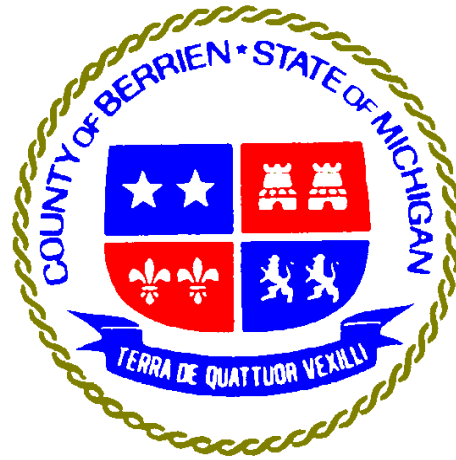


County of Berrien,
Michigan



Year Ended
December 31, 2014

Financial
Statements

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COUNTY OF BERRIEN, MICHIGAN

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INDEPENDENT AUDITORS' REPORT

June 25, 2015

Board of Commissioners
County of Berrien, Michigan
St. Joseph, 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 Berrien, Michigan* (the "County") as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Independent Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Berrien County Road Commission or the Berrien Mental Health Authority which represent 55.5% and 10.9% of the assets, respectively, 70.1% and 6.9% of the net position, respectively, and 28.8% and 68.6% of the revenues, respectively, of the aggregate discretely presented component units of the County. Those statements were audited by other auditors whose reports were furnished to us, and our opinion, insofar as it relates to the amounts included for the Berrien County Road Commission and Berrien Mental Health Authority, is 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on auditor 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 Berrien, Michigan, as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and the 911 county operational fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Implementation of GASB Statement No. 67

The County implemented the provisions of GASB Statement No. 67, *Financial Reporting for Pension Plans*, in the current year. While there was no effect on the amounts reported in the financial statements themselves, there were substantial changes to the disclosures found in Note 15 to the financial statements, including the calculation of the County's net pension liability, which will be required to be recorded by the County in its next fiscal year. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2015 on our consideration of the County'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 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 Loborn LLC". The signature is written in a cursive, flowing style.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

COUNTY OF BERRIEN, MICHIGAN

Management's Discussion and Analysis

As management of the County of Berrien, Michigan (the "County"), 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, 2014. We encourage readers to consider the information presented here in conjunction with the accompanying audited financial statements. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- The assets of the County exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$118,007 (*net position*). Of this amount, \$71,416 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's net position increased by \$2,313. Net position from governmental activities increased by \$4,373 while net position from business-type activities (i.e. delinquent tax funds, public works projects funds) decreased by \$2,060.
- As of the close of the current fiscal year, the County's governmental funds (which include the general fund, special revenue, debt service, and capital projects funds) reported combined ending fund balances of \$33,788, an increase of \$2,437 in comparison with the prior year. Of this balance, \$15,283 (45.2 percent), is unassigned fund balance.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$15,283 (29.0 percent), of total general fund expenditures and transfers out.
- The County's total installment debt decreased by \$9,154 (25.0 percent) during the current fiscal year. The key factor in this decrease was the net reduction in Delinquent Tax Notes making up \$7,552 of the total.

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, liabilities, and deferred inflows of resources, with the difference reported as 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 legislative, judicial, general government, public safety, public works, health and welfare, recreation and cultural, and community development. The business-type activities of the County include delinquent tax collections and forfeitures and public works projects.

COUNTY OF BERRIEN, MICHIGAN

Management's Discussion and Analysis

The government-wide financial statements include not only the County itself (known as the *primary government*), but also legally separate Road Commission, Drain Commission, Brownfield Redevelopment Authority, Economic Development Corporation, Land Bank Authority, and Mental Health Authority for which the County is financially accountable. 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 43 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, 911 county operational fund and drug enforcement public safety fund which are considered to be major funds. Data from the other 40 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 have been provided 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 its delinquent tax revolving fund, delinquent tax foreclosure and personal property tax funds, drain working capital, and various public works projects funds. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses *internal service funds* to account for its risk management and employee benefit programs. Because these services predominantly benefit governmental rather than business-type functions, 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 delinquent tax revolving, Benton Township water system fund and the Coloma City water system fund, which are considered to be major funds of the County. The County's internal service funds are presented in the proprietary fund financial statements in the Governmental Activities - Internal Service Funds column.

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 statement 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.

COUNTY OF BERRIEN, MICHIGAN

Management's Discussion and Analysis

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 statements referred to earlier in connection with nonmajor governmental funds, nonmajor enterprise funds and internal service funds are presented immediately following the required supplementary information on pensions and other postemployment benefits.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities and deferred inflows of resources by \$118,007 at the close of the most recent fiscal year.

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 59,287	\$ 59,888	\$ 65,385	\$ 75,949	\$ 124,672	\$ 135,837
Capital assets, net	37,919	35,118	78	130	37,997	35,248
Total assets	97,206	95,006	65,463	76,079	162,669	171,085
Long-term liabilities	2,133	2,733	27,475	36,256	29,608	38,989
Other liabilities	4,747	6,661	1,646	1,421	6,393	8,082
Total liabilities	6,880	9,394	29,121	37,677	36,001	47,071
Deferred inflows of resources	8,661	8,320	-	-	8,661	8,320
Net position:						
Net investment in capital assets	37,865	34,694	78	130	37,943	34,824
Restricted	8,649	7,612	-	-	8,649	7,612
Unrestricted	35,151	34,986	36,264	38,272	71,415	73,258
Total net position	\$ 81,665	\$ 77,292	\$ 36,342	\$ 38,402	\$ 118,007	\$ 115,694

A portion of the County's net position, \$37,943 (32.2 percent) reflects its investment in capital assets (e.g., land, buildings, and equipment), less any related debt used to acquire those assets that is still outstanding. 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 \$8,649 (7.3 percent) 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 \$71,415 (60.5 percent) 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 BERRIEN, MICHIGAN

Management's Discussion and Analysis

There was a increase of \$1,037 in restricted net position reported in connection with the County's governmental activities. This increase was a result of a net increase in functional activities of \$1,256 led by 911 Operational Fund of \$968.

