312	(205,102)	(520,261)	(37,863)
Transfers in	-	343,800	122,789	-
Change in net position	1,251,312	138,698	(397,472)	(37,863)
Net position, beginning of year	7,626,004	1,074,756	5,813,627	131,853
Net position, end of year	\$ 8,877,316	\$ 1,213,454	\$ 5,416,155	\$ 93,990



HSD Personnel Pool	Local Site Remediation Revolving Fund	Insurance	Total
\$ 982,220	\$ 204,382	\$ -	\$ 26,028,442
927,593	-	-	1,697,148
54,627	-	-	2,080,911
-	-	-	298,854
-	-	491,412	22,038,133
982,220	-	491,412	26,115,046
-	204,382	(491,412)	(86,604)
-	-	15,021	316,509
-	-	-	(13,828)
-	-	15,021	302,681
-	204,382	(476,391)	216,077
-	-	1,054,411	1,521,000
-	204,382	578,020	1,737,077
-	82,778	-	14,729,018
\$ -	\$ 287,160	\$ 578,020	\$ 16,466,095

COUNTY OF KALAMAZOO, MICHIGAN

Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended December 31, 2019

	Employee Benefits	Technology	Alcott Facility	Central Stores
Cash flows from operating activities				
Receipts from customers and users	\$ 21,414,086	\$ 815,476	\$ 688,504	\$ 623,415
Payments to vendors	(134,326)	(581,079)	(477,173)	(576,801)
Payments for personnel services	(49,556)	(208,746)	(359,652)	(123,540)
Benefit payments	(21,388,638)	-	-	-
Net cash provided by (used in) operating activities	(158,434)	25,651	(148,321)	(76,926)
Cash flows from noncapital financing activities				
Transfers from other funds	-	343,800	122,789	-
Cash flows from capital and related financing activities				
Purchase of capital assets	-	(182,288)	(5,378)	-
Cash flows from investing activities				
Sale of investments	825,787	-	-	-
Interest received on investments	301,488	-	-	-
Net cash provided by investing activities	1,127,275	-	-	-
Net increase (decrease) in cash and cash equivalents	968,841	187,163	(30,910)	(76,926)
Cash and cash equivalents, beginning of year	3,047,404	427,750	30,910	66,308
Cash and cash equivalents, end of year	\$ 4,016,245	\$ 614,913	\$ -	\$ (10,618)
Classification on the combining statement of net position				
Cash and cash equivalents	\$ 4,016,245	\$ 614,913	\$ -	\$ -
Negative equity in cash and cash equivalents	-	-	-	(10,618)
	\$ 4,016,245	\$ 614,913	\$ -	\$ (10,618)



HSD Personnel Pool	Local Site Remediation Revolving Fund	Insurance	Total
\$ 982,220	\$ 204,382	\$ -	\$ 24,728,083
(54,627)	-	-	(1,824,006)
(929,852)	-	-	(1,671,346)
-	-	(675,794)	(22,064,432)
(2,259)	204,382	(675,794)	(831,701)
-	-	1,054,411	1,521,000
-	-	-	(187,666)
-	-	-	825,787
-	-	15,021	316,509
-	-	15,021	1,142,296
(2,259)	204,382	393,638	1,643,929
26,006	82,778	(491,848)	3,189,308
<u>\$ 23,747</u>	<u>\$ 287,160</u>	<u>\$ (98,210)</u>	<u>\$ 4,833,237</u>
\$ 23,747	\$ 287,160	\$ -	\$ 4,942,065
-	-	(98,210)	(108,828)
<u>\$ 23,747</u>	<u>\$ 287,160</u>	<u>\$ (98,210)</u>	<u>\$ 4,833,237</u>

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COUNTY OF KALAMAZOO, MICHIGAN

Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended December 31, 2019

	Employee Benefits	Technology	Alcott Facility	Central Stores
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Operating income (loss)	\$ 949,824	\$ (205,102)	\$ (506,433)	\$ (37,863)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	12,476	204,173	80,651	1,554
Change in:				
Accounts receivable	(1,326,853)	-	-	111
Accrued interest receivable	26,106	-	-	-
Due from other governments	-	277	3,051	-
Inventories	-	741	(526)	(3,609)
Prepays	(104,040)	(112,826)	249,118	-
Accounts payable	359,243	135,991	22,241	(34,457)
Accrued liabilities	21,205	1,042	3,400	688
Deposits payable	10,135	-	-	(2,819)
Claims payable	(107,255)	-	-	-
Compensated absences	725	1,355	177	(531)
Net cash provided by (used in) operating activities	<u>\$ (158,434)</u>	<u>\$ 25,651</u>	<u>\$ (148,321)</u>	<u>\$ (76,926)</u>



HSD Personnel Pool	Local Site Remediation Revolving Fund	Insurance	Total
\$ -	\$ 204,382	\$ (491,412)	\$ (86,604)
-	-	-	298,854
-	-	624,145	(702,597)
-	-	-	26,106
-	-	-	3,328
-	-	-	(3,394)
-	-	(782,186)	(749,934)
-	-	(100,000)	383,018
(2,259)	-	-	24,076
-	-	-	7,316
-	-	73,659	(33,596)
-	-	-	1,726
<u>\$ (2,259)</u>	<u>\$ 204,382</u>	<u>\$ (675,794)</u>	<u>\$ (831,701)</u>

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COUNTY OF KALAMAZOO, MICHIGAN

Fiduciary Funds

Trust and Agency Fund - accounts for collected taxes, court fees, and other assets held by the County in a trustee capacity or as an agent to be distributed to other individuals, private organizations, and other governments.

Library Trust Fund - accounts for monies collected by circuit and district courts, which are disbursed at the request of the State of Michigan Library Service to local libraries.

Inmates' Trust Fund - accounts for the receipt and distribution of monies belonging to individuals residing in the County's corrections facility.

COUNTY OF KALAMAZOO, MICHIGAN

Combining Statement of Fiduciary Net Position

Custodial Funds

December 31, 2019

	Trust and Agency	Library Trust	Inmate's Trust	Total
Assets				
Cash and cash equivalents	\$ 1,489,715	\$ 158,361	\$ 17,140	\$ 1,665,216
Investments	150,000	-	-	150,000
Due from other governments	13,072	-	-	13,072
	<u>1,652,787</u>	<u>158,361</u>	<u>17,140</u>	<u>1,828,288</u>
Total assets	1,652,787	158,361	17,140	1,828,288
Liabilities				
Undistributed collections	1,511,164	-	-	1,511,164
	<u>1,511,164</u>	<u>-</u>	<u>-</u>	<u>1,511,164</u>
Net position				
Restricted for -				
Individuals, organizations and other governments	\$ 141,623	\$ 158,361	\$ 17,140	\$ 317,124
	<u>\$ 141,623</u>	<u>\$ 158,361</u>	<u>\$ 17,140</u>	<u>\$ 317,124</u>

COUNTY OF KALAMAZOO, MICHIGAN

Combining Statement of Changes in Fiduciary Net Position

Custodial Funds

For the Year Ended December 31, 2019

	Trust and Agency	Library Trust	Inmate's Trust	Total
Additions				
Inmate trust collections	\$ -	\$ -	\$ 1,686,687	\$ 1,686,687
Library collections	-	329,151	-	329,151
Circuit court trial division collections	460,301	-	-	460,301
Circuit court family division collections	2,276	-	-	2,276
District court collections	2,345,697	-	-	2,345,697
Probate court collections	173,395	-	-	173,395
County clerk/register of deeds collections	8,674,564	-	-	8,674,564
Treasurer collections	125,991,139	-	-	125,991,139
Drain commissioner collections	240	-	-	240
Sheriff-administration/support collections	10,783	-	-	10,783
Planning collections	376	-	-	376
Other additions	-	-	55	55
Total additions	137,658,771	329,151	1,686,742	139,674,664
Deductions				
Inmate trust distributions	-	-	1,695,686	1,695,686
Library distributions	-	340,639	-	340,639
Circuit court trial division distributions	451,901	-	-	451,901
Circuit court family division distributions	2,276	-	-	2,276
District court distributions	2,424,075	-	-	2,424,075
Probate court distributions	175,720	-	-	175,720
County clerk/register of deeds distributions	8,756,219	-	-	8,756,219
Treasurer distributions	126,091,243	-	-	126,091,243
Sheriff-administration/support distributions	9,342	-	-	9,342
Planning distributions	25	-	-	25
Total deductions	137,910,801	340,639	1,695,686	139,947,126
Change in net position	(252,030)	(11,488)	(8,944)	(272,462)
Net position, beginning of year, as restated	393,653	169,849	26,084	589,586
Net position, end of year	\$ 141,623	\$ 158,361	\$ 17,140	\$ 317,124

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COUNTY OF KALAMAZOO, MICHIGAN

Component Unit

Drainage Districts - The Drainage Districts consist of multiple individual districts created for alleviating drainage problems and is under the control of the County Drain Commissioner. Each drainage district accounts for the construction, maintenance, and financing costs associated with its drain program. Each individual district is a separate legal entity with power to assess the benefiting communities, including the County and the State of Michigan for road drainage. The County is a direct beneficiary of the service provided and its employees run the day-to-day operations. In addition, the County often pledges its full faith and credit for the long-term debt of the drainage districts. Based on the recommendations of the Michigan Department of Treasury, the County has determined that it would be misleading to exclude this entity from the County reporting entity.

Lake Level - The County Drain Commissioner also administers the activity reported in the County's Lake Level Fund, as permitted by Act 451 PA 1994, as amended, (MCL 324.30701 et al.). Lake level projects establish the lake levels for inland lakes and perform construction and maintenance related to maintaining the established levels. Projects may be funded through the levying of special assessments or by issuing debt, and the County is a direct beneficiary of the services provided.

Brownfield Redevelopment Authority - The Brownfield Redevelopment Authority (the "Brownfield") was established to review and approve plans for business development within designated areas of the County where property was once contaminated. Property tax revenues from the "captured" portion of these properties are restricted to pay for site clean-up expenditures and future development depending on the development plan adopted for each project. Funding is provided through tax increment financial, federal and state grants, and General Fund appropriations. The County Board appoints the governing body of the Brownfield.

COUNTY OF KALAMAZOO, MICHIGAN

Balance Sheet

Drainage Districts Component Unit

December 31, 2019

Assets

Cash and cash equivalents	\$ 660,670
Restricted cash	718,331
Accounts receivable	721,257
Special assessments receivable	<u>2,549,363</u>

Total assets

\$ 4,649,621

Liabilities

Accounts payable	\$ 391,572
Advance from primary government	<u>378,315</u>

Total liabilities

769,887

Deferred inflows of resources

Unavailable revenue - special assessment receivable	<u>2,354,127</u>
-----------------------------------------------------	------------------

Fund balance

Restricted for debt service	718,331
Unassigned	<u>807,276</u>

Total fund balance

1,525,607

Total liabilities, deferred inflows of resources and fund balance

\$ 4,649,621

COUNTY OF KALAMAZOO, MICHIGAN

Reconciliation

Fund Balance of Governmental Fund
to Net Position of Component Unit
Drainage Districts Component Unit
December 31, 2019

Fund balance - governmental fund	\$ 1,525,607
----------------------------------	--------------

Amounts reported for *component unit* 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 fund statements.

Capital assets being depreciated, net	5,527,915
---------------------------------------	-----------

Certain assets, such as assessments receivable from local units, are not due and receivable in the current period and therefore are offset with deferred inflows of resources in the fund statement.

Deferred special assessments receivable	2,354,127
-----------------------------------------	-----------

Certain liabilities, such as notes payable, are not due and payable in the current period, and therefore are not reported in the funds.

Notes payable	(1,984,446)
---------------	-------------

Accrued interest on long-term debt	<u>(23,483)</u>
------------------------------------	-----------------

Net position of component unit	<u><u>\$ 7,399,720</u></u>
--------------------------------	----------------------------

COUNTY OF KALAMAZOO, MICHIGAN

Statement of Revenues, Expenditures

and Change in Fund Balance

Drainage Districts Component Unit

For the Year Ended December 31, 2019

Revenues

Other	\$ 760,502
-------	------------

Expenditures

Current:

Public works	487,787
--------------	---------

Debt service:

Principal	253,354
-----------	---------

Interest expense	49,683
------------------	--------

Total expenditures	790,824
--------------------	---------

Revenues under expenditures	(30,322)
-----------------------------	----------

Other financing sources

Issuance of long-term debt	220,000
----------------------------	---------

Change in fund balance	189,678
------------------------	---------

Fund balance, beginning of year	1,335,929
---------------------------------	-----------

Fund balance, end of year	\$ 1,525,607
---------------------------	--------------

COUNTY OF KALAMAZOO, MICHIGAN

Reconciliation

Net Change in Fund Balance of Governmental Fund
to Change in Net Position of Component Unit
Drainage Districts Component Unit
For the Year Ended December 31, 2019

Net change in fund balance - governmental fund	\$	189,678
------------------------------------------------	----	---------

Amounts reported for *component unit* 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.

Capital assets purchased/constructed	196,482
Depreciation expense	(151,491)

Special assessments receivable are long-term in nature and are collectable over several years. However, the current receipts are reflected as revenues on the fund statements.

Net change in deferred special assessments receivable	(220,502)
-------------------------------------------------------	-----------

Note proceeds provide current financial resources to governmental funds in the period issued, but issuing notes increases long-term liabilities in the statement of net position. Repayment of note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal payments on long-term debt	253,354
Issuance of long-term debt	(220,000)

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 governmental funds.