	Changes in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues						
Program revenues:						
Charges for services	\$ 13,585	\$ 13,897	\$ 3,966	\$ 6,029	\$ 17,551	\$ 19,926
Operating grants and contributions	24,614	25,872	-	-	24,614	25,872
General revenues:						
Property taxes	43,558	41,054	-	-	43,558	41,054
Grants and contributions not restricted to specific programs	267	298	-	-	267	298
Unrestricted investment earnings	36	38	-	-	36	38
Total revenues	82,060	81,159	3,966	6,029	86,026	87,188
Expenses						
Legislative	1,940	1,919	-	-	1,940	1,919
Judicial	10,153	10,311	-	-	10,153	10,311
General government	19,759	17,798	-	-	19,759	17,798
Public safety	25,810	23,569	-	-	25,810	23,569
Public works	675	792	-	-	675	792
Health and welfare	18,607	20,207	-	-	18,607	20,207
Recreation and cultural	1,682	927	-	-	1,682	927
Community development	2,189	2,412	-	-	2,189	2,412
Other governmental activities	868	669	-	-	868	669
Interest on long-term debt	4	18	-	-	4	18
Delinquent tax collections/forfeitures	-	-	787	1,264	787	1,264
Public works projects	-	-	1,239	2,827	1,239	2,827
Total expenses	81,687	78,622	2,026	4,091	83,713	82,713
Change in net position, before transfers	373	2,537	1,940	1,938	2,313	4,475
Transfers	4,000	12	(4,000)	(12)	-	-
Change in net position	4,373	2,549	(2,060)	1,926	2,313	4,475
Net position:						
Beginning of year	77,292	74,743	38,402	36,476	115,694	111,219
End of year	\$ 81,665	\$ 77,292	\$ 36,342	\$ 38,402	\$ 118,007	\$ 115,694

The County's net position increased by \$2,313 during the current fiscal year. This increase was driven by a net governmental activities increase \$4,373 partially offset by a decrease in business-type activities balances of \$2,060. The overall increase can be attributed to an increase in the delinquent tax revolving funds excluding transfers of \$1,905, general fund increase of \$107,911 operational fund increase of \$968, other special revenue funds increase of \$440, offset by internal service funds decrease of \$1,463, capital reserve decrease of \$248 and capital assets net of capital project spending of \$30. All other fund changes and accrual adjustments netted an increase of \$634.

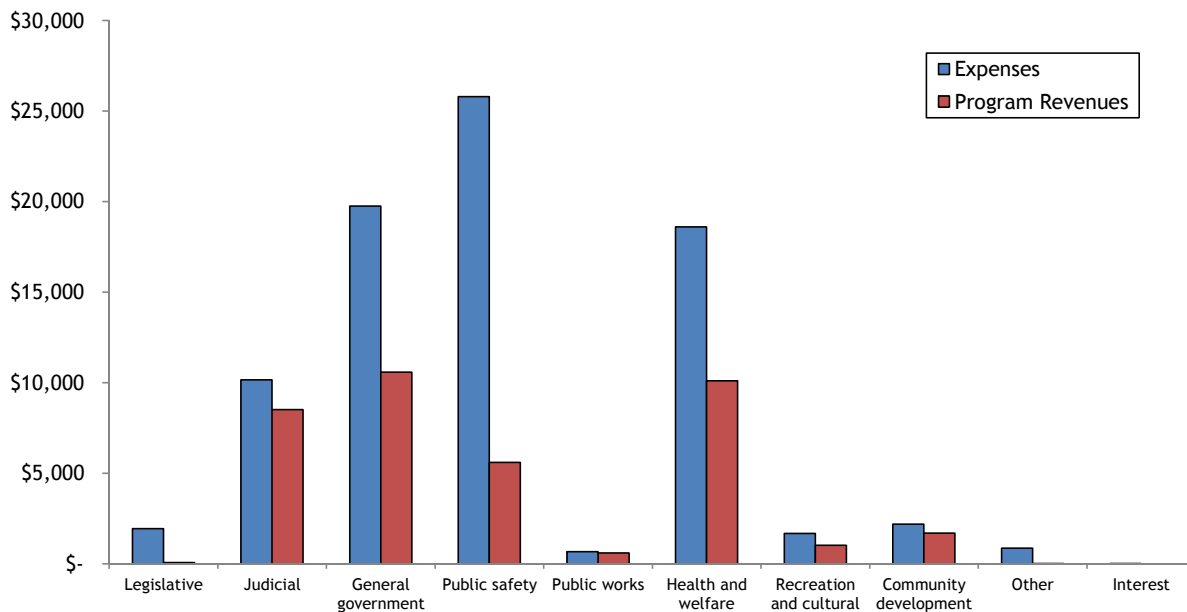
COUNTY OF BERRIEN, MICHIGAN

Management's Discussion and Analysis

Governmental Activities. Governmental activities increased the County's net position by \$4,373. Key elements of this increase are as follows:

- Decreased charges for services of \$312 (2.2 percent).
- Decreased operating grants and contributions of \$1,258 (4.9 percent).
- Increase in property taxes of \$2,504 (6.1 percent) driven by a slight increase in taxable values and payments in lieu of taxes.
- Increase in expenses of \$3,065 (3.9 percent) driven by increases in general government activities \$1,961, public safety activities \$2,241, and recreation and cultural activities \$755, partially offset by decrease in health and welfare activities \$1,600.
- Increase in transfers from the Tax Revolving Fund (business-type activities) \$3,988.

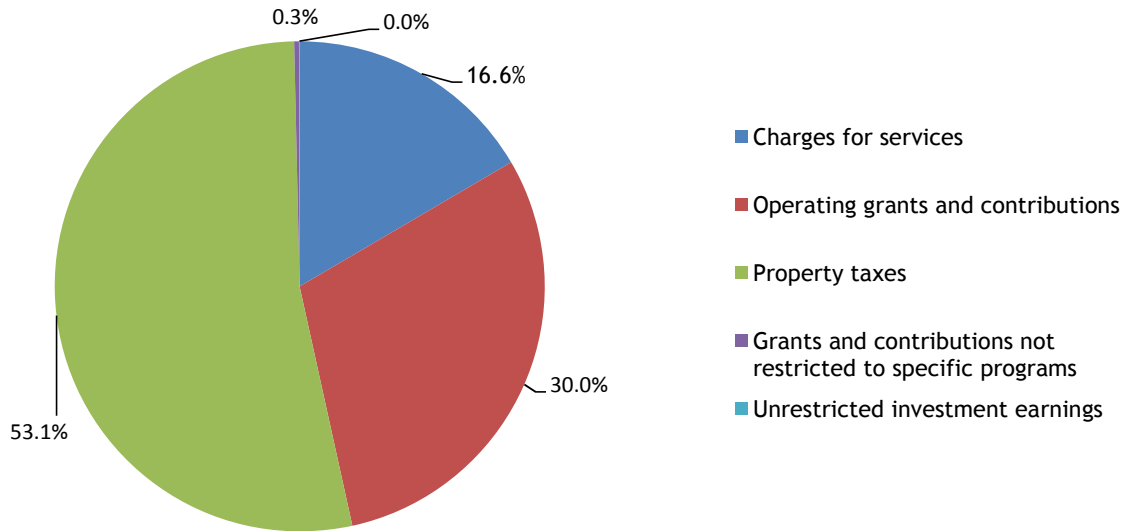
Expenses and Program Revenues - Governmental Activities