Change in accrued interest payable on long-term debt	<u>696</u>
------------------------------------------------------	------------

Change in net position of governmental activities	\$	<u><u>48,217</u></u>
---------------------------------------------------	----	----------------------

COUNTY OF KALAMAZOO, MICHIGAN

Balance Sheet

Lake Level Component Unit
December 31, 2019

	Lake Level Fund
Assets	
Cash and cash equivalents	\$ 32,286
Fund balance	
Unassigned	\$ 32,286

COUNTY OF KALAMAZOO, MICHIGAN

Statement of Revenues, Expenditures

and Change in Fund Balance

Lake Level Component Unit

For the Year Ended December 31, 2019

	Lake Level Fund
Revenues	
Other	\$ 461
Expenditures	
Capital outlay	<u>1,356</u>
Change in fund balance	(895)
Fund balance, beginning of year	<u>33,181</u>
Fund balance, end of year	<u><u>\$ 32,286</u></u>

COUNTY OF KALAMAZOO, MICHIGAN

Balance Sheet

Brownfield Redevelopment Authority Component Unit

December 31, 2019

Assets

Cash and cash equivalents	\$ 2,037,659
Investments	1,195,721
Accounts receivable	678,055
Due from other governments	<u>12,993</u>

Total assets

\$ 3,924,428

Liabilities

Accounts payable	\$ 172,054
------------------	------------

Deferred inflows of resources

Property taxes levied for subsequent period	594,079
---------------------------------------------	---------

Fund balance

Unassigned	<u>3,158,295</u>
------------	------------------

Total liabilities, deferred inflows of resources and fund balance

\$ 3,924,428

COUNTY OF KALAMAZOO, MICHIGAN

Reconciliation

Fund Balance of Governmental Fund
to Net Position of Component Unit
Brownfield Redevelopment Authority Component Unit
December 31, 2019

Fund balance - governmental fund \$ 3,158,295

Amounts reported for *component unit* in the statement of net position are different because:

Certain liabilities, such as loans payable, are not due and payable in the current period, and therefore are not reported in the funds.

Direct borrowings/placements - Loans payable (1,344,173)

Net position of component unit \$ 1,814,122

COUNTY OF KALAMAZOO, MICHIGAN

Statement of Revenues, Expenditures

and Change in Fund Balance

Brownfield Redevelopment Authority Component Unit

For the Year Ended December 31, 2019

Revenues

Taxes	\$ 2,305,307
Charges for services	20,027
Intergovernmental	183,998
Investment earnings	<u>1,554</u>

Total revenues	2,510,886
----------------	-----------

Expenditures

Current -	
Community and economic development	<u>785,344</u>

Revenues over expenditures	1,725,542
----------------------------	-----------

Other financing sources

Issuance of long-term debt	<u>1,194,173</u>
----------------------------	------------------

Change in fund balance	2,919,715
------------------------	-----------

Fund balance, beginning of year	<u>238,580</u>
---------------------------------	----------------

Fund balance, end of year	<u><u>\$ 3,158,295</u></u>
---------------------------	----------------------------

COUNTY OF KALAMAZOO, MICHIGAN

Reconciliation

Net Change in Fund Balance of Governmental Fund
to Change in Net Position of Component Unit
Brownfield Redevelopment Authority Component Unit
For the Year Ended December 31, 2019

Net change in fund balance - governmental fund	\$ 2,919,715
------------------------------------------------	--------------

Loan proceeds provide current financial resources to governmental funds in the period issued, but issuing loans increases long-term liabilities in the statement of net position. Repayment of loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Issuance of long-term debt	<u>(1,194,173)</u>
----------------------------	--------------------

Change in net position of governmental activities	<u><u>\$ 1,725,542</u></u>
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STATISTICAL SECTION

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COUNTY OF KALAMAZOO, MICHIGAN

Statistical Section Table of Contents

This part of the County's Comprehensive Annual Financial Report presents detailed information to assist the user in understanding what the financial statements, note disclosures and required supplementary information say about the overall economic condition of the County of Kalamazoo, Michigan.

		<u>Page</u>
Financial Trends Tables 1 - 4	These schedules contain trend information to help the reader understand and evaluate how the County's financial condition, performance and well-being have changed over time.	192
Revenue Capacity Tables 5 - 8	These schedules contain information to help the reader assess the County's ability to generate its most significant local revenue source, the property tax.	202
Debt Capacity Tables 9 - 11	These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and its ability to issue additional debt in the future.	208
Demographic and Economic Information Tables 12 - 14	These schedules present various demographic and economic indicators to help the reader understand the environment within which the County operates and how they affect the County's financial activities.	214
Operating Information Tables 15 - 16	These schedules contain information about the County's operations and resources to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.	218

COUNTY OF KALAMAZOO, MICHIGAN

Net Position By Component

Last Ten Fiscal Years

	2019	2018	2017	2016
Governmental activities				
Net investment in capital assets	\$ 70,585,884	\$ 67,501,240	\$ 66,358,000	\$ 67,512,686
Restricted	32,267,283	31,190,162	34,422,473	32,393,370
Unrestricted	28,678,958	22,064,271	18,886,165	34,649,904
Total governmental activities	\$ 131,532,125	\$ 120,755,673	\$ 119,666,638	\$ 134,555,960
Business-type activities				
Net investment in capital assets	\$ 50,239,227	\$ 47,143,684	\$ 48,141,803	\$ 47,755,499
Restricted	442,752	430,619	432,165	366,757
Unrestricted	23,414,065	22,523,158	22,567,806	27,412,103
Total business-type activities	\$ 74,096,044	\$ 70,097,461	\$ 71,141,774	\$ 75,534,359
Primary government				
Net investment in capital assets	\$ 120,825,111	\$ 114,644,924	\$ 114,499,803	\$ 115,268,185
Restricted	32,710,035	31,620,781	34,854,638	32,760,127
Unrestricted	52,093,023	44,587,429	41,453,971	62,062,007
Total primary government	\$ 205,628,169	\$ 190,853,134	\$ 190,808,412	\$ 210,090,319

Source: *County of Kalamazoo, Michigan, Office of Finance.*

Note: GASB Statement No. 68 was implemented for the year ended December 31, 2015. This resulted in presentation of the County's net pension liability on the statement of net position. Prior years were not restated.

Certain restatements and reclassifications were made in 2016. Prior years were not restated.

GASB Statement No. 75 was implemented for the year ended December 31, 2017. This resulted in presentation of the County's net OPEB liability on the statement of net position. Prior years were not restated.

GASB Statement No. 84 was implemented for the year ended December 31, 2019. Prior years were not restated.

Table 1 - Unaudited

2015	2014	2013	2012	2011	2010
\$ 60,182,534	\$ 54,014,762	\$ 43,130,177	\$ 39,987,637	\$ 20,075,223	\$ 19,173,432
22,862,531	36,523,766	7,707,379	8,005,017	7,953,715	11,398,561
41,640,330	38,866,094	51,652,911	53,804,428	70,239,778	59,674,138
<u>\$ 124,685,395</u>	<u>\$ 129,404,622</u>	<u>\$ 102,490,467</u>	<u>\$ 101,797,082</u>	<u>\$ 98,268,716</u>	<u>\$ 90,246,131</u>
\$ 48,993,268	\$ 49,480,694	\$ 50,504,667	\$ 52,076,706	\$ 53,833,191	\$ 43,917,137
459,843	247,565	-	-	-	-
27,650,978	28,891,477	32,634,972	31,125,230	29,467,743	31,172,945
<u>\$ 77,104,089</u>	<u>\$ 78,619,736</u>	<u>\$ 83,139,639</u>	<u>\$ 83,201,936</u>	<u>\$ 83,300,934</u>	<u>\$ 75,090,082</u>
\$ 109,175,802	\$ 103,495,456	\$ 93,634,844	\$ 92,064,343	\$ 73,908,414	\$ 63,090,569
23,322,374	36,771,331	7,707,379	8,005,017	7,953,715	11,398,561
69,291,308	67,757,571	84,287,883	84,929,658	99,707,521	90,847,083
<u>\$ 201,789,484</u>	<u>\$ 208,024,358</u>	<u>\$ 185,630,106</u>	<u>\$ 184,999,018</u>	<u>\$ 181,569,650</u>	<u>\$ 165,336,213</u>

COUNTY OF KALAMAZOO, MICHIGAN

Change in Net Position

Last Ten Fiscal Years

	2019	2018	2017	2016
Expenses				
Governmental activities:				
General government	\$ 18,399,236	\$ 13,146,316	\$ 12,005,684	\$ 18,745,016
Public safety	28,291,340	33,251,992	29,226,541	30,068,549
Public works	465,388	440,731	458,479	223,444
Health and welfare	30,875,354	32,503,422	28,358,828	25,352,602
Cultural and recreation	4,549,433	4,566,708	4,294,714	4,614,096
Legislative	-	-	-	932,316
Judicial	30,175,753	24,545,359	23,306,159	20,181,383
Community and economic development	588,647	868,624	803,110	637,206
Interest and fiscal charges	715,789	755,701	1,020,546	1,082,933
	<u>114,060,940</u>	<u>110,078,853</u>	<u>99,474,061</u>	<u>101,837,545</u>
Business-type activities:				
Airport operations	7,516,636	7,177,992	6,865,096	6,811,127
Delinquent tax collection and administration	-	-	-	-
Local government public works financing	156,643	164,390	182,021	201,631
Other enterprise funds	-	357,654	1,135,113	1,546,620
	<u>7,673,279</u>	<u>7,700,036</u>	<u>8,182,230</u>	<u>8,559,378</u>
Total primary government expenses	<u>121,734,219</u>	<u>117,778,889</u>	<u>107,656,291</u>	<u>110,396,923</u>
Program revenues				
Governmental activities:				
Charges for services:				
General government	4,429,880	3,657,793	3,480,241	3,432,129
Public safety	3,502,946	3,335,737	3,034,532	3,597,799
Public works	42,911	46,450	50,545	-
Health and welfare	1,869,719	1,822,398	1,851,619	2,225,346
Cultural and recreation	1,212,077	1,226,658	1,231,210	1,199,359
Judicial	3,600,923	3,648,823	3,548,605	3,826,966
Community and economic development	205,258	210,050	230,077	-
Operating grants and contributions:				
General government	5,376,480	4,371,800	5,145,180	4,966,044
Public safety	4,819,175	4,672,491	4,243,117	3,085,903
Public works	-	-	84,124	198,805
Health and welfare	14,305,227	15,896,804	13,669,745	12,435,279
Cultural and recreation	101,554	204,220	168,242	106,217
Judicial	10,742,701	5,369,723	5,442,305	5,979,336
Community economic development	-	5,000	5,000	-
Other	-	-	-	-
Capital grants and contributions	-	-	-	689,000
	<u>50,208,851</u>	<u>44,467,947</u>	<u>42,184,542</u>	<u>41,742,183</u>

Table 2 - Unaudited

2015	2014	2013	2012	2011	2010
\$ 21,807,060	\$ 17,791,407	\$ 18,178,504	\$ 16,560,972	\$ 14,685,317	\$ 16,454,956
26,082,119	25,452,319	26,770,373	25,317,944	25,723,553	27,429,129
493,776	843,526	118,527	79,790	133,937	478,320
30,666,561	28,763,908	33,943,631	36,491,664	38,749,470	41,958,505
5,029,523	4,690,557	4,746,386	4,241,319	4,013,029	3,950,921
789,219	1,032,729	915,035	973,686	971,453	954,998
19,884,101	20,157,134	19,913,091	19,273,929	19,540,568	19,851,817
331,984	178,482	162,897	61,191	81,132	59,446
1,329,290	1,268,294	1,334,369	1,396,053	1,461,542	1,599,239
<u>106,413,633</u>	<u>100,178,356</u>	<u>106,082,813</u>	<u>104,396,548</u>	<u>105,360,001</u>	<u>112,737,331</u>
8,119,278	7,144,340	7,231,919	7,437,568	7,755,405	6,269,714
-	-	-	-	-	1,800
-	-	-	-	-	-
816,195	630,876	812,633	666,526	537,829	516,924
<u>8,935,473</u>	<u>7,775,216</u>	<u>8,044,552</u>	<u>8,104,094</u>	<u>8,293,234</u>	<u>6,788,438</u>
115,349,106	107,953,572	114,127,365	112,500,642	113,653,235	119,525,769
4,839,529	4,953,679	5,264,150	5,530,702	5,284,450	1,866,708
2,556,031	2,029,458	2,189,115	2,094,447	2,080,437	1,895,004
371,576	108,770	112,768	103,093	98,709	4,618
1,825,814	1,685,714	1,699,642	1,710,269	2,282,647	2,359,508
3,763,599	3,524,463	3,331,511	3,073,186	2,911,332	2,821,377
4,121,357	4,066,792	4,523,285	4,796,952	4,688,164	5,041,762
-	-	-	-	-	-
5,638,554	5,019,816	4,210,224	4,239,285	5,346,046	363,001
1,302,264	1,390,921	1,573,156	1,877,706	2,230,316	2,257,433
186,508	79,247	118,350	79,749	129,378	161,622
13,019,722	17,251,266	21,826,508	24,679,271	27,124,803	29,290,317
2,640,112	2,562,781	2,551,873	2,159,040	1,805,102	1,811,563
8,342,056	7,584,795	7,179,923	7,149,876	7,412,821	7,434,135
-	-	80,115	60,036	160,623	-
-	-	-	-	-	10,789
-	-	-	-	-	-
<u>48,607,122</u>	<u>50,257,702</u>	<u>54,660,620</u>	<u>57,553,612</u>	<u>61,554,828</u>	<u>55,317,837</u>

continued...