COUNTY OF BERRIEN, MICHIGAN

Management's Discussion and Analysis

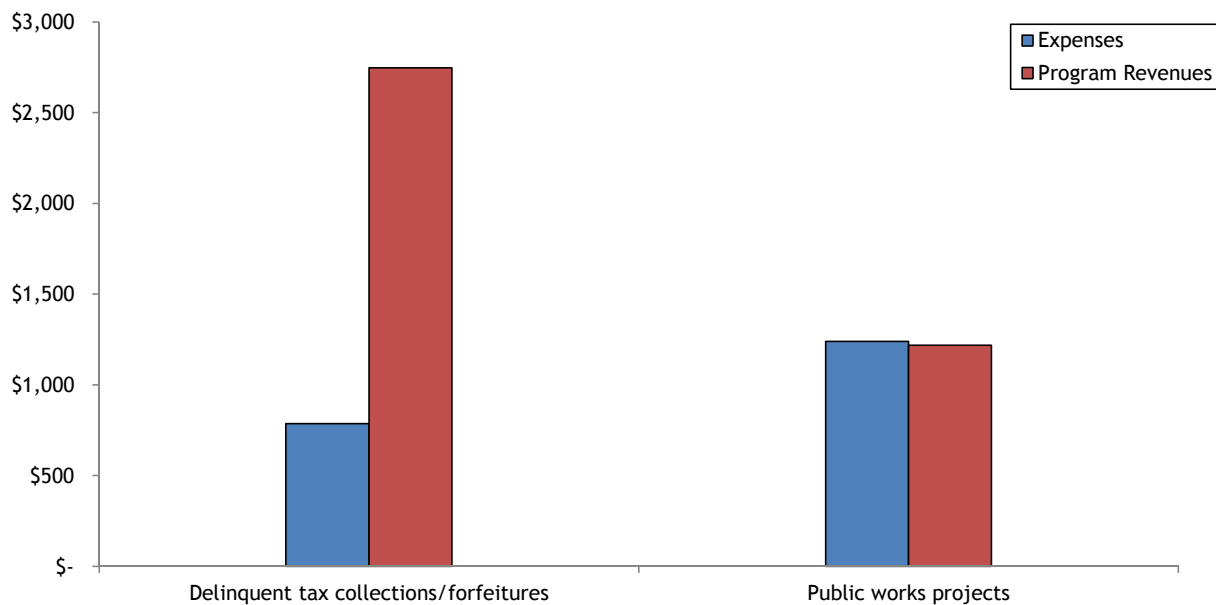
General Revenues by Source - Governmental Activities



Business-type Activities. Business-type activities decreased the County's net position by \$2,060. Key elements of this decrease are as follows:

- Delinquent Tax Revolving Fund decrease of \$2,095 driven by transfer out to governmental activities of \$4,000 partially offset by increase revenue continuing to outpace expenditures by \$1,905.

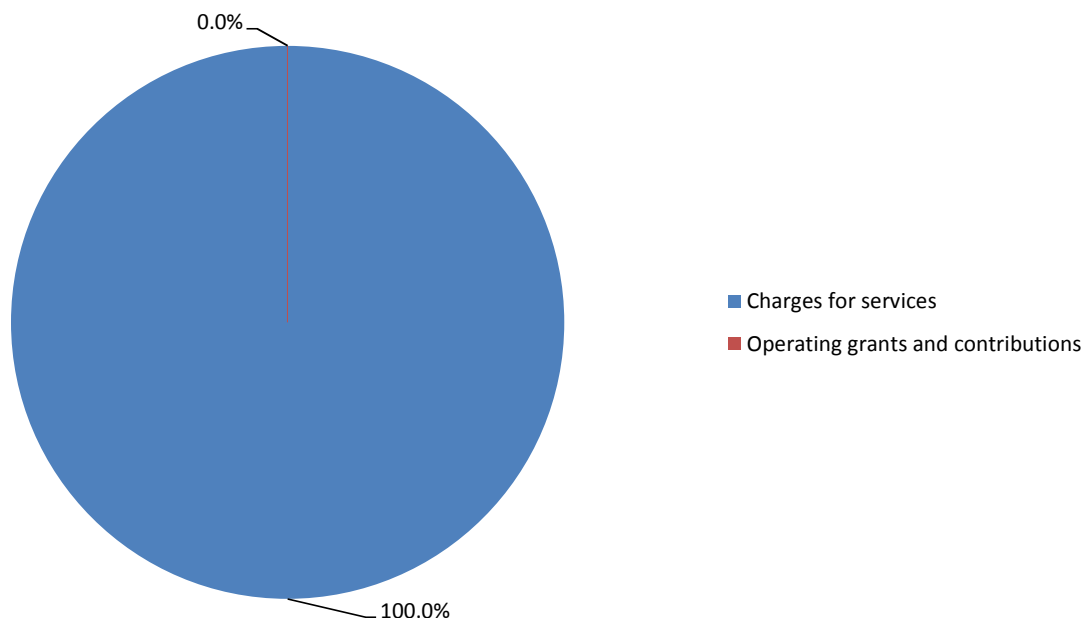
Expenses and Program Revenues - Business-type Activities



COUNTY OF BERRIEN, MICHIGAN

Management's Discussion and Analysis

Revenues by Source - Business-type Activities



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.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$33,788, an increase of \$2,437 in comparison with the prior year. Approximately half of the total amount (\$15,283 or 45.2 percent) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is not available for new spending because it has already been 1) advanced to other funds or component units (\$2,245), 2) restricted for various purposes (\$5,751) or 3) committed for various projects (\$10,509).

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 \$15,283, while total fund balance reached \$17,378. 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 and transfers out. Unassigned fund balance represents 29.0 percent of total general fund expenditures and transfers out, while total fund balance represents 32.9 percent of that same amount.

COUNTY OF BERRIEN, MICHIGAN

Management's Discussion and Analysis

The fund balance of the County's general fund increased by \$107 during the current fiscal year. Key factors in this increase are as follows:

- An increase in tax revenues of \$868 driven by current taxes real property taxes of \$1,041 created by an increase in taxable values partially offset by decrease in delinquent real tax collections of \$158.
- An increase in intergovernmental revenue of \$491 created by an increase in state revenue sharing of \$319, state cobo hall revenue sharing of \$126, and state reimbursed prisoner care of \$69 partially offset by a decrease in grants and state reimbursements of \$17.
- A decrease in charges for services of \$472 primarily driven by a decrease in trial court cost charges for \$491.
- A decrease in fines and forfeitures of \$25.
- An increase in interest revenue of \$57.
- A decrease in other revenues and reimbursements of \$214.
- An increase in expenditures of \$1,096 (3.6 percent) of which \$1,173 is employee costs for salaries and fringe benefits and \$77 in decreased non-personnel costs.
- An increase in interfund net transfer expense of \$227.
- A decrease in capital lease proceeds of \$160.

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 delinquent tax revolving funds at the end of the year amounted to \$34,588. A decrease in net position of \$2,095 was driven by a transfer to governmental funds of \$4,000 offset by charges for services.

General Fund Budgetary Highlights

The general fund budgeted for no change in fund balance and the actual increase in fund balance was \$107. Budgetary variances are as follows:

- Tax revenues had a favorable budgetary variance of \$638, the majority of which is better than anticipated current property tax and payment in lieu of tax collections of \$885 partially offset by lower than anticipated delinquent tax collections of \$208.
- Charges for services had an unfavorable budgetary variance \$293. The variance is made up of \$458 judicial, \$92 public safety, and \$83 community development partially offset by registrar of deeds fees \$103 and all other functional areas for a net of \$237.
- Intergovernmental revenues had a favorable budgetary variance of \$419, of which \$188 is COBO Hall taxes and \$226 state revenue sharing.
- Lower than projected other revenue had a unfavorable budget variance of \$449 created by an unrealized insurance refund of \$400.
- All other revenue categories net unfavorable \$97.
- Other financing sources unfavorable \$2,200 due to lower than budgeted transfers in from other funds.
- Expenditures had an overall favorable budgetary variance of \$2,089. Almost all functional areas contributed to a favorable variance compared to the original budget of \$3,274.

The general fund amended budget had appropriations to other funds (transfers out) of \$9,433. Actual appropriations were \$9,433.

During the year, there was a \$1,239 decrease in appropriations between the original and final amended budget. The key factor in this change was a \$1,103 decrease in other governmental activities primarily related to the decrease in contingencies.

COUNTY OF BERRIEN, MICHIGAN

Management's Discussion and Analysis

Capital Asset and Debt Administration

Capital Assets. The County's capital assets for its governmental and business-type activities as of December 31, 2014 amounted to \$37,997 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, buildings and equipment. The total increase in the County's investment in capital assets for the current fiscal year was 8.0 percent (a 7.98 percent increase for governmental activities and a 40.21 percent decrease for business-type activities).

Major capital asset events during the current fiscal year included the following:

- Acquisition of law enforcement vehicles at a cost of \$252.
- Acquisition of new busses for Berrien Bus at a cost of \$173.
- Development of Galien River Park at a cost of \$139.
- Improvements and facilities of Silver Beach Park at a cost of \$525.
- Court security equipment and facility upgrades at a cost of \$77.
- Acquisition of fleet, animal control, and maintenance vehicles at a cost of \$167.
- Remodeling of Napier building at a cost of \$2,436.
- Site preparation for Napier animal control \$209.
- Implementation and conversion costs of HR software at a cost of \$44.
- Acquisition of sheriff department radios, equipment and software at a cost of \$191.
- Upgrade of juvenile center building and equipment at a cost of \$135.
- Replacement of roof at administration center at a cost of \$78.
- Upgrade of jail building and equipment at a cost of \$144.
- Upgrades of computer network, storage equipment, and computers at a cost of \$120.
- New Buffalo radio site at a cost of \$22.
- Building and grounds improvements and remodeling at various buildings at a cost of \$271.
- Courtroom HDMI and VGA conversion at a cost of \$12.

	Capital Assets (net of depreciation)					
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 6,022	\$ 6,022	\$ -	\$ -	\$ 6,022	\$ 6,022
Construction in progress	2,518	931	-	-	2,518	931
Land improvements	1,507	298	-	-	1,507	298
Buildings	22,927	22,653	-	-	22,927	22,653
Equipment	4,945	5,214	78	130	5,023	5,344
Total capital assets, net	<u>\$ 37,919</u>	<u>\$ 35,118</u>	<u>\$ 78</u>	<u>\$ 130</u>	<u>\$ 37,997</u>	<u>\$ 35,248</u>

The County conducts an annual inventory of its capital assets and an appraisal for insurance purposes using an outside service.

Additional information on the County's capital assets can be found in Note 6 of this report.

COUNTY OF BERRIEN, MICHIGAN

Management's Discussion and Analysis

Long-Term Debt. At the end of the current fiscal year, the County had total debt outstanding of \$27,529 excluding compensated absences. Of this amount, \$27,475 comprises debt backed by the full faith and credit of the government.

	Bonds and Notes					
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
General obligation bonds	\$ -	\$ 245	\$ 27,590	\$ 28,855	\$ 27,590	\$ 29,100
Capital leases payable	54	182	-	-	54	182
Unamortized bond discount	-	-	(115)	(121)	(115)	(121)
Delinquent tax notes	-	-	-	7,522	-	7,522
Total	<u>\$ 54</u>	<u>\$ 427</u>	<u>\$ 27,475</u>	<u>\$ 36,256</u>	<u>\$ 27,529</u>	<u>\$ 36,683</u>

The County's total installment debt decreased by \$9,154 (25.0 percent) during the current fiscal year. The key factor in this decrease is net reduction in delinquent tax notes totaling \$7,522.

The County maintains an "AA" rating from Standard & Poors for its general obligation debt. The Standard & Poors rating reflects the County's recent history of strong financial reserves and maintenance of a low overall debt burden.