COUNTY OF KALAMAZOO, MICHIGAN

Change in Net Position

Last Ten Fiscal Years

	2019	2018	2017	2016
Business-type activities:				
Charges for services:				
Airport operations	\$ 5,545,334	\$ 4,523,803	\$ 4,393,811	\$ 4,295,639
Delinquent tax collection and administration	1,777,053	1,677,671	1,866,637	1,772,140
Local government public works financing	156,448	164,367	117,267	201,631
Other enterprise funds	-	918,589	1,100,003	875,502
Operating grants and contributions:				
Airport operations	260,671	39,694	75,057	6,381
Delinquent tax collection and administration	81,017	90,272	56,302	15,098
Local government public works financing	160	96	135	35
Other enterprise funds	-	-	-	-
Capital grants and contributions:				
Airport operations	5,678,979	1,091,831	3,401,193	1,881,974
	<u>13,499,662</u>	<u>8,506,323</u>	<u>11,010,405</u>	<u>9,048,400</u>
Total primary government program revenues	<u>63,708,513</u>	<u>52,974,270</u>	<u>53,194,947</u>	<u>50,790,583</u>
Net (expense) revenue				
Governmental activities	(63,852,089)	(65,610,906)	(57,289,519)	(60,095,362)
Business-type activities	<u>5,826,383</u>	<u>806,287</u>	<u>2,828,175</u>	<u>489,022</u>
Total primary government net expense	<u>(58,025,706)</u>	<u>(64,804,619)</u>	<u>(54,461,344)</u>	<u>(59,606,340)</u>
General revenues and other changes in net position				
Governmental activities:				
Property taxes	58,788,815	54,047,666	52,375,761	51,866,549
Lodging excise taxes	3,127,316	3,068,301	2,851,544	2,920,184
State revenue sharing	5,332,503	5,292,086	5,255,201	5,204,061
Unrestricted investment earnings	2,398,950	852,631	876,523	595,652
Gain on sale of capital assets	-	-	270,213	-
Other revenues	2,901,343	1,588,657	1,698,019	1,664,583
Transfers in	<u>1,827,800</u>	<u>1,850,600</u>	<u>6,892,300</u>	<u>1,883,400</u>
Total governmental activities	<u>74,376,727</u>	<u>66,699,941</u>	<u>70,219,561</u>	<u>64,134,429</u>
Business-type activities:				
Unrestricted investment earnings	-	-	-	-
Other	-	-	-	-
Transfers - internal activities	<u>(1,827,800)</u>	<u>(1,850,600)</u>	<u>(6,892,300)</u>	<u>(1,883,400)</u>
Total business-type activities	<u>(1,827,800)</u>	<u>(1,850,600)</u>	<u>(6,892,300)</u>	<u>(1,883,400)</u>
Total primary government	<u>72,548,927</u>	<u>64,849,341</u>	<u>63,327,261</u>	<u>62,251,029</u>
Changes in net position				
Governmental activities	10,524,638	1,089,035	12,930,042	4,039,067
Business-type activities	<u>3,998,583</u>	<u>(1,044,313)</u>	<u>(4,064,125)</u>	<u>(1,394,378)</u>
Total primary government changes in net position	<u>\$ 14,523,221</u>	<u>\$ 44,722</u>	<u>\$ 8,865,917</u>	<u>\$ 2,644,689</u>

Source: County of Kalamazoo, Michigan, Finance Office.

Note: Certain restatements and reclassifications were made in 2016. Prior years were not restated.

Table 2 - Unaudited

2015	2014	2013	2012	2011	2010
\$ 4,336,589	\$ 4,616,801	\$ 4,578,069	\$ 4,309,619	\$ 4,554,926	\$ 4,098,683
1,832,230	1,987,138	2,586,938	2,663,575	3,922,110	3,638,412
-	-	-	-	-	-
1,128,377	1,243,266	1,856,636	1,040,019	763,810	1,301,043
-	1,212,558	127,989	528,096	114,992	640,594
-	-	-	-	-	-
-	-	-	-	-	-
249,649	-	-	-	-	-
1,440,882	1,538,535	640,768	1,066,540	8,364,153	14,672,847
8,987,727	10,598,298	9,790,400	9,607,849	17,719,991	24,351,579
57,594,849	60,856,000	64,451,020	67,161,461	79,274,819	79,669,416
(57,806,511)	(49,920,654)	(51,422,193)	(46,842,936)	(43,805,173)	(57,419,494)
52,254	2,823,082	1,745,848	1,503,755	9,426,757	17,563,141
(57,754,257)	(47,097,572)	(49,676,345)	(45,339,181)	(34,378,416)	(39,856,353)
49,166,240	51,140,600	49,321,723	47,231,113	48,405,162	48,288,959
-	-	-	-	-	-
-	-	-	-	-	-
503,800	1,784,898	311,871	1,131,111	2,102,983	1,304,275
-	-	-	-	-	-
1,537,244	1,647,760	651,375	384,078	44,613	1,673,430
1,880,000	7,614,391	1,830,609	1,625,000	1,275,000	1,000,000
53,087,284	62,187,649	52,115,578	50,371,302	51,827,758	52,266,664
41,636	12,932	22,464	22,247	59,095	139,987
37,500	-	-	-	-	-
(1,880,000)	(7,614,391)	(1,830,609)	(1,625,000)	(1,275,000)	(1,000,000)
(1,800,864)	(7,601,459)	(1,808,145)	(1,602,753)	(1,215,905)	(860,013)
51,286,420	54,586,190	50,307,433	48,768,549	50,611,853	51,406,651
(4,719,227)	12,266,995	693,385	3,528,366	8,022,585	(5,152,830)
(1,748,610)	(4,778,377)	(62,297)	(98,998)	8,210,852	16,703,128
\$ (6,467,837)	\$ 7,488,618	\$ 631,088	\$ 3,429,368	\$ 16,233,437	\$ 11,550,298

concluded

COUNTY OF KALAMAZOO, MICHIGAN

Fund Balances, Governmental Funds

Last Ten Fiscal Years

	2019	2018	2017	2016
General fund				
Nonspendable	\$ 572,641	\$ 1,149,741	\$ 379,290	\$ 488,478
Restricted	2,500,000	2,500,000	2,500,000	2,500,000
Committed	4,048,723	2,532,014	2,664,077	2,715,700
Assigned	-	-	-	-
Unassigned	31,324,324	27,203,921	27,217,070	27,816,125
Reserved:				
Encumbrances	-	-	-	-
Prepaid expenditures/inventories	-	-	-	-
Unreserved				
Designated for future expenditures	-	-	-	-
Reported in General fund	-	-	-	-
Total general fund	38,445,688	33,385,676	32,760,437	33,520,303
All other governmental funds				
Nonspendable	14,515	36,506	10,469	133,368
Restricted	7,003,174	4,479,432	3,973,926	3,885,784
Committed	78,050	-	-	-
Assigned	19,309,141	21,279,104	21,112,748	12,435,363
Unassigned (deficit)	-	-	-	-
Reserved:				
Revenue sharing reserve fund	-	-	-	-
Encumbrances	-	-	-	-
Unreserved:				
Designated for future expenditures	-	-	-	-
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	-
Total all other governmental funds	26,404,880	25,795,042	25,097,143	16,454,515
Total fund balance for governmental funds	\$ 64,850,568	\$ 59,180,718	\$ 57,857,580	\$ 49,974,818

Source: *County of Kalamazoo, Michigan, Office of Finance.*

Note: GASB Statement No. 54 was implemented in 2011. Fund balance information for prior years has not been restated.

Certain restatements and reclassifications were made in 2016. Prior years were not restated.

GASB Statement No. 84 was implemented in 2019. Fund Balance information for prior years has not been restated.

Table 3 - Unaudited

2015	2014	2013	2012	2011	2010
\$ 303,118	\$ 145,027	\$ 157,879	\$ 167,995	\$ 148,715	\$ -
2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	-
7,894,020	3,475,421	3,859,384	4,293,928	4,685,797	-
290,500	2,600,000	329,500	583,200	500,000	-
23,634,426	23,371,325	21,838,815	20,320,881	24,327,571	-
-	-	-	-	-	136,468
-	-	-	-	-	122,669
-	-	-	-	-	4,439,610
-	-	-	-	-	23,147,791
34,622,064	32,091,773	28,685,578	27,866,004	32,162,083	27,846,538
262,488	46,853	206,773	53,516	110,378	-
1,023,454	533,873	5,166,830	5,464,798	5,794,840	-
9,246,358	-	16,496,564	18,387,782	21,641,559	-
-	-	-	15,246	5,039,590	-
(58,582)	19,158,599	(169,288)	(13,297)	-	-
-	-	-	-	-	3,729,094
-	-	-	-	-	69,139
-	-	-	-	-	56,429
-	-	-	-	-	7,669,467
-	-	-	-	-	19,214,149
10,473,718	19,739,325	21,700,879	23,908,045	32,586,367	30,738,278
\$ 45,095,782	\$ 51,831,098	\$ 50,386,457	\$ 51,774,049	\$ 64,748,450	\$ 58,584,816

COUNTY OF KALAMAZOO, MICHIGAN

Change in Fund Balances, Governmental Funds Last Ten Fiscal Years

	2019	2018	2017	2016
Revenues				
Taxes	\$ 61,985,133	\$ 56,880,817	\$ 55,239,703	\$ 54,891,462
Licenses and permits	1,643,723	1,473,617	1,249,929	1,258,556
Intergovernmental	39,986,269	34,981,053	33,190,373	31,158,359
Charges for service	12,110,945	11,329,314	11,184,560	11,843,020
Fines and forfeitures	1,076,875	1,116,455	965,614	1,076,752
Investment earnings	2,398,950	852,631	876,523	595,652
Contributions, grants and reimbursements	691,371	831,071	822,541	817,286
Other	2,933,514	1,617,180	1,724,745	1,767,854
Total revenues	122,826,780	109,082,138	105,253,988	103,408,941
Expenditures				
General government	13,705,116	14,006,428	12,896,809	14,767,659
Public safety	29,865,105	30,020,726	28,044,049	28,274,715
Public works	381,619	366,015	430,249	211,382
Health and welfare	30,152,368	29,566,561	28,068,429	25,191,336
Cultural and recreation	3,833,161	3,837,456	3,530,468	3,959,008
Legislative	-	-	-	935,399
Judicial	28,468,018	21,292,995	20,837,174	19,548,291
Community economic development	790,096	865,198	775,210	650,000
Other	1,740,948	2,402,022	67,192	945,646
Debt service:				
Principal	1,145,000	1,045,000	1,140,000	1,080,000
Interest and fiscal charges	914,106	953,907	928,271	1,130,518
Bond issuance costs	-	-	250,885	-
Capital outlay	6,748,526	3,924,409	2,526,916	3,300,479
Total expenditures	117,744,063	108,280,717	99,495,652	99,994,433
Excess of revenues over (under) expenditures	5,082,717	801,421	5,758,336	3,414,508
Other financing sources (uses)				
Transfers in	16,134,418	14,660,709	24,857,342	17,511,053
Transfers out	(15,827,618)	(14,205,980)	(23,183,587)	(15,676,367)
Proceeds from sale of capital assets	28,519	66,988	538,730	17,688
Issuance of notes	-	-	-	-
Issuance of bonds	-	-	-	-
Issuance of refunding bonds	-	-	19,390,000	-
Premium on bond	-	-	3,030,652	-
Payments to refunded bond escrow agent	-	-	(22,508,711)	-
Total other financing sources (uses)	335,319	521,717	2,124,426	1,852,374
Net change in fund balances	\$ 5,418,036	\$ 1,323,138	\$ 7,882,762	\$ 5,266,882
Debt service as a percentage of noncapital expenditures	1.8%	1.9%	2.1%	2.3%

Source: *County of Kalamazoo, Michigan, Office of Finance.*

Note: Effective 2011, bond issuance costs are reported as expenditures. Bond issuance costs in prior years have been restated from other financing sources (uses) to expenditures.

Table 4 - Unaudited

2015	2014	2013	2012	2011	2010
\$ 52,101,773	\$ 50,607,197	\$ 51,733,873	\$ 51,281,971	\$ 50,467,213	\$ 50,801,324
1,218,025	1,119,636	1,050,273	959,212	932,107	926,176
32,043,570	35,028,706	37,284,230	42,049,516	45,645,465	43,980,599
10,410,652	9,657,487	9,943,390	9,815,816	9,825,820	9,179,624
1,316,244	1,357,351	1,584,425	1,707,874	1,709,679	2,018,339
731,250	1,784,898	311,871	1,131,111	2,102,983	1,651,105
683,063	521,043	921,577	1,110,360	1,239,054	940,075
1,939,829	2,268,477	1,321,630	1,403,064	1,415,236	1,747,905
100,444,406	102,344,795	104,151,269	109,458,924	113,337,557	111,245,147
14,506,746	13,565,337	13,276,576	13,324,605	13,078,145	13,345,721
25,199,083	24,427,363	25,342,943	25,265,647	24,896,389	26,545,756
493,772	843,528	118,528	79,794	1,650,676	478,288
30,710,052	28,877,376	33,470,275	36,712,421	38,782,339	41,800,901
4,189,750	3,783,331	3,930,816	3,422,079	3,345,073	3,323,146
797,279	1,032,729	915,035	973,686	971,453	954,998
19,154,467	19,375,297	18,440,279	18,446,360	18,598,870	18,667,915
331,984	178,482	162,897	61,191	81,132	59,446
-	923,111	1,399,324	364,963	573,791	1,137,672
1,605,000	1,490,000	1,755,000	2,120,000	1,765,000	2,678,010
1,341,322	1,307,725	1,367,857	1,462,091	1,476,923	1,598,867
-	-	-	26,039	12,894	67,945
15,960,665	12,702,849	7,190,933	21,828,949	6,216,232	3,175,109
114,290,120	108,507,128	107,370,463	124,087,825	111,448,917	113,833,774
(13,845,714)	(6,162,333)	(3,219,194)	(14,628,901)	1,888,640	(2,588,627)
15,695,110	21,998,555	12,952,105	19,659,931	21,069,304	18,935,879
(13,890,269)	(14,391,581)	(11,120,503)	(18,034,931)	(19,794,304)	(17,414,888)
-	-	-	-	-	-
150,000	-	-	-	-	-
5,000,000	-	-	-	3,000,000	-
-	-	-	1,195,000	-	2,160,000
155,557	-	-	(15,500)	-	167,992
-	-	-	(1,150,000)	-	(2,000,000)
7,110,398	7,606,974	1,831,602	1,654,500	4,275,000	1,848,983
\$ (6,735,316)	\$ 1,444,641	\$ (1,387,592)	\$ (12,974,401)	\$ 6,163,640	\$ (739,644)
3.1%	2.6%	3.1%	3.5%	3.1%	3.9%