State statutes limit the amount of general obligation debt a governmental entity may issue up to 10 percent of its total state equalized valuation. The current debt limitation for the County is \$726,142 which is significantly higher than the County's outstanding general obligation debt.

In May 2015, the County issued \$12,000 of general obligation limited tax notes to finance the Delinquent Tax Revolving Fund as part of its normal operating process.

Additional information on the County's long-term debt can be found in Note 10 of this report.

Economic Factors and Next Year's Budget and Rates

The following factors were considered in preparing the County's budget for the 2015 fiscal year:

- The average annual unemployment rate for the County for 2013 was 6.7 percent, which is down approximately 2 percent from a year ago. This is slightly better than the State's average annual unemployment rate of 7.1 percent and above the national average of 6.2 percent for 2014. The average unemployment rate for the County for 2015 through April is 4.6 percent.
- Inflationary trends for Berrien County compare closely to national indices. Consumer Price Index annual percentage increases are slightly lower than the national average, however slightly higher than the State of Michigan.
- Economic developments of few years ago slowed taxable value growth. Over the last couple of years taxable values have increased slightly. The 2015 budget assumes taxable values increase from the 2014 taxable valuation by 3.5 percent.
- Interest rates have declined over the past few years. The 2015 budget assumes the continuation of these poor rates.
- Each year, the State of Michigan provides guidance on state revenue sharing the County is to receive during the year. The 2015 budget reflects this guidance.
- Defined benefit plan maintenance costs are a large cost to the County. The 2015 employer contribution percentages as determined by actuarial recommendations are down slightly from 2014 budget.
- Health insurance coverage for the County is self-funded. The County, as other governmental entities and the private sector, has experienced cost pressures over time. In order to mitigate these costs while maintaining the same level of benefit, the employee's share of health insurance cost has increased by 1.0 percent for 2015 from the 2014 budgeted level.

COUNTY OF BERRIEN, MICHIGAN

Management's Discussion and Analysis

During the current fiscal year, unassigned fund balance in the general fund was \$15,283. The County has committed to maintaining a sufficient general fund balance to provide fiscal flexibility and to meet unforeseen emergencies. The County has adopted a balanced budget for 2015 without the need to appropriate any of this amount for spending. It is intended that this approach will avoid the need to raise taxes or charges during the 2015 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 of Berrien's finances. Questions concerning any of the information provided in this report or requests for additional financial information may be addressed to the County of Berrien Administration Center, Financial Services Department, 701 Main Street, St. Joseph, Michigan 49085-1316.

BASIC FINANCIAL STATEMENTS

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COUNTY OF BERRIEN, MICHIGAN

Statement of Net Position

December 31, 2014

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 22,054,962	\$ 4,460,212	\$ 26,515,174	\$ 26,022,936
Investments	20,276,969	22,353,594	42,630,563	1,332,785
Restricted cash	1,512,831	-	1,512,831	183,474
Receivables, net	15,657,755	37,087,348	52,745,103	26,455,858
Internal balances	(1,450,000)	1,450,000	-	-
Prepaid items and other assets	-	33,823	33,823	1,532,462
Net other postemployment benefit asset	1,234,465	-	1,234,465	-
Capital assets not being depreciated	8,540,451	-	8,540,451	20,258,583
Capital assets being depreciated, net	29,378,055	77,593	29,455,648	75,839,119
Total assets	97,205,488	65,462,570	162,668,058	151,625,217
Liabilities				
Accounts payable and accrued expenses	4,546,340	1,645,688	6,192,028	12,627,476
Unearned revenue	200,437	-	200,437	750,000
Long-term liabilities:				
Due within one year	2,132,546	1,295,000	3,427,546	2,777,225
Due in more than one year	-	26,179,946	26,179,946	19,590,034
Net other postemployment benefit obligation	-	-	-	360,963
Total liabilities	6,879,323	29,120,634	35,999,957	36,105,698
Deferred inflows of resources				
Taxes levied for a subsequent period	8,661,315	-	8,661,315	-
Net position				
Net investment in capital assets	37,864,850	77,593	37,942,443	79,175,782
Restricted for:				
Judicial	148,899	-	148,899	-
Public safety	2,441,365	-	2,441,365	-
Health and welfare	1,508,476	-	1,508,476	-
Recreation and cultural	251,486	-	251,486	-
State mandated programs and other purposes	3,406,621	-	3,406,621	2,869,075
Capital projects	891,868	-	891,868	-
Unrestricted	35,151,285	36,264,343	71,415,628	33,474,662
Total net position	\$ 81,664,850	\$ 36,341,936	\$ 118,006,786	\$ 115,519,519

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

COUNTY OF BERRIEN, MICHIGAN

Statement of Activities

For the Year Ended December 31, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities:					
Legislative	\$ 1,939,686	\$ 12,196	\$ 57,565	\$ -	\$ (1,869,925)
Judicial	10,152,618	4,198,400	4,321,172	-	(1,633,046)
General government	19,759,389	2,942,925	7,634,874	-	(9,181,590)
Public safety	25,809,676	4,258,278	1,342,557	-	(20,208,841)
Public works	675,347	597,591	2,237	-	(75,519)
Health and welfare	18,607,454	502,284	9,602,303	-	(8,502,867)
Recreation and cultural	1,682,469	497,260	529,028	-	(656,181)
Community development	2,188,631	573,547	1,124,513	-	(490,571)
Other governmental activities	867,924	2,452	-	-	(865,472)
Interest on long-term debt	3,541	-	-	-	(3,541)
Total governmental activities	<u>81,686,735</u>	<u>13,584,933</u>	<u>24,614,249</u>	<u>-</u>	<u>(43,487,553)</u>
Business-type activities:					
Delinquent tax collections/forfeitures	787,355	2,747,467	-	-	1,960,112
Public works projects	1,239,135	1,218,701	-	-	(20,434)
Total business-type activities	<u>2,026,490</u>	<u>3,966,168</u>	<u>-</u>	<u>-</u>	<u>1,939,678</u>
Total primary government	<u>\$ 83,713,225</u>	<u>\$ 17,551,101</u>	<u>\$ 24,614,249</u>	<u>\$ -</u>	<u>\$ (41,547,875)</u>
Component units					
Road commission	\$ 16,996,920	\$ -	\$ 17,067,477	\$ -	\$ 70,557
Drain commission	2,415,481	10,153	898,529	-	(1,506,799)
Brownfield redevelopment	844,788	374	16,000	-	(828,414)
Economic development corporation	26,668	12,282	-	-	(14,386)
Land bank	28,520	5,829	13,497	-	(9,194)
Community mental health	40,669,924	34,371,294	6,266,989	-	(31,641)
Total component units	<u>\$ 60,982,301</u>	<u>\$ 34,399,932</u>	<u>\$ 24,262,492</u>	<u>\$ -</u>	<u>\$ (2,319,877)</u>

continued...

COUNTY OF BERRIEN, MICHIGAN

Statement of Activities

For the Year Ended December 31, 2014

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Changes in net position				
Net (expenses) revenues	\$ (43,487,553)	\$ 1,939,678	\$ (41,547,875)	\$ (2,319,877)
General revenues:				
Property taxes	43,557,763	-	43,557,763	606,322
Grants and contributions not restricted to specific programs	266,501	-	266,501	-
Unrestricted investment earnings	36,332	-	36,332	-
Transfers - internal activities	4,000,000	(4,000,000)	-	-
Total general revenues and transfers	47,860,596	(4,000,000)	43,860,596	606,322
Change in net position	4,373,043	(2,060,322)	2,312,721	(1,713,555)
Net position, beginning of year	77,291,807	38,402,258	115,694,065	117,233,074
Net position, end of year	\$ 81,664,850	\$ 36,341,936	\$ 118,006,786	\$ 115,519,519

concluded.

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

COUNTY OF BERRIEN, MICHIGAN

Balance Sheet

Governmental Funds

December 31, 2014

	General (1010)	911 County Operational (2610)	Drug Enforcement Public Safety (2175/2640)	Nonmajor Governmental Funds	Total
Assets					
Cash and investments	\$ 726,982	\$ 1,642,112	\$ 902,853	\$ 12,415,659	\$ 15,687,606
Investments	16,259,498	-	-	1,632,092	17,891,590
Receivables:					
Accounts	7,101	1,900	-	29,231	38,232
Taxes - current	2,092,413	2,981,285	2,319,676	2,650,925	10,044,299
Due from other governments	585,223	44,287	321,821	2,486,639	3,437,970
Notes	-	-	-	292,254	292,254
Advances to other funds	250,000	-	-	-	250,000
Advances to component units	1,845,000	-	-	-	1,845,000
Total assets	\$ 21,766,217	\$ 4,669,584	\$ 3,544,350	\$ 19,506,800	\$ 49,486,951
Liabilities					
Accounts payable	\$ 259,703	\$ 133	\$ 4,300	\$ 451,080	\$ 715,216
Accrued expenses	993,348	103,098	15,843	519,865	1,632,154
Due to other governments	-	-	-	203,882	203,882
Interfund payable	-	-	-	900,265	900,265
Advances from other funds	1,450,000	-	-	250,000	1,700,000
Unearned revenue	-	-	-	200,437	200,437
Total liabilities	2,703,051	103,231	20,143	2,525,529	5,351,954
Deferred inflows of resources					
Unavailable revenue - property taxes	1,685,635	-	-	-	1,685,635
Taxes levied for a subsequent period	-	3,217,694	2,504,872	2,938,749	8,661,315
Total deferred inflows of resources	1,685,635	3,217,694	2,504,872	2,938,749	10,346,950
Fund balances					
Nonspendable	2,095,000	-	-	150,000	2,245,000
Restricted	-	1,348,659	1,019,335	3,383,425	5,751,419
Committed	-	-	-	10,509,097	10,509,097
Unassigned	15,282,531	-	-	-	15,282,531
Total fund balances	17,377,531	1,348,659	1,019,335	14,042,522	33,788,047
Total liabilities, deferred inflows of resources and fund balances	\$ 21,766,217	\$ 4,669,584	\$ 3,544,350	\$ 19,506,800	\$ 49,486,951

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

COUNTY OF BERRIEN, MICHIGAN

Reconciliation

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

Fund balances - total governmental funds	\$ 33,788,047
Amounts reported for <i>governmental activities</i> in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources, and therefore not reported in the funds.	
Capital assets not being depreciated	8,540,451
Capital assets being depreciated, net	29,378,055
Other long-term assets are not available to pay for current-period expenditures and therefore are not recorded in the funds.	
Unavailable property taxes	1,685,635
Governmental funds report expenditures equal to amounts contributed to defined benefit other postemployment benefit plans (OPEB). However, in the statement of activities, net OPEB costs are equal to the actuarially determined net OPEB costs. Differences between actuarially determined net OPEB costs and annual contributions are accumulated and reported as a net OPEB asset.	
Net OPEB cost in excess of contributions made	1,234,465
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 in the statement of net position.	
Net position of governmental activities accounted for in internal service funds	9,170,743
Certain liabilities, such as bonds payable, are not due and payable in the current period, and therefore are not reported in the funds.	
Capital lease payable	(53,656)
Compensated absences	(2,078,890)
Net position of governmental activities	<u>\$ 81,664,850</u>

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

COUNTY OF BERRIEN, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended December 31, 2014

	General (1010)	911 County Operational (2610)	Drug Enforcement Public Safety (2175/2640)	Nonmajor Governmental Funds	Total
Revenues					
Property taxes	\$ 34,840,844	\$ 3,158,393	\$ 2,461,081	\$ 2,813,146	\$ 43,273,464
Licenses and permits	269,456	-	-	290,721	560,177
Intergovernmental revenue	6,656,016	-	572,472	10,922,119	18,150,607
Charges for services	6,297,797	1,208,964	9,574	5,010,385	12,526,720
Fines and forfeitures	491,611	-	-	6,425	498,036
Interest revenue	84,056	44	-	13,772	97,872
Other revenue	2,878,911	214	32,874	3,756,264	6,668,263
Total revenues	51,518,691	4,367,615	3,076,001	22,812,832	81,775,139
Expenditures					
Current expenditures:					
Legislative	1,603,209	-	-	-	1,603,209
Judicial	8,813,119	-	1,030,394	3,209,289	13,052,802
General government	13,994,502	-	-	4,253,014	18,247,516
Public safety	16,420,494	3,399,267	-	5,838,385	25,658,146
Public works	351,865	-	-	322,820	674,685
Health and welfare	695,926	-	-	18,019,327	18,715,253
Recreation and cultural	-	-	-	2,000,883	2,000,883
Community development	490,603	-	-	1,662,480	2,153,083
Other governmental activities	854,500	-	-	-	854,500
Debt service:					
Principal	128,328	-	-	245,000	373,328
Interest and fiscal charges	273	-	-	4,902	5,175
Total expenditures	43,352,819	3,399,267	1,030,394	35,556,100	83,338,580
Revenues over (under) expenditures	8,165,872	968,348	2,045,607	(12,743,268)	(1,563,441)
Other financing sources (uses)					
Transfers in	1,374,100	-	425,082	17,511,077	19,310,259
Transfers out	(9,433,330)	-	(2,660,295)	(3,216,634)	(15,310,259)
Total other financing sources (uses)	(8,059,230)	-	(2,235,213)	14,294,443	4,000,000
Net change in fund balances	106,642	968,348	(189,606)	1,551,175	2,436,559
Fund balances, beginning of year	17,270,889	380,311	1,208,941	12,491,347	31,351,488
Fund balances, end of year	\$ 17,377,531	\$ 1,348,659	\$ 1,019,335	\$ 14,042,522	\$ 33,788,047