Assessed and Estimated Actual Value of Taxable Property^(a)

Last Ten Fiscal Years

Fiscal Year	State Equalized Real Property Value (a)						(b) Total Direct Tax Rate
	Agricultural	Commercial	Industrial	Residential	Personal	Total	
2010	\$ 234,323,992	\$1,743,345,742	\$ 399,521,368	\$5,734,285,728	\$ 876,276,355	\$8,987,753,185	6.3400
2011	238,185,110	1,632,908,929	374,444,944	5,676,932,378	906,612,546	8,829,083,907	6.3555
2012	239,120,450	1,553,005,640	360,467,101	5,408,906,981	926,075,139	8,487,575,311	6.3600
2013	246,429,582	1,494,605,525	363,764,345	5,419,836,318	901,028,023	8,425,663,793	6.3695
2014	260,740,862	1,536,258,273	376,652,416	5,583,276,707	874,725,038	8,631,653,296	6.3601
2015	278,782,491	1,569,670,300	381,032,065	5,857,974,999	915,603,263	9,003,063,118	6.4890
2016	298,493,875	1,617,143,141	399,137,804	6,147,579,563	670,976,890	9,133,331,273	6.4663
2017	314,205,704	1,791,444,752	441,009,523	6,446,770,891	656,559,953	9,649,990,823	6.4420
2018	333,502,116	1,912,116,583	434,847,395	6,636,198,436	640,101,811	9,956,766,341	6.7653
2019	328,446,799	2,079,513,788	434,818,350	7,079,917,979	655,834,791	10,578,531,707	6.7631

Fiscal Year	Taxable Real Property Value (a)						(b) Total Direct Tax Rate
	Agricultural	Commercial	Industrial	Residential	Personal	Total	
2010	\$ 116,928,129	\$1,550,931,709	\$ 369,289,877	\$5,197,581,832	\$ 874,806,774	\$8,109,538,321	6.3400
2011	118,444,863	1,479,953,046	350,799,851	5,202,009,663	905,437,868	8,056,645,291	6.3555
2012	121,793,776	1,430,960,912	340,297,980	5,084,110,088	925,131,893	7,902,294,649	6.3600
2013	125,192,900	1,389,983,754	345,318,005	5,108,027,139	899,131,746	7,867,653,544	6.3695
2014	129,398,410	1,403,033,284	356,358,958	5,197,236,563	873,525,166	7,959,552,381	6.3601
2015	131,035,680	1,444,832,170	358,203,022	5,323,405,225	913,393,709	8,170,869,806	6.4890
2016	132,631,977	1,430,404,974	372,677,644	5,420,542,336	670,550,960	8,026,807,891	6.4663
2017	133,787,037	1,471,168,974	405,890,405	5,576,598,604	656,293,152	8,243,738,172	6.4420
2018	136,926,976	1,543,182,165	391,590,521	5,795,151,687	639,889,884	8,506,741,233	6.7653
2019	140,721,483	1,624,267,839	391,532,797	6,041,928,253	655,672,342	8,854,122,714	6.7631

^(a) Property is assessed at the legal market value determined by the local assessor's office.^(b) Per \$1,000 of value.Source: *County of Kalamazoo, Michigan, Equalization Department.*

Note: Property is assessed annually. In Michigan, the proportion of real and tangible personal property not exempt by law is assessed at 50% of true cash value.

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COUNTY OF KALAMAZOO, MICHIGAN

Property Tax Rates - Direct and Overlapping Governments

Last Ten Fiscal Years

	Year Taxes Are Payable			
	2019	2018	2017	2016
County direct rates:				
Operating	4.6810	4.6810	4.6810	4.6871
Law enforcement	1.4472	1.4472	1.4472	1.4491
Juvenile home debt	0.1851	0.1873	0.2140	0.2301
Housing assistance fund	0.0998	0.0998	0.0998	0.1000
Senior millage	0.3500	0.3500	-	-
Total county direct rate	6.7631	6.7653	6.4420	6.4663
Kalamazoo County				
Transportation Authority:	0.3145	0.3145	0.3145	0.4000
Central County Transportation:	0.7500	0.7500	0.7500	0.0000
City rates:				
Galesburg	9.8118	9.8118	9.8118	9.8118
Kalamazoo	13.8000	13.8000	13.8000	21.0705
Parchment	16.7239	16.7239	16.7239	16.7239
Portage	10.6400	10.8205	10.9205	10.9256
Township rates	0.7782-11.5912	0.7835-11.5912	0.78250-11.4891	0.7839-9.4785
Village rates	9.5000-15.8527	9.0000-15.8257	9.0000-15.8527	9.0000-15.9005
Intermediate school rates	3.9783-6.4028	2.9783-5.9469	2.7500-6.2057	2.9783-6.4066
Local school rates	22.0000-27.6000	22.0000-27.1000	21.9900-27.1000	21.9600-27.1000
Library rates	0.4955-3.9487	0.5000-3.9487	0.4913-3.9487	0.4952-3.9583
Community college rates:				
Glen Oaks	2.7249	2.7249	2.7249	2.7249
Kalamazoo Valley	2.8089	2.8089	2.8089	2.8135
Kellogg	3.6136	3.6136	3.6136	3.6136
State education tax rates	6.0000	6.0000	6.0000	6.0000

Source: *County of Kalamazoo, Michigan, Equalization Department.*

Note: Rates are stated in dollars per one thousand of state equalized or taxable valuation.

Table 6 - Unaudited

Year Taxes Are Payable					
2015	2014	2013	2012	2011	2010
4.6871	4.6871	4.6871	4.6871	4.6871	4.6871
1.4491	1.4491	1.4491	1.4491	1.4491	1.4491
0.2528	0.2239	0.2333	0.2234	0.2193	0.2050
0.1000	-	-	-	-	-
-	-	-	-	-	-
6.4890	6.3601	6.3695	6.3596	6.3555	6.3412
0.4000	0.4000	0.4000	0.4000	0.4000	0.4000
0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
9.8118	9.8118	9.8512	9.8118	9.7856	9.7856
20.8205	20.8205	20.8205	20.8205	19.2705	19.2705
16.7239	16.6772	16.6377	16.6772	16.6772	16.6772
10.9256	10.9256	10.7778	10.7778	10.8916	10.7312
0.7860-9.7199	0.7860-8.9691	0.7860-8.9691	0.7860-8.9691	0.7860-8.9691	0.6519-8.9691
9.5000-15.9005	9.5000-15.9005	9.5000-15.9005	9.000-23.3500	9.0000-15.9005	9.0000-15.9005
2.9783-6.4066	2.9783-6.2057	2.6837-6.2057	2.6837-6.2057	2.6837-6.2057	2.6837-6.2057
22.3400-27.5900	22.3400-26.7796	22.1700-27.1000	22.1700-27.1000	22.2000-27.1000	22.2000-27.1000
0.4985-3.9583	0.4985-3.9583	0.5000-3.9583	0.5000-3.9583	0.5000-3.9583	0.5000-3.9583
2.7249	2.7249	2.7249	2.7249	2.7249	2.7249
2.8135	2.8135	2.8135	2.8135	2.8135	2.8135
3.6136	3.6136	3.6136	3.7106	3.7106	3.7106
6.0000	6.0000	6.0000	6.0000	6.0000	6.0000

Principal Property Taxpayers Current Year and Nine Years Ago						
Taxpayer	2019			2010		
	Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Consumers Energy Company	\$ 201,850,017	1	2.23%	\$ 118,425,890	2	1.43%
Pfizer / Pharmacia	165,255,243	2	1.83%	475,231,053	1	5.75%
Stryker Corporation	78,304,455	3	0.87%	74,113,747	3	0.90%
Zoetis	70,917,698	4	0.79%			
Edward Rose	46,723,719	5	0.52%	23,684,165	8	0.29%
BPR FIN I Subco, LLC	36,145,300	6	0.40%			
Michigan Electric Transmission	31,132,560	7	0.34%			
Enbridge Energy	27,578,960	8	0.31%			
19 Props, LLC etal	26,568,574	9	0.29%			
Meijer/Goodwill	24,370,720	10	0.27%	30,102,489	6	0.36%
Graphic Packaging				35,671,487	4	0.43%
Greenleaf				34,895,552	5	0.42%
Target				29,661,765	7	0.36%
Connecticut Gen'l Life Ins.				22,887,344	9	0.28%
Benteler Auto Corp				22,681,083	10	0.27%

Source: County of Kalamazoo, Michigan, Equalization Department.

Property Taxes, Levies and Collections

Last Ten Fiscal Years

Fiscal Year	Taxes ^(a) Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2010	\$ 51,424,204	\$ 45,414,298	88.31%	\$ 2,039,887	\$ 47,454,185	92.28%
2011	51,197,564	44,775,206	87.46%	1,819,001	46,594,207	91.01%
2012	50,255,433	44,735,502	89.02%	1,532,753	46,268,255	92.07%
2013	50,113,019	44,716,135	89.23%	1,481,275	46,197,410	92.19%
2014	50,623,549	45,259,899	89.40%	1,391,118	46,651,017	92.15%
2015	53,020,774	46,356,761	87.43%	1,152,593	47,509,354	89.61%
2016	51,903,748	45,776,972	88.20%	1,292,095	47,069,067	90.69%
2017	53,106,161	47,055,256	88.61%	1,130,814	48,186,070	90.74%
2018	57,550,656	48,267,616	83.87%	1,318,492	49,586,108	86.16%
2019	59,881,317	50,673,837	84.62%	1,324,530	51,998,367	86.84%

^(a) Taxes levied for the fiscal year included the operating levy, law enforcement levy, juvenile home debt service and housing assistance levy.

Source: *County of Kalamazoo, Michigan, Treasurer's Office, Equalization Reports and Office of Finance.*

Note: The information in this schedule relates to the County's own property levies, and does not include those it collects on behalf of other governments.

Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

Fiscal Year	Governmental Activities General Obligation Bonds	Business-Type Activities General Obligation Bonds	Total Primary Government	Percentage of Personal Income	Percentage of Actual Value of Taxable Property	Per Capita
2010	\$ 34,190,000	\$ 8,400,000	\$ 42,590,000	0.48%	0.47%	\$ 170.13
2011	35,436,486	7,853,096	43,289,582	0.48%	0.49%	171.73
2012	33,318,869	7,908,766	41,227,635	0.42%	0.49%	161.94
2013	31,544,067	7,311,034	38,855,101	0.40%	0.46%	151.35
2014	30,037,657	6,761,387	36,799,044	0.37%	0.43%	142.18
2015	33,713,617	6,095,783	39,809,400	0.37%	0.44%	152.49
2016	25,330,000	12,002,011	37,332,011	0.33%	0.41%	142.68
2017	24,175,956	10,783,394	34,959,350	0.30%	0.36%	132.93
2018	22,928,913	9,854,776	32,783,689	0.27%	0.33%	123.77
2019	21,581,870	8,876,158	30,458,028	0.25%	0.29%	114.91

Source: *County of Kalamazoo, Michigan, Office of Finance.*

Note: 2019 percentage of Personal Income calculated using 2018 personal income data, which is the most recent available.

Note: In 2016, debt obligations were reclassified between governmental and business-type activities, prior years have not been restated.

Note: This schedule presents the ratio of total outstanding debt and the ratio of (net) bonded debt, as the amounts are equal.

Computation of Direct and Overlapping Debt
 December 31, 2019

Governmental Unit	Net General Obligation Debt	Estimated Percentage Applicable to County	Estimated Share of Direct and Overlapping Debt
Libraries			
Allegan	\$ 6,070,000	35.15%	\$ 2,133,605
Otsego	1,985,000	33.67%	668,350
Richland	155,000	100.00%	155,000
Total libraries			<u>2,956,955</u>
Townships			
Cooper	270,000	100.00%	270,000
Kalamazoo	8,000,000	100.00%	8,000,000
Pavilion	4,130,000	100.00%	4,130,000
Total townships			<u>12,400,000</u>
Cities			
Galesburg	1,125,000	100.00%	1,125,000
Kalamazoo	141,245,000	100.00%	141,245,000
Portage	48,270,000	100.00%	48,270,000
Total cities			<u>190,640,000</u>
Villages			
Augusta	265,000	100.00%	265,000
Climax	10,000	100.00%	10,000
Schoolcraft	400,000	100.00%	400,000
Vicksburg	2,760,000	100.00%	2,760,000
Total villages			<u>3,435,000</u>
School districts			
Athens	315,000	7.36%	23,184
Climax Scotts	11,980,365	87.57%	10,491,205
Colon	7,590,000	1.67%	126,753
Comstock	19,675,000	100.00%	19,675,000
Galesburg Augusta	17,999,053	100.00%	17,999,053
Gull Lake	75,280,000	83.49%	62,851,272
Kalamazoo	207,595,000	100.00%	207,595,000
Lawton	27,090,945	0.64%	173,382
Mattawan	94,975,000	67.10%	63,728,225
Mendon	17,571,445	5.94%	1,043,744
Otsego	58,436,009	42.52%	24,846,991
Parchment	34,486,069	100.00%	34,486,069
Plainwell	43,177,033	35.16%	15,181,045
Portage	180,870,000	100.00%	180,870,000
Schoolcraft	4,368,543	100.00%	4,368,543
Vicksburg	13,779,000	97.51%	13,435,903
Total school districts			<u>656,895,369</u>

continued...

Computation of Direct and Overlapping Debt
December 31, 2019

Governmental Unit	Net General Obligation Debt	Estimated Percentage Applicable to County	Estimated Share of Direct and Overlapping Debt
Community colleges			
Glen Oaks	\$ 8,551,000	0.64%	\$ 54,726
Kalamazoo Valley Community College	7,620,000	94.46%	7,197,852
Kellogg Community College	13,715,000	0.37%	50,746
Total community colleges			<u>7,303,324</u>
Intermediate school districts			
Allegan	2,315,000	12.04%	278,726
Kalamazoo RESA	4,725,000	97.49%	4,606,403
St. Joseph	3,085,000	0.57%	17,585
Total intermediate school districts			<u>4,902,713</u>
Subtotal, overlapping debt			878,533,360
County direct debt, governmental activities			<u>21,581,870</u>
Total direct and overlapping debt			<u>\$ 900,115,230</u>

concluded

Source: *County of Kalamazoo, Michigan, Office of Finance.*

Note: Percentage of overlap based on assessed property values.

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COUNTY OF KALAMAZOO, MICHIGAN

Computation of Legal Debt Margin for General Obligation Bonds Last Ten Fiscal Years

	2019	2018	2017	2016
Legal debt margin				
Assessed value of property (SEV)*	\$ 10,578,531,707	\$ 9,956,766,341	\$ 9,649,990,823	\$ 9,133,331,273
Debt limit, 10% of assessed value (SEV) (constitutional debt limit)	<u>1,057,853,171</u>	<u>995,676,634</u>	<u>964,999,082</u>	<u>913,333,127</u>
Amount of debt applicable to limit:				
Debt issues for purpose of the County functions only:				
Building authority	22,415,000	24,165,000	25,815,000	30,805,366
Brownfield redevelopment authority	-	-	-	-
Notes payable	-	-	-	-
Debt issues for benefit of local improvements:				
CMH capital improvements	4,650,000	4,800,000	4,900,000	5,139,183
Water	275,000	325,000	375,000	425,000
Sewage	270,000	405,000	540,000	962,462
Drainage	-	-	-	-
Notes payable	-	-	-	-
Total net debt applicable to limit	<u>27,610,000</u>	<u>29,695,000</u>	<u>31,630,000</u>	<u>37,332,011</u>
Legal debt margin	<u><u>\$ 1,030,243,171</u></u>	<u><u>\$ 965,981,634</u></u>	<u><u>\$ 933,369,082</u></u>	<u><u>\$ 876,001,116</u></u>
Total net debt applicable to limit as a percentage of debt limit	2.61%	2.98%	3.28%	4.09%

Source: *County of Kalamazoo, Michigan, Equalization Department & Office of Finance.*

Note: Prior to Board of Review actions.

* Beginning in 2011, the State Equalized Value is used for the assessed value of property, and the assessed values of property for prior years have been revised accordingly.

Certain restatements and reclassifications were made in 2016. Prior years were not restated.

Table 11 - Unaudited

2015	2014	2013	2012	2011	2010
\$ 9,003,063,118	\$ 8,631,653,296	\$ 8,425,663,793	\$ 8,487,575,311	\$ 8,829,083,907	\$ 8,987,753,185
900,306,312	863,165,330	842,566,379	848,757,531	882,908,391	898,775,319
32,830,000	33,805,000	35,200,000	36,535,000	37,625,000	35,700,000
150,000	-	-	-	-	-
-	-	-	-	1,716	4,960
5,000,000	-	-	-	-	-
475,000	525,000	570,000	620,000	670,000	720,000
1,470,000	2,005,000	2,535,000	3,440,000	4,715,000	5,815,000
145,000	190,000	235,000	275,000	315,000	355,000
-	-	-	-	-	180,000
40,070,000	36,525,000	38,540,000	40,870,000	43,326,716	42,774,960
\$ 860,236,312	\$ 826,640,330	\$ 804,026,379	\$ 807,887,531	\$ 839,581,675	\$ 856,000,359
4.45%	4.23%	4.57%	4.82%	4.91%	4.76%

Demographic Statistics

Last Ten Fiscal Years

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Unemployment Percentage Rate
2010	250,331	\$ 8,793,849,000	\$ 35,129	10.2%
2011	252,074	9,057,879,000	35,933	8.2%
2012	254,580	9,731,382,000	38,225	7.0%
2013	256,725	10,055,548,000	39,169	7.1%
2014	258,818	10,658,638,000	41,182	5.6%
2015	260,263	11,207,427,000	43,062	3.2%
2016	261,654	11,703,476,000	44,729	3.4%
2017	262,985	12,199,565,000	46,389	3.9%
2018	264,870	12,905,261,000	48,723	3.3%
2019	265,056	N/A	N/A	2.7%

Source: *Michigan Department of Technology, Management and Budget, U.S. Census Bureau, and U.S. Department of Commerce - Bureau of Economic Analysis.*

N/A Data is Not Available

Principal Employers Current and Nine Years Ago						
Industry	2019			2010		
	Employees ⁽¹⁾	Rank	Percentage of Total County Employment	Employees ⁽¹⁾	Rank	Percentage of Total County Employment
Manufacturing	20,813	1	13.06%	16,230	1	11.53%
Retail trade	16,541	2	10.38%	14,443	2	10.26%
Accommodation and food services	12,853	3	8.07%	11,849	3	8.42%
Administrative, support and waste management remediation services	9,461	4	5.94%	9,157	4	6.50%
Local government	8,454	5	5.31%	8,744	5	6.21%
Finance and insurance	8,284	6	5.20%	6,976	7	4.96%
Professional, scientific, and technical services	8,282	7	5.20%	6,969	8	4.95%
Other services, except public administration	8,278	8	5.20%	7,952	6	5.65%
Construction	7,964	9	5.00%	6,121	9	4.35%
Real estate and rental leasing	7,466	10	4.69%	6,070	10	4.31%
Total	108,396			94,511		
Total full-time and part-time County employment	159,335			140,779		

⁽¹⁾ Source: U.S. Department of Commerce, Bureau of Economic Analysis, CA25N - Total full-time and part-time employment by NAICS industry for Kalamazoo County.

COUNTY OF KALAMAZOO, MICHIGAN

Full-Time Equivalent Government Employees by Function/Program Last Ten Fiscal Years

	2019	2018	2017	2016
Function/program				
General government	116.8	112.3	135.5	140.7
Public safety	248.8	252.6	251.6	248.6
Health and welfare	218.7	221.6	226.3	223.8
Cultural and recreation	16.0	16.0	15.6	17.5
Legislative	0.0	0.0	6.8	6.8
Judicial	268.2	269.4	225.1	224.5
Other	22.4	23.8	23.8	15.6
Airport	21.5	21.5	21.5	21.5
Total	912.3	917.2	906.2	899.0

Source: County of Kalamazoo, Michigan, Office of Finance.

Table 14 - Unaudited

2015	2014	2013	2012	2011	2010
143.9	143.2	138.8	138.8	140.3	139.8
244.3	241.8	241.8	215.8	224.3	220.8
217.0	208.1	203.8	286.3	292.1	285.3
17.6	17.6	18.4	18.6	18.2	18.2
6.3	6.3	6.3	6.3	6.3	6.3
224.3	226.5	224.0	223.5	227.8	226.8
15.0	16.0	16.0	16.0	21.0	21.0
21.5	21.0	22.0	22.0	23.5	23.5
889.9	880.5	871.1	927.3	953.5	941.7

COUNTY OF KALAMAZOO, MICHIGAN

Operating Indicators by Function/Program

Last Ten Fiscal Years

	2019	2018	2017	2016
Function/program				
General government:				
Revenue from sale of maps, aerial directories	\$ 1,758	\$ 1,605	\$ 1,467	\$ 2,442
Revenue from soil erosion and permits issued	\$ 40,625	\$ 43,725	\$ 49,995	\$ 32,340
Public safety:				
Jail bookings	11,740	12,642	11,865	11,957
Average daily population	378	385	359	371
Judicial:				
8th district court caseloads	45,507	46,161	46,303	43,999
Airport:				
Based aircraft	111	111	111	111
Enplanements	156,010	158,154	151,662	160,131

Source: *County of Kalamazoo, Michigan, Office of Finance and individual County departments.*

Table 15 - Unaudited

2015	2014	2013	2012	2011	2010
\$ 1,848	\$ 4,146	\$ 5,056	\$ 9,166	\$ 7,625	\$ 5,594
\$ 34,158	\$ 24,107	\$ 30,285	\$ 28,029	\$ 21,754	\$ 21,880
12,024 391	12,171 400	12,973 404	13,380 409	12,591 387	12,372 374
49,214	50,640	54,898	59,858	55,636	64,034
110	110	109	111	143	143
124,355	134,175	127,559	130,163	152,593	141,083

COUNTY OF KALAMAZOO, MICHIGAN

Capital Asset Statistics by Function/Program

Last Ten Fiscal Years

	2019	2018	2017	2016
Function/program				
Public safety:				
Correction facility capacity	482	482	482	482
Juvenile home capacity	64	64	64	64
Cultural and recreation:				
Parks	6	6	6	6
County fairgrounds	1	1	1	1
Judicial:				
Courthouse buildings	3	3	3	3
Airport operations:				
Number of runways	3	3	3	3
Number of hangars	84	84	84	84

Source: *County of Kalamazoo, Michigan, Office of Finance and individual County departments*

Table 16 - Unaudited

2015	2014	2013	2012	2011	2010
482 64	327 64	327 64	327 64	327 64	327 64
6 1	6 1	6 1	6 1	6 1	6 1
3	3	3	3	3	3
3 84	3 84	3 84	3 84	3 95	3 95

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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 AND THE
SUPPLEMENTAL SCHEDULE OF EXPENDITURES BY SERVICE

June 22, 2020

Honorable Members of the
Board of Commissioners
of the County of Kalamazoo, Michigan
Kalamazoo, 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 the *County of Kalamazoo, Michigan* (the "County"), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated June 22, 2020, which contained unmodified opinions on those financial statements. Our report includes a reference to other auditors. 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). Additionally, the supplemental schedule of expenditures by service has also been presented for additional analysis. These schedules are 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 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 schedule of expenditures of federal awards and the supplemental schedule of expenditures by service are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Rehmann Robson LLC

COUNTY OF KALAMAZOO, MICHIGAN

Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2019

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Total Subawards	Federal Expenditures
U.S. Department of Agriculture					
Child Nutrition Cluster:					
Breakfast Program	10.553	MDOE	181970	\$ -	\$ 21,351
Breakfast Program	10.553	MDOE	191970	-	16,698
				-	38,049
National School Lunch Program:					
Section 11 - Free and Reduced	10.555	MDOE	181960	-	35,283
Section 11 - Free and Reduced	10.555	MDOE	191960	-	27,944
				-	63,227
Total Child Nutrition Cluster				-	101,276
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) - Resident Services	10.557	MDHHS	20190022/50035	-	821,422
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) - Resident Services	10.557	MDHHS	20200072/50035	-	280,819
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) - Breastfeeding	10.557	MDHHS	201900022/50022/50035	-	59,306
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) - Breastfeeding	10.557	MDHHS	201900022/50022/50035	-	20,386
				-	1,181,933
Total U.S. Department of Agriculture				-	1,283,209
U.S. Department of Justice					
Crime Victim Assistance:					
Victims of Violence - Assistance Program	16.575	MDHHS	E20191905-00	-	113,070
Victims of Violence - Assistance Program	16.575	MDHHS	E20202133-00	-	39,960
				-	153,030
Drug Court Discretionary Grant Program:					
BJA FY 17 Adult Drug Court Discretionary Grant Program Enhancement	16.585	Direct	2017-DC-BX-0039	-	109,890
BJA FY 17 Adult Drug Court Discretionary Grant Program Enhancement	16.585	Direct	2017-DC-BX-0039	-	26,673
BJA FY 17 Adult Drug Court Discretionary Grant Program Enhancement	16.585	Direct	2017-DC-BX-0039	-	25,352
BJA FY 18 OJDP-Juvenile and Family Drug Courts	16.585	Direct	2018-DC-BX-0130	-	64,520
				-	226,435
State Criminal Alien Assistance Program (SCAAP)	16.606	Direct	2019APBX1285	-	11,135
Edward Byrne Memorial Justice Assistance Grant Program:					
JAG-70888-SWET-2019	16.738	MSP	2020-MU-BX-0964	-	3,000
Adult Men's Drug Treatment Court 2019/2020	16.738	SCAO	72157-SCAO-2020	-	53,704
Adult Men's Drug Treatment Court 2018/2019	16.738	SCAO	72157-SCAO-2019	-	132,156
Adult Women's Drug Treatment Court 2018/2019	16.738	SCAO	72157-SCAO-2019	-	58,960
				-	247,820
Total U.S. Department of Justice				-	638,420

continued...

COUNTY OF KALAMAZOO, MICHIGAN

Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2019

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Total Subawards	Federal Expenditures
U.S. Department of Transportation					
Highway Safety Cluster:					
State and Community Highway Safety:					
Strategic Traffic Enforcement Program -					
Police Traffic Services	20.600	MSP	PT-19-26	\$ -	\$ 22,372
Interagency Hazardous Materials Public Sector					
Training & Planning Grants:					
Hazardous Materials Emergency Preparedness Planning Program	20.703	MSP	HM-HMP-0439-14-01-00	-	2,125
Hazardous Materials Emergency Preparedness Planning Program	20.703	MSP	HM-HMP-0439-14-01-00	-	271
				-	2,396
Total U.S. Department of Transportation				-	24,768
U.S. Environmental Protection Agency					
Drinking Water State Revolving Fund Cluster:					
Capitalization Grants for Drinking Water State Revolving Funds:					
Nontransient NCW System 2018/2019	66.468	MDEQ	FS97548717	-	1,100
Operator Assistance NCW System 2018/2019	66.468	MDEQ	FS97548717	-	4,477
Operator Assistance NCW System 2019/2020	66.468	EGLE	FS97548717	-	1,197
				-	6,774
Brownfield Assessment Grants:					
Hazardous Substance Assessment Funds and Petroleum Assessment Funds	66.818	Direct	EPA-OSWER-OBLR-15-04	-	113,154
Total U.S. Environmental Protection Agency				-	119,928
U.S. Department of Health and Human Services					
Special Programs for the Aging - Title VII, Chapter 3 -					
Programs for Prevention of Elder Abuse, Neglect, and Exploitation:					
Title VII EAP Services	93.041	AASA	2019;E20192858	-	7,470
Title VII EAP Services	93.041	AASA	E2020;E20203405	-	1,938
				-	9,408
Special Programs for the Aging - Title VII, Chapter 2 - Long Term Care Ombudsman					
Services for Older Individuals:					
Title VII/A LTC Ombudsman	93.042	AASA	2019;E20192858	-	9,794
Title VII/A LTC Ombudsman	93.042	AASA	E2020;E20203405	-	1,622
				-	11,416

continued...