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

COUNTY OF BERRIEN, MICHIGAN

Reconciliation

Net Changes in Fund Balance of Governmental Funds
to Change in Net Position of Governmental Activities
For the Year Ended December 31, 2014

Net change in fund balances - total governmental funds	\$ 2,436,559
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Acquisition/construction of capital assets	4,994,267
Depreciation expense	(2,137,786)
Net book value of capital asset disposals	(55,495)
Revenues in the statement of activities that do not provide current resources are not reported as revenues in the funds.	
Change in unavailable property taxes	284,299
Governmental funds report expenditures equal to amounts contributed to defined benefit other postemployment benefit (OPEB) plans. However, in the statement of activities, net OPEB costs are equal to actuarially determined net OPEB costs.	
Excess contributions over net OPEB cost	(287,821)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond 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	373,328
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 on bonds payable	1,634
Change in accrued compensated absences	227,367
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 net revenue of the internal service fund is reported with governmental activities.	
Interest revenue from governmental internal service fund	340
Net operating loss from governmental activities accounted for internal service funds	(1,463,649)
Change in net position of governmental activities	<u>\$ 4,373,043</u>

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

COUNTY OF BERRIEN, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund

For the Year Ended December 31, 2014

	Original Budget	Amended Budget	Actual	Over (Under) Budget
Revenues				
Property taxes	\$ 34,202,524	\$ 34,202,524	\$ 34,840,844	\$ 638,320
Licenses and permits	289,550	289,551	269,456	(20,095)
Intergovernmental revenues	6,158,075	6,237,475	6,656,016	418,541
Charges for services	6,590,193	6,591,553	6,297,797	(293,756)
Fines and forfeitures	575,496	575,496	491,611	(83,885)
Interest revenue	76,725	76,725	84,056	7,331
Other revenue	3,329,090	3,327,730	2,878,911	(448,819)
Total revenues	51,221,653	51,301,054	51,518,691	217,637
Expenditures				
Legislative:				
Board of Commissioners	554,723	561,164	535,157	(26,007)
Appropriations to outside agencies	977,899	1,068,052	1,068,052	-
Total legislative	1,532,622	1,629,216	1,603,209	(26,007)
Judicial:				
Circuit court	278,620	294,244	291,093	(3,151)
District court	2,272,055	2,221,026	2,167,809	(53,217)
Probate court	284,018	286,358	261,472	(24,886)
Jury board	32,635	38,855	36,235	(2,620)
Family court intake	660,268	644,087	623,923	(20,164)
Tri-court cashiering unit	853,994	849,741	838,539	(11,202)
Trial court	2,961,481	2,909,719	2,664,532	(245,187)
District court probation	657,767	660,713	617,568	(43,145)
Adult probation	9,838	8,420	6,614	(1,806)
Juvenile probation	614,389	582,547	546,444	(36,103)
Probate court administration	663,660	678,496	659,656	(18,840)
Appropriations to outside agencies	99,234	99,234	99,234	-
Total judicial	9,387,959	9,273,440	8,813,119	(460,321)

continued...

COUNTY OF BERRIEN, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund

For the Year Ended December 31, 2014

	Original Budget	Amended Budget	Actual	Over (Under) Budget
Expenditures (continued)				
General government:				
Elections	\$ 219,770	\$ 215,762	\$ 189,623	\$ (26,139)
County Administrator	228,821	231,132	230,825	(307)
Clerk	1,018,118	978,773	932,199	(46,574)
Equalization	528,033	496,061	462,769	(33,292)
Personnel	355,269	366,014	365,080	(934)
Purchasing	65,137	66,406	65,371	(1,035)
Corporate counsel	152,177	153,123	150,241	(2,882)
Prosecutor	2,747,678	2,698,343	2,601,999	(96,344)
Register of deeds	333,888	335,061	333,297	(1,764)
Treasurer	428,017	437,394	434,495	(2,899)
Courthouse and grounds	1,352,151	1,311,394	1,219,909	(91,485)
Building authority	840	465	-	(465)
South county building	448,922	429,159	358,614	(70,545)
Other county property	185,042	195,751	134,285	(61,466)
Administration center	252,701	251,490	223,194	(28,296)
2100 complex	224,882	224,519	171,511	(53,008)
HD Buildings and grounds	296,183	292,570	265,908	(26,662)
Surveyor	100	100	-	(100)
Training facility	12,350	12,350	12,012	(338)
Drain commissioner	309,266	308,417	278,960	(29,457)
Building security	797,520	770,312	661,084	(109,228)
Financial services	558,583	577,659	573,826	(3,833)
Napier building	32,252	33,285	18,272	(15,013)
Telephone switchboard-central	149,273	150,667	126,201	(24,466)
Printing and microfilming	276,296	272,365	252,234	(20,131)
Mailing services	404,486	402,953	336,986	(65,967)
Motor pool	346,146	363,993	336,286	(27,707)
Information systems	2,149,803	2,188,292	2,157,162	(31,130)
GIS/mapping	339,788	348,478	317,150	(31,328)
Automation upgrade	129,000	154,675	85,209	(69,466)
Survey and remonumentation	80,000	91,889	87,232	(4,657)
Copy center	27,140	13,952	10,146	(3,806)
Cooperative extension service	271,555	273,306	272,324	(982)
Central supply	94,600	96,600	91,683	(4,917)
Records center	253,641	246,230	238,415	(7,815)
Total general government	15,069,428	14,988,940	13,994,502	(994,438)

continued...