COUNTY OF KALAMAZOO, MICHIGAN

Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2019

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Total Subawards	Federal Expenditures
U.S. Department of Health and Human Services (Continued)					
Special Programs for the Aging - Title III,					
Part D - Disease Prevention and Health					
Promotion Services:					
Title III D Services	93.043	AASA	2019;E20192858	\$ -	\$ 16,161
Title III D Services	93.043	AASA	E2020;E20203405	-	2,674
Title III D Services	93.043	AASA	2019;E20192858	-	3,220
Title III D Services	93.043	AASA	E2020;E20203405	-	325
				-	22,380
Aging Cluster:					
Special Programs for the Aging - Title III,					
Part B - Grants for Supportive Services and					
Senior Centers:					
Title III B - Administration	93.044	AASA	2019;E20192858	-	20,724
Title III B - Services (Program Development)	93.044	AASA	2019;E20192858	-	34,159
Title III B - Supported Services	93.044	AASA	2019;E20192858	22,902	22,902
Title III B - Administration	93.044	AASA	E2020;E20203405	-	4,584
Title III B - Services (Program Development)	93.044	AASA	E2020;E20203405	-	10,150
Title III B - Services	93.044	AASA	E2020;E20203405	5,021	5,021
Title III B - Supported Services	93.044	AASA	2019;E20192858	-	119,505
Title III B - Services	93.044	AASA	E2020;E20203405	-	24,513
Title III B - Supported Services	93.044	AASA	2019;E20192858	-	379
Title III B - Services	93.044	AASA	E2020;E20203405	-	170
Title III B - Supported Services	93.044	AASA	2019;E20192858	-	2,400
Title III B - Services	93.044	AASA	E2020;E20203405	-	600
Title III B - Supported Services	93.044	AAA3B	R3b2019-5111	-	1,828
Title III B - Supported Services	93.044	AAA3C	20190434	-	1,500
Title III B - Services	93.044	AAA3B	R3b2020-5111	-	609
Title III B - Services	93.044	AAA3C	2019-1597	-	500
Title III B - Services	93.044	AASA	2019;E20192858	-	8,499
Title III B - Services	93.044	AASA	E2020;E20203405	-	2,288
				27,923	260,331
Special Programs for the Aging - Title III,					
Part C - Nutrition Services:					
Title III Administration	93.045	AASA	2019;E20192858	-	27,155
Title III Administration	93.045	AASA	2019;E20192858	-	13,577
Congregate Meals IIIC1	93.045	AASA	2019;E20192858	211,817	211,817
Home Del'd Meal IIIC2	93.045	AASA	2019;E20192858	117,698	117,698
Title III C1 Administration	93.045	AASA	E2020;E20203405	-	6,672
Title III C2 Administration	93.045	AASA	E2020;E20203405	-	3,786
Title III C1 Services	93.045	AASA	E2020;E20203405	64,550	64,550
Title III C2 Services	93.045	AASA	E2020;E20203405	48,100	48,100
				442,165	493,355
Nutrition Services Incentive Program:					
Area Agency on Aging - USDA Senior Citizen Meals	93.053	AASA	2019;E20192858	87,342	87,342
Area Agency on Aging - USDA Senior Citizen Meals	93.053	AASA	E2020;E20203405	15,827	15,827
				103,169	103,169
Total Aging Cluster				573,257	856,855
Special Programs for the Aging - Title IV and					
Title II - Discretionary Projects:					
Senior Medicare Patrol	93.048	MMAP	90MPPG0039	2,284	2,539
Senior Medicare Patrol	93.048	MMAP	90MPPG0039	3,055	3,394
				5,339	5,933

continued...

COUNTY OF KALAMAZOO, MICHIGAN

Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2019

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Total Subawards	Federal Expenditures
U.S. Department of Health and Human Services (Continued)					
National Family Caregiver Support:					
Title III, Part E:					
Title III E - Administration	93.052	AASA	2019;E20192858	\$ -	\$ 10,004
Title III E - NFCSP	93.052	AASA	2019;E20192858	3,135	3,135
Title III E - Administration	93.052	AASA	E2020;E20203405	-	2,637
Title III E - NFCSP	93.052	AASA	E2020;E20203405	1,485	1,485
Title III E - Care Management	93.052	AASA	2019;E20192858	-	38,011
Title III E - Care Management	93.052	AASA	E2020;E20203405	-	8,191
Title III E - Services	93.052	AASA	2019;E20192858	-	1,792
Title III E - Information and Assistance	93.052	AASA	2019;E20192858	-	47,305
Title III E - Information and Assistance	93.052	AASA	E2020;E20203405	-	7,400
				<u>4,620</u>	<u>119,960</u>
Public Health Emergency Preparedness:					
Laboratory Services Bio - 2018/2019	93.069	MDHHS	20190022/251184	-	15,626
Laboratory Services Bio - 2019/2020	93.069	MDHHS	20200072/	-	4,998
Public Health Emergency Preparedness (PHEP) 10/1/2018 - 6/30/2019	93.069	MDHHS	20190022/251184	-	91,747
Public Health Emergency Preparedness (PHEP) 7/1/2019 - 9/30/2019	93.069	MDHHS	20190022/251184	-	36,429
Public Health Emergency Preparedness (PHEP) 10/1/2019 - 6/30/2020	93.069	MDHHS	20200072/	-	21,788
				<u>-</u>	<u>170,588</u>
Project Grants and Cooperative Agreements for Tuberculosis Control Programs:					
TB Control - 2018/2019	93.116	MDHHS	20190022/251165	-	76
TB Control - 2019/2020	93.116	MDHHS	20200072/	-	180
				<u>-</u>	<u>256</u>
Immunization Cooperative Agreements:					
Vaccine Provided (non-cash assistance)	93.268	MDHHS	20190022	-	181,516
Immunization MCIR Regions	93.268	MDHHS	20200072/251129	-	1,486
Immunization Action Plan - 2018/2019	93.268	MDHHS	20190022/251129	-	89,634
Immunization Action Plan - 2019/2020	93.268	MDHHS	20200072/251129	-	28,455
Immunizations Fixed Fees - 2018/2019	93.268	MDHHS	20190022/251129	-	800
Immunizations Fixed Fees - 2019/2020	93.268	MDHHS	20200072/251129	-	600
Immunizations Fixed Fees - 2018/2019	93.268	MDHHS	20190022/251129	-	6,400
Immunizations Fixed Fees - 2019/2020	93.268	MDHHS	20200072/251129	-	3,500
				<u>-</u>	<u>312,391</u>
Epidemiology and Laboratory Capacity for Infectious Diseases:					
Epidemiology and Laboratory Capacity	93.323	MDHHS	20190022/251156	-	13,961
STD Neisseria Gonorrhoeae Enhanced Surv Project - 2018/2019	93.323	MDHHS	20190022/251156	-	27,000
				<u>-</u>	<u>40,961</u>
State Health Insurance Assistance Program:					
State Health Insurance Assistance Program	93.324	MMAF	90SAPG0010-02-00	4,855	5,394
State Health Insurance Assistance Program	93.324	MMAF	90SAPG0010-03-00	8,346	9,273
State Health Insurance Assistance Program	93.324	MMAF	90SAPG0010-02-00	531	531
				<u>13,732</u>	<u>15,198</u>

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COUNTY OF KALAMAZOO, MICHIGAN

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2019

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Total Subawards	Federal Expenditures
U.S. Department of Health and Human Services (Continued)					
Child Support Enforcement (CSE):					
Federal Performance Incentive Payment	93.563	MDHHS	CSFOC17-39001	\$ -	\$ 251,817
Federal Performance Incentive Payment	93.563	MDHHS	CS/FOC17-39001	-	81,791
Medical Support Enforcement	93.563	MDHHS	CSFOC17-39001	-	49,230
Medical Support Enforcement	93.563	MDHHS	CSFOC17-39001	-	14,424
Child Support Enforcement	93.563	MDHHS	CS/FOC17-39001	-	1,410,984
Child Support Enforcement	93.563	MDHHS	CS/FOC17-39001	-	391,608
Child Support Enforcement	93.563	MDHHS	CSPA17-39002	-	381,940
Medical Support Enforcement	93.563	MDHHS	CSPA17-39002	-	130,212
				-	2,712,006
Grants to States for Access and Visitation Programs	93.597	SCAO	SCAO-2017-2019	-	5,855
Preventative Health and Health Services Block Grant Funded					
Soley With Prevention and Public Health Funds (PPHF):					
STD Control	93.758	MDHHS	n/a	-	611
Medicaid Cluster:					
Medical Assistance Program:					
Medicaid Outreach - CHAP	93.778	MDHHS	20190022-253001	-	342
Targeted Case Management	93.778	AASA	2019;E20192858	-	5,781
Targeted Case Management	93.778	AASA	E2020;E20203405	-	2,873
Promoting Infant Health and Wellbeing	93.778	UM	SUBK00009049	-	14,696
Nurse Family Partnership - 2018/2019	93.778	MDHHS	20190022/253001	-	396,572
Nurse Family Partnership - 2019/2020	93.778	MDHHS	20200072/253001	-	134,093
Medicaid Outreach - NFP - 2018/2019	93.778	MDHHS	20190022/253001	-	125,561
CSHCS Outreach and Advocacy - 2018/2019	93.778	MDHHS	20190022/253001	-	28,848
CSHCS Outreach and Advocacy - 2019/2020	93.778	MDHHS	20200072/253001	-	17,087
Care Coordination Services and Case Management -					
CSHCS - 2018/2019	93.778	MDHHS	20190022/253001/253002	-	4,653
Care Coordination Services - CSHCS - 2019/2020	93.778	MDHHS	20200072/253002	-	2,276
Medicaid Outreach - BCCNP - 2019/2020	93.778	MDHHS	20200072/253001	-	741
CSHCS Medicaid Elevated Blood Lead Case Management -					
Management - 2018/2019	93.778	MDHHS	20190022/253002	-	5,846
CSHCS Medicaid Elevated Blood Lead Case Management -					
Management - 2019/2020	93.778	MDHHS	20190022/253002	-	806
Total Medicaid Cluster				-	740,175
Maternal, Infant and Early Childhood Home Visiting Program:					
Healthy Families America Expansion - 2018/2019	93.870	MDHHS	20190022/252300	-	235,962
Healthy Families America Expansion - 2019/2020	93.870	MDHHS	20200072/252300	-	71,572
Nurse Family Partnership Services - 2019/2020	93.870	MDHHS	20200072/252300	-	10,757
				-	318,291

continued...

COUNTY OF KALAMAZOO, MICHIGAN

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2019

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Total Subawards	Federal Expenditures
U.S. Department of Health and Human Services (Concluded)					
Cancer Prevention and Control Programs for State, Territorial, and Tribal Organizations:					
MI Cancer Prevention Control Program	93.898	MDHHS	20190022-251183	\$ -	\$ 123,634
MI Cancer Prevention Control Program	93.898	MDHHS	20180076-251183	-	38,687
				-	162,321
Healthy Start Initiative:					
Healthy Start - 2019/2020	93.926	Direct	H49MC00047-19-00	-	230,055
Healthy Start - 2018/2019	93.926	Direct	H49MC00047-18-03	-	77,476
Healthy Start - 2019/2020	93.926	Direct	H49MC00047-19-00	-	333,593
Healthy Start - 2019/2020	93.926	Direct	H49MC00047-19-00	-	58,639
Healthy Start - 2018/2019	93.926	Direct	H49MC00047-18-03	-	98,971
Healthy Start - 2018/2019	93.926	Direct	H49MC00047-18-03	-	19,466
				-	818,200
Grants to States for Access and Visitation Programs	93.957	SCAO	SCAO-2017-019	-	2,565
Maternal and Child Health Services Block Grant to the States:					
MCH Block Grant - FIMR Interviews - 2018/2019	93.994	MDHHS	20190022/252208	-	500
MCH Block Grant - FIMR Interviews - 2019/2020	93.994	MDHHS	20190022/252208	-	250
MCH Block Grant - FIMR Case Abstractions - 2018/2019	93.994	MDHHS	20190022/252208	-	5,940
MCH Block Grant - FIMR Case Abstractions - 2019/2020	93.994	MDHHS	20190022/252208	-	540
MCH Block Grant - Immunizations - Direct Services Children - 2018/2019	93.994	MDHHS	20190022/252208	-	13,284
MCH Block Grant - Immunizations - Enabling Services Children - 2018/2019	93.994	MDHHS	20190022/252208	-	7,501
MCH Block Grant - Immunizations - Enabling Services Women - 2018/2019	93.994	MDHHS	20190022/252208	-	7,501
MCH Block Grant - Immunizations - Enabling Services Children - 2019/2020	93.994	MDHHS	20190022/252208	-	6,927
MCH Block Grant - Immunizations - Enabling Services Women - 2019/2020	93.994	MDHHS	20190022/252208	-	2,499
MCH Block Grant - CSHCS - Public Health Functions 2018/2019	93.994	MDHHS	20190022/252208	-	11,250
MCH Block Grant - CSHCS - Enabling Services - Women - 2018/2019	93.994	MDHHS	20190022/252208	-	22,500
MCH Block Grant - CSHCS - Enabling Services - Children - 2018/2019	93.994	MDHHS	20190022/252208	-	7,501
MCH Block Grant - CSHCS - Enabling Services - Children - 2019/2020	93.994	MDHHS	20190022/252208	-	2,499
MCH Block Grant - CSHCS - Enabling Services - Women - 2019/2020	93.994	MDHHS	20190022/252208	-	7,500
MCH Block Grant - CSHCS - Public Health Functions 2018/2019	93.994	MDHHS	20190022/252208	-	3,750
Care Coordination Services and Case Management 2018/2019	93.994	MDHHS	20190022/252208	-	10,965
Care Coordination Services and Case Management 2019/2020	93.994	MDHHS	20190022/252208	-	3,765
MCH Block Grant - IAP - 2018/2019	93.994	MDHHS	20190022/252208	-	9,000
MCH Block Grant - IAP - 2019/2020	93.994	MDHHS	20190022/252208	-	3,000
MCH Block Grant - Lead Poisoning Prevention - 2018/2019	93.994	MDHHS	20190022/252208	-	14,927
MCH Block Grant - Lead Poisoning Prevention - 2019/2020	93.994	MDHHS	20190022/252208	-	13,493
MCH Block Grant - Lead - Enabling Services - Women 2018/2019	93.994	MDHHS	20190022/252208	-	30,749
MCH Block Grant - Lead - Enabling Services - Women 2019/2020	93.994	MDHHS	20190022/252208	-	10,251
Childhood Lead Poisoning Education and Outreach - 2018/2019	93.994	MDHHS	20190022/252208	-	15,330
				-	211,422
Total U.S. Department of Health and Human Services				596,948	6,536,792
Executive Office of the President					
Domestic Cannabis Eradication / Suppression Program	95.001	MSP	HIDTA#271	-	4,793
Domestic Cannabis Eradication / Suppression Program	95.001	SWET	SWE-123-16	-	1,922
Total Executive Office of the President				-	6,715

continued...

COUNTY OF KALAMAZOO, MICHIGAN

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2019

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Total Subawards	Federal Expenditures
U.S. Department of Homeland Security					
Boating Safety Financial Assistance:					
Marine Safety Program	97.012	MDNR	MS18-061	\$ -	\$ 23,000
Emergency Management Performance Grants:					
Emergency Management Performance Grant (PY2019)	97.042	MSP	EMC-2019-EP-00004	-	50,215
Emergency Management Performance Grant (PY2020)	97.042	MSP	EMC-2020-EP-00004	-	37,877
				-	88,092
Pre-Disaster Mitigation:					
Homeland Security Grant Program	97.047	MSP	EMC-2018-PC-0002	-	11,833
Homeland Security Grant Program	97.067	VAN	EMW-2018-SS-00042	-	23,424
Total U.S. Department of Homeland Security				-	146,349
Total Expenditures of Federal Awards				\$ 596,948	\$ 8,756,181

concluded

See notes to schedule of expenditures of federal awards.

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Schedule of Expenditures of Federal Awards

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the County of Kalamazoo, Michigan (the "County") under programs of the federal government for the year ended December 31, 2019. 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.

The County's reporting entity is defined in Note 1 of the County's Financial Statements. The County's financial statements include the operations of the Kalamazoo County Road Commission, the Central County Transportation Authority, and the Integrated Services of Kalamazoo (formerly the Kalamazoo Community Mental Health and Substance Abuse Services) discretely presented component units, which received federal awards that are not included in the Schedule for the year ended December 31, 2019, as the entities were separately audited.

Expenditures reported on the Schedule are reported on the modified 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. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

2. 10% DE MINIMIS COST RATE

For purposes of charging indirect costs to federal awards, the County has elected not to use the 10 percent de minimis cost rate as permitted by §200.414 of the Uniform Guidance.

3. OTHER FEDERAL REVENUE

The County is an indirect beneficiary of federal funds that are expended directly by the Michigan Department of Transportation. These expenditures (which totaled \$4,945,768 for the year ended December 31, 2019) are not presented on the Schedule, as they will be included in the single audit for the State of Michigan.

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Schedule of Expenditures of Federal Awards

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
AAA3B	Area Agency on Aging Region 3B
AAA3C	Area Agency on Aging Region 3C
AASA	Aging & Adult Services Agency
EGLE	Environment, Great Lakes, and Energy
MDEQ	Michigan Department of Environmental Quality
MDHHS	Michigan Department of Health and Human Services
MDNR	Michigan Department of Natural Resources
MDOE	Michigan Department of Education
MMAP	Michigan Medicare/Medicaid Assistance Program
MSP	Michigan State Police
SCAO	Michigan State Court Administrative Office
SWET	Southwest Michigan Enforcement Team
UM	University of Michigan
VAN	Van Buren County

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COUNTY OF KALAMAZOO, MICHIGAN

Supplemental Schedule of Expenditures by Service
For the Year Ended September 30, 2019

Service Category	Federal Admin	Title IIIB	Title IIIC-1	Title IIIC-2	Title IIID	NFCSP IIIE	Title VII/EAP	Title VIIA	NSIP
Care Management	\$ -	\$ 107,617	\$ -	\$ -	\$ -	\$ 43,040	\$ -	\$ -	\$ -
Case Coordination/Support	-	459	-	-	-	-	-	-	-
Information & Assistance	-	10,665	-	-	-	56,374	-	-	-
Transportation	-	11,128	-	-	-	-	-	-	-
Home Injury Control	-	3,000	-	-	-	-	-	-	-
Homemaker	-	6,811	-	-	-	-	-	-	-
Home Delivered Meals	-	-	-	163,323	-	-	-	-	106,719
Medication Management	-	500	-	-	-	-	-	-	-
Personal Care	-	-	-	-	-	-	-	-	-
PERS/Assist Tech & Devices	-	-	-	-	-	-	-	-	-
Respite Care	-	21,420	-	-	-	804	-	-	-
Congregate Meals	-	-	270,701	-	-	-	-	-	-
Legal Assistance	-	14,300	-	-	-	-	-	-	-
Adult Day Care	-	-	-	-	-	1,196	-	-	-
Disease Prevent	-	-	-	-	16,161	-	-	-	-
Creating Confident Caregivers	-	-	-	-	4,620	-	-	-	-
LTC Ombudsman	-	3,000	-	-	-	-	9,077	12,400	-
Senior Center Staffing	-	5,790	-	-	-	-	-	-	-
Caregiver Supplement	-	-	-	-	-	5,200	-	-	-
Program Development	-	43,528	-	-	-	-	-	-	-
Gap Services	-	540	-	-	-	-	-	-	-
Nutrition Education	-	-	900	-	-	-	-	-	-
	-	228,758	271,601	163,323	20,781	106,614	9,077	12,400	106,719
Administration	84,832	-	-	-	-	-	-	-	-
Total	\$ 84,832	\$ 228,758	\$ 271,601	\$ 163,323	\$ 20,781	\$ 106,614	\$ 9,077	\$ 12,400	\$ 106,719

Targeted Care Mgmt	State Access	State In-Home	State Cong.	St. Home Del Meals	State NHO	St. Alt. Care	State MSO	State Care Mgmt
\$ 8,992	\$ 15,009	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 137,109
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	109,297	-	-	-	24,987	-	-
-	-	-	-	251,325	-	-	-	-
-	-	1,304	-	-	-	-	-	-
-	-	4	-	-	-	8,192	-	-
-	-	-	-	-	-	16,566	-	-
-	-	157,017	-	-	-	-	-	-
-	-	-	5,028	-	-	-	-	-
-	-	-	-	-	-	9,371	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	30,216	-	13,269	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
8,992	15,009	267,622	5,028	251,325	30,216	59,116	13,269	137,109
-	-	-	-	-	-	-	-	-
\$ 8,992	\$ 15,009	\$ 267,622	\$ 5,028	\$ 251,325	\$ 30,216	\$ 59,116	\$ 13,269	\$ 137,109

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COUNTY OF KALAMAZOO, MICHIGAN

Supplemental Schedule of Expenditures by Service
For the Year Ended September 30, 2019

	Merit Award Trust Fund	St. CG Support	St. Respite (Escheat)	State ANS	State Admin	Program Income	Cash Match	In-Kind Match	Totals
Care Management	\$ -	\$ -	\$ -	\$ 23,405	\$ -	\$ -	\$ 66,781	\$ -	\$ 401,953
Case Coordination/Support	-	-	-	-	-	-	3,092	-	3,551
Information & Assistance	-	-	-	-	-	-	13,416	-	80,455
Transportation	-	-	-	-	-	6,332	33,532	-	50,992
Home Injury Control	-	-	-	-	-	-	2,823	-	5,823
Homemaker	-	-	-	-	-	-	15,679	-	156,774
Home Delivered Meals	-	-	-	-	-	17,871	46,462	-	585,700
Medication Management	-	-	-	-	-	-	201	-	2,005
Personal Care	-	-	-	-	-	-	912	-	9,108
PERS/Assist Tech & Devices	-	-	-	-	-	-	1,841	-	18,407
Respite Care	20,724	3,640	24,709	-	-	-	20,321	-	248,635
Congregate Meals	-	-	-	-	-	40,449	30,837	-	347,015
Legal Assistance	-	-	-	-	-	25	27,981	-	42,306
Adult Day Care	42,049	4,106	33,605	-	-	1,133	1,632	-	93,092
Disease Prevent	-	-	-	-	-	-	39,489	-	55,650
Creating Confident Caregivers	-	-	-	-	-	100	2,380	-	7,100
LTC Ombudsman	-	-	-	-	-	-	13,204	-	81,166
Senior Center Staffing	-	-	-	-	-	-	17,224	-	23,014
Caregiver Supplement	-	-	-	-	-	-	2,820	1,504	9,524
Program Development	-	-	-	-	-	5,546	4,836	-	53,910
Gap Services	-	-	-	-	-	-	60	-	600
Nutrition Education	-	-	-	-	-	-	100	-	1,000
	62,773	7,746	58,314	23,405	-	71,456	345,623	1,504	2,277,780
Administration	6,208	765	-	-	14,431	13,129	72,368	-	191,733
Total	\$ 68,981	\$ 8,511	\$ 58,314	\$ 23,405	\$ 14,431	\$ 84,585	\$ 417,991	\$ 1,504	\$ 2,469,513

concluded

Note: The supplemental schedule of expenditures by service includes the federal and state grant activity of the County of Kalamazoo, Michigan's Aging program for the fiscal year ended September 30, 2019. As such, the amounts presented above will not agree with or directly reconcile to the amounts reported on the Schedule of Expenditures of Federal Awards for the year ended December 31, 2019.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

June 22, 2020

Honorable Members of the
Board of Commissioners
of the County of Kalamazoo, Michigan
Kalamazoo, 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 the *County of Kalamazoo, Michigan* (the "County"), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 22, 2020. Our report includes a reference to other auditors who audited the financial statements of the Integrated Services of Kalamazoo (formerly known as Kalamazoo Community Mental Health and Substance Abuse Services), Kalamazoo County Transportation Authority, the Central County Transportation Authority, Kalamazoo County Road Commission, Kalamazoo County Public Housing Commission, and Kalamazoo County Consolidated Dispatch Authority, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the Kalamazoo County Transportation Authority and the Kalamazoo County Road Commission were not audited in accordance with *Government Auditing Standards*.

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.

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

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR THE
MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

June 22, 2020

Honorable Members of the
Board of Commissioners
of the County of Kalamazoo, Michigan
Kalamazoo, Michigan

Report on Compliance for the Major Federal Program

We have audited the compliance of the *County of Kalamazoo, 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, 2019. The County's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. The County's basic financial statements include the operations of the Kalamazoo County Road Commission, the Central County Transportation Authority, and the Integrated Services of Kalamazoo (formerly known as Kalamazoo Community Mental Health and Substance Abuse Services), which expended certain federal awards that are not included in the County's schedule of expenditures of federal awards for the year ended December 31, 2019. Our audit, described below, did not include the operations of the Kalamazoo County Road Commission, the Central County Transportation Authority, or the Integrated Services of Kalamazoo, because they arranged for separate financial statement audits. The Kalamazoo County Road Commission did not meet the criteria for a single audit in accordance with the Uniform Guidance.

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 audit 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 the 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 the Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2019.

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 the 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.

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 Lobarr LLC

COUNTY OF KALAMAZOO, MICHIGAN

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2019

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes X no

Significant deficiency(ies) identified? yes X none reported

Noncompliance material to financial statements noted?

 yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? yes X no

Significant deficiency(ies) identified? yes X none reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

 yes X no

Identification of major programs and type of report issued on compliance for each major program:

CFDA Number(s)

Name of Federal Program or Cluster

Type of Report

93.563

Child Support Enforcement

Unmodified

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

 X yes no

COUNTY OF KALAMAZOO, MICHIGAN

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2019

SECTION II - FINANCIAL STATEMENT FINDINGS

None reported.

COUNTY OF KALAMAZOO, MICHIGAN

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2019

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

COUNTY OF KALAMAZOO, MICHIGAN

Summary Schedule of Prior Audit Findings

For the Year Ended December 31, 2019

None reported.

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INDEPENDENT AUDITORS' COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

June 22, 2020

Honorable Members of the Board of Commissioners
of the County of Kalamazoo, Michigan
Kalamazoo, 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 the *County of Kalamazoo, Michigan* (the "County") as of and for the year ended December 31, 2019, and have issued our report thereon dated June 22, 2020. We did not audit the financial statements of Integrated Services of Kalamazoo (formerly Kalamazoo Community Mental Health and Substance Abuse Services), Kalamazoo County Transportation Authority, Central County Transportation Authority, Kalamazoo County Road Commission, Kalamazoo County Public Housing Commission, and the Kalamazoo County Consolidated Dispatch Authority. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion on the financial statements and this report, insofar as they relate to Integrated Services of Kalamazoo, Kalamazoo County Transportation Authority, Central County Transportation Authority, Kalamazoo County Road Commission, Kalamazoo County Public Housing Commission, and Kalamazoo County Consolidated Dispatch Authority, are based solely on the report of other auditors. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated February 19, 2020, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of the County solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our findings regarding internal control over financial reporting and compliance noted during our audit in a separate letter to you dated June 22, 2020.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter and in our meeting about planning matters on January 7, 2020.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm has complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the County's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the County is included in Note 1 to the financial statements.

As described in Note 18 to the financial statements, the County changed accounting policies related to the reporting of fiduciary activities by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 84, *Fiduciary Activities*. The cumulative effect of the accounting change as of the beginning of the year is reported in the statement of activities, statement of revenues, expenditures and changes in fund balances and the statement of changes in fiduciary net position.

No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements were:

- Management's estimate of the useful lives of depreciable capital assets is based on the length of time it is believed that those assets will provide some economic benefit in the future.
- Management's estimate of the accrued compensated absences is based on current hourly rates and policies regarding payment of sick and vacation banks.

- Management's estimate of the allowance for uncollectible receivable balances is based on past experience and future expectation for collection of various account balances.
- Management's estimate of the insurance claims incurred but not reported is based on information provided by the entity's third party administrators and subsequent claims activity.
- The assumptions used in the actuarial valuations of the pension and other postemployment benefit plans are based on historical trends and industry standards.
- Management's estimate of the fair value of certain investments (primarily those that are not traded on a national or international exchange) is based on a variety of factors including the purchase price, changes in the financial condition and prospects of the issuer, calculations of the total enterprise value using discounted cash flow projections, trading comparables of securities of comparable companies engaged in similar businesses, estimates of liquidation value, the existence of restrictions on transferability, prices received in recent significant placements of securities of the same issuer, and other analytical data relating to the investment.

We evaluated the key factors and assumptions used to develop these estimates and determined that they are reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Significant Difficulties Encountered During the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. None of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the County's financial statements or the auditors' report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in Attachment B to this letter.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the County, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the County's auditors.

Other Information in Documents Containing Audited Financial Statements

Our responsibility for the supplementary information accompanying the financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole. We made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Upcoming Changes in Accounting Standards

Generally accepted accounting principles (GAAP) are continually changing in order to promote the usability and enhance the applicability of information included in external financial reporting. While it would not be practical to include an in-depth discussion of every upcoming change in professional standards, Attachment A to this letter contains a brief overview of recent pronouncements of the Governmental Accounting Standards Board (GASB) and their related effective dates. Management is responsible for reviewing these standards, determining their applicability, and implementing them in future accounting periods.

This information is intended solely for the use of the governing body and management of the County of Kalamazoo, Michigan and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Rehmann Lohman LLC

COUNTY OF KALAMAZOO, MICHIGAN

Attachment A - Upcoming Changes in Accounting Standards / Regulations

For the December 31, 2019 Audit

The following pronouncements of the Governmental Accounting Standards Board (GASB) have been released recently and may be applicable to the County in the near future. We encourage management to review the following information and determine which standard(s) may be applicable to the County. For the complete text of these and other GASB standards, visit www.gasb.org and click on the "Standards & Guidance" tab. If you have questions regarding the applicability, timing, or implementation approach for any of these standards, please contact your audit team.

GASB 87 ■ Leases

Effective 06/15/2022 (your FY 2022)

This standard establishes a single model for reporting all leases (including those previously classified as operating and capital). Lessees will now report offsetting intangible lease assets and lease liabilities equal to the present value of future lease payments. Lessors will report offsetting lease receivables and deferred inflows of resources.

GASB 89 ■ Accounting for Interest Cost Incurred before the End of a Construction Period

Effective 12/15/2021 (your FY 2021)

This standard eliminates the requirement for governments to capitalize interest during the construction period for business-type activities. As this simplifies the accounting for interest, early implementation is encouraged. We do not expect this standard to have any significant effect on the County.

GASB 91 ■ Conduit Debt Obligations

Effective 12/15/2022 (your FY 2022)

This standard defines "conduit debt obligations", where a government issues debt whose proceeds are received and repaid by a third-party obligor without the issuer being primarily liable. The standard requires issuers to disclose conduit debt obligations, but not to record a liability unless it is more likely than not that a commitment made by the issuer will require it to support one or more debt payments for a conduit debt obligation. We do not expect this standard to have any significant effect on the County.

GASB 92 ■ Omnibus 2020

Effective 06/15/2022 (your FY 2022)

This standard includes a variety of small technical revisions to previously issued GASB statements. We do not expect this standard to have any significant effect on the County.

GASB 93 ■ Replacement of Interbank Offered Rates

Effective 06/15/2022 (your FY 2022)

This standard provides guidance to governments with agreements with variable payments tied to LIBOR, and how to transition them to a new reference rate. We do not expect this standard to have any significant effect on the County.

GASB 94 ■ Public-Private and Public-Public Partnerships and Availability Payment Arrangements

Effective 06/15/2023 (your FY 2023)

This standard addresses accounting and financial reporting for arrangements in which a government contracts with an operator to provide public services by conveying control of the right to operate or use a capital asset for a period of time in an exchange or exchange-like transaction. We do not expect this standard to have any significant effect on the County.

COUNTY OF KALAMAZOO, MICHIGAN

■ Attachment A - Upcoming Changes in Accounting Standards / Regulations

For the December 31, 2019 Audit

GASB 96 ■ Subscription-Based Information Technology Arrangements

Effective 06/15/2023 (your FY 2023)

This standard expands on the new guidance for leases and applies it to computer software contracts (subscriptions) with similar characteristics. Governments that subscribe to a vendor's IT software will now report offsetting intangible subscription assets and subscription liabilities equal to the present value of future subscription payments.

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COUNTY OF KALAMAZOO, MICHIGAN

Attachment B - Management Representations

For the December 31, 2019 Audit

The following pages contain the written representations that we requested from management.



KALAMAZOO COUNTY GOVERNMENT

In the Pursuit of Extraordinary Governance...

June 22, 2020

Rehmann Robson
2330 East Paris Ave. SE
Grand Rapids, MI 49546

This representation letter is provided in connection with your audit of 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 the **County of Kalamazoo, Michigan** (the "County"), as of and for the year ended December 31, 2019, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows, where applicable, and the respective budgetary comparison for the general fund and the major special revenue funds of the County in conformity with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of June 22, 2020:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated February 19, 2020, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP. We have reviewed, approved, and taken responsibility for the financial statements and related notes.
2. We have reviewed and approved the various adjusting journal entries that were proposed by you for recording in our books and records and reflected in the financial statements.
3. We acknowledge our responsibility for 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.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
6. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP. For the purposes of this letter, related parties mean members of the governing body; board members; administrative officials; immediate families of administrative officials, board members, and members of the governing body; and any companies affiliated with or owned by such individuals.

FINANCE DEPARTMENT

201 West Kalamazoo Avenue | Kalamazoo, MI 49007

Phone: 269.384.8090 | www.kalcounty.com

7. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
8. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
9. With regard to items reported at fair value:
 - a. The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
 - b. The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
 - c. The disclosures related to fair values are complete, adequate, and in conformity with U.S. GAAP.
 - d. There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
10. All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
11. All funds and activities are properly classified.
12. All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, and GASB Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
13. All components of net position and fund balance classifications have been properly reported.
14. All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
15. All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
16. All interfund and intra-entity transactions and balances have been properly classified and reported.
17. Special items and extraordinary items have been properly classified and reported.
18. Deposit and investment risks have been properly and fully disclosed.
19. Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
20. All required supplementary information is measured and presented within the prescribed guidelines.
21. We believe that the actuarial assumptions and methods used to measure pension and other postemployment benefit liabilities and costs for financial accounting purposes are appropriate in the circumstances.
22. In response to the novel coronavirus outbreak (COVID-19), subsequent to year end, the Governor issued various temporary Executive Orders that, among other stipulations, effectively prohibit in-person work activities for most businesses and industries including non-essential government services, having the effect of suspending or severely curtailing operations. As a result, the COVID-19 outbreak is disrupting and affecting the County's normal activities. The extent of the ultimate impact of the pandemic on the County's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impact on employees, vendors, and taxpayers, all of which cannot be reasonably predicted at this time. In addition, it may place additional demands on the County for providing emergency services to its citizens. While management reasonably expects the COVID-19 outbreak to negatively impact the County's financial position, changes in financial position, and, where applicable, the timing and amounts of cash flows, the related financial consequences and duration are highly uncertain.

Information Provided

23. We have provided you with:
 - a. Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
 - b. Additional information that you have requested from us for the purpose of the audit; and
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
24. All transactions have been recorded in the accounting records and are reflected in the financial statements.
25. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
26. We have disclosed to you all information that we are aware of regarding fraud or suspected fraud that affects the entity and involves:
 - a. Management;
 - b. Employees who have significant roles in internal control; or
 - c. Others where the fraud could have a material effect on the financial statements.
27. We have disclosed to you all information that we are aware of regarding allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, vendors, regulators, or others.
28. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements.
29. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
30. There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
31. The County has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
32. We have disclosed to you all guarantees, whether written or oral, under which the County is contingently liable.
33. We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
34. There are no:
 - a. Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
 - b. Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.
 - c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62.
35. The County has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
36. We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

37. We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB-62. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.

Supplementary Information in Relation to the Financial Statements as a Whole

38. With respect to the supplementary information accompanying the financial statements:
- a. We acknowledge our responsibility for the presentation of the supplementary information in accordance with accounting principles generally accepted in the United States of America.
 - b. We believe the supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.
 - d. We believe the significant assumptions or interpretations underlying the measurement or presentation of the supplementary information, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.

Required Supplementary Information

39. With respect to the required supplementary information accompanying the financial statements:
- a. We acknowledge our responsibility for the presentation of the required supplementary information in accordance with accounting principles generally accepted in the United States of America.
 - b. We believe the required supplementary information, including its form and content, is measured and fairly presented in accordance with accounting principles generally accepted in the United States of America.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.
 - d. We believe the significant assumptions or interpretations underlying the measurement or presentation of the required supplementary information, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.

Uniform Guidance (2 CFR 200)


40. With respect to federal awards, we represent the following to you:
- a. We are responsible for understanding and complying with and have complied with the requirements of the Uniform Guidance.
 - b. We are responsible for the preparation and presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance.
 - c. We believe the schedule of expenditures of federal awards, including its form and content, is fairly presented in accordance with the Uniform Guidance.
 - d. The methods of measurement or presentation have not changed from those used in the prior period.
 - e. We believe the significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.
 - f. We are responsible for including the auditor's report on the schedule of expenditures of federal awards in any document that contains the schedule and that indicates that the auditor has reported on such information.

- g. When the schedule of expenditures of federal awards is not presented with the audited financial statements, management will make the audited financial statements readily available to the intended users of the schedule of expenditures of federal awards no later than the date of issuance by the entity of the schedule of expenditures of federal awards and the auditor's report thereon.
- h. We have, in accordance with the Uniform Guidance, identified in the schedule of expenditures of federal awards, expenditures made during the audit period for all awards provided by federal agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, food commodities, direct appropriations, and other assistance.
- i. We are responsible for complying with the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of our federal programs and have identified and disclosed to you the requirements of laws, regulations, and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each major federal program; and we have complied, in all material respects, with these requirements.
- j. We have provided to you our interpretations of any compliance requirements that have varying interpretations.
- k. We are responsible for establishing and maintaining effective internal control over compliance requirements applicable to federal programs that provide reasonable assurance that we are managing our federal awards in compliance with laws, regulations, and the provisions of contracts and grant agreements that could have a material effect on our federal programs. Also, no changes have been made in the internal control system to the date of this letter that might significantly affect internal control, including any corrective action taken with regard to significant deficiencies, including material weaknesses, reported in the schedule of findings and questioned costs.
- l. We have made available to you all contracts and grant agreements (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relating to federal programs.
- m. We have received no requests from a federal agency to audit one or more specific programs as a major program.
- n. We have identified and disclosed to you all amounts questioned and any known noncompliance with the requirements of federal awards, including the results of other audits or program reviews. We also know of no instances of noncompliance occurring subsequent to the end of the period audited.
- o. We have charged costs to federal awards in accordance with applicable cost principles, including amounts claimed or used for matching determined in accordance with relevant guidelines in the Uniform Guidance.
- p. We have made available to you all documentation related to the compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
- q. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared (and are prepared on a basis consistent with the schedule of expenditures of federal awards).
- r. The copies of federal program financial reports provided to you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
- s. We have monitored subrecipients to determine if they have expended pass-through assistance in accordance with applicable laws and regulations and have met the requirements of the Uniform Guidance.
- t. We have issued management decisions timely after the receipt of subrecipients' auditor reports that identified noncompliance with laws, regulations, or the provisions of contracts or grant agreements, and have ensured that the subrecipients have taken the appropriate and timely corrective action on findings.
- u. We have considered the results of subrecipients' audits and have made any necessary adjustments to our own books and records.

- v. We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance, and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
- w. We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
- x. We are responsible for and have accurately completed the appropriate sections of the Data Collection Form as required by the Uniform Guidance, and we are responsible for preparing and implementing a correction action plan for each audit finding.
- y. We have disclosed all contracts or other agreements with service organizations and disclosed to you all communications from these service organizations relating to noncompliance at the organizations.
- z. We have reviewed, approved, and taken responsibility for the financial statements and related notes.
- aa. We have disclosed to you the nature of any subsequent events that provide additional evidence with respect to conditions that existed at the end of the reporting period that affect noncompliance during the reporting period.



Tracie Moored, Administrator/Controller



Amanda Morse, Deputy County Administrator of Internal Services



Jenna LeRoy, Financial Reporting Manager