COUNTY OF BERRIEN, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund

For the Year Ended December 31, 2014

	Original Budget	Amended Budget	Actual	Over (Under) Budget
Expenditures (continued)				
Public safety:				
Sheriff's office and road patrol	\$ 5,082,472	\$ 5,276,913	\$ 5,221,676	\$ (55,237)
Jail inmate rehabilitation	29,154	29,154	26,157	(2,997)
Sheriff's department radios	96,043	96,043	91,697	(4,346)
Law enforcement training facility	7,850	7,850	7,762	(88)
Jail division	9,657,624	9,459,070	9,212,234	(246,836)
Jail maintenance	938,234	952,910	841,159	(111,751)
Emergency management	417,360	478,909	456,682	(22,227)
Animal control	526,766	573,383	563,127	(10,256)
Livestock claims	100	100	-	(100)
Total public safety	<u>16,755,603</u>	<u>16,874,332</u>	<u>16,420,494</u>	<u>(453,838)</u>
Public works -				
Appropriations to outside agencies	<u>356,502</u>	<u>356,502</u>	<u>351,865</u>	<u>(4,637)</u>
Health and welfare:				
Contagious disease	64,780	104,780	70,195	(34,585)
Veterans services	105,669	116,593	116,431	(162)
Veterans burial	10,000	10,000	9,300	(700)
Appropriations to outside agencies	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>-</u>
Total health and welfare	<u>680,449</u>	<u>731,373</u>	<u>695,926</u>	<u>(35,447)</u>
Community development:				
Economic development	505,262	505,419	488,075	(17,344)
Plat board	<u>2,396</u>	<u>2,528</u>	<u>2,528</u>	<u>-</u>
Total community development	<u>507,658</u>	<u>507,947</u>	<u>490,603</u>	<u>(17,344)</u>
Other governmental activities:				
Contingencies	1,400,000	94,966	-	(94,966)
Insurance and surety bonds	<u>860,200</u>	<u>860,200</u>	<u>854,500</u>	<u>(5,700)</u>
Total other governmental activities	<u>2,260,200</u>	<u>955,166</u>	<u>854,500</u>	<u>(100,666)</u>

continued...

COUNTY OF BERRIEN, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund

For the Year Ended December 31, 2014

	Original Budget	Amended Budget	Actual	Over (Under) Budget
Expenditures (concluded)				
Debt service:				
Principal	\$ 124,575	\$ 124,575	\$ 128,328	\$ 3,753
Interest and fiscal charges	425	425	273	(152)
Total debt service	<u>125,000</u>	<u>125,000</u>	<u>128,601</u>	<u>3,601</u>
Total expenditures	<u>46,675,421</u>	<u>45,441,916</u>	<u>43,352,819</u>	<u>(2,089,097)</u>
Revenues over expenditures	<u>4,546,232</u>	<u>5,859,138</u>	<u>8,165,872</u>	<u>2,306,734</u>
Other financing sources (uses)				
Transfers in	3,648,592	3,574,192	1,374,100	(2,200,092)
Transfers out	<u>(8,194,824)</u>	<u>(9,433,330)</u>	<u>(9,433,330)</u>	<u>-</u>
Total other financing uses	<u>(4,546,232)</u>	<u>(5,859,138)</u>	<u>(8,059,230)</u>	<u>(2,200,092)</u>
Net change in fund balance	-	-	106,642	106,642
Fund balance, beginning of year	<u>17,270,889</u>	<u>17,270,889</u>	<u>17,270,889</u>	<u>-</u>
Fund balance, end of year	<u>\$ 17,270,889</u>	<u>\$ 17,270,889</u>	<u>\$ 17,377,531</u>	<u>\$ 106,642</u>

concluded.

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

COUNTY OF BERRIEN, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - 911 County Operational Fund

For the Year Ended December 31, 2014

	Original Budget	Amended Budget	Actual	Over (Under) Budget
Revenues				
Property taxes	\$ 3,151,616	\$ 3,151,616	\$ 3,158,393	\$ 6,777
Charges for services	1,192,706	1,192,706	1,208,964	16,258
Interest revenue	-	-	44	44
Other revenue	52,984	116,965	214	(116,751)
Total revenues	4,397,306	4,461,287	4,367,615	(93,672)
Expenditures				
Public safety	4,397,306	4,461,287	3,399,267	(1,062,020)
Revenues over expenditures	-	-	968,348	968,348
Other financing sources (uses)				
Transfers in	46,163	46,163	-	(46,163)
Transfers out	(46,163)	(46,163)	-	(46,163)
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	-	-	968,348	968,348
Fund balance, beginning of year	380,311	380,311	380,311	-
Fund balance, end of year	\$ 380,311	\$ 380,311	\$ 1,348,659	\$ 968,348

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

COUNTY OF BERRIEN, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Drug Enforcement Public Safety

For the Year Ended December 31, 2014

	Original Budget	Amended Budget	Actual	Over (Under) Budget
Revenues				
Property taxes	\$ 2,587,394	\$ 2,587,394	\$ 2,461,081	\$ (126,313)
Intergovernmental revenue	759,762	1,305,551	572,472	(733,079)
Charges for services	8,282	8,282	9,574	1,292
Other revenue	265,632	301,632	32,874	(268,758)
Total revenues	3,621,070	4,202,859	3,076,001	(1,126,858)
Expenditures				
Public safety	1,162,501	1,738,118	1,030,394	(707,724)
Revenues over expenditures	2,458,569	2,464,741	2,045,607	(419,134)
Other financing sources (uses)				
Transfers in	358,196	390,628	425,082	34,454
Transfers out	(2,816,765)	(2,852,765)	(2,660,295)	(192,470)
Total other financing sources (uses)	(2,458,569)	(2,462,137)	(2,235,213)	226,924
Net change in fund balance	-	2,604	(189,606)	(192,210)
Fund balance, beginning of year	1,208,941	1,208,941	1,208,941	-
Fund balance, end of year	\$ 1,208,941	\$ 1,211,545	\$ 1,019,335	\$ (192,210)

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

COUNTY OF BERRIEN, MICHIGAN

Statement of Net Position

Proprietary Funds
December 31, 2014

	Business-type Activities - Enterprise Funds					Governmental Activities
	Delinquent Tax Revolving (5160)	Benton Township Water System No. 27 (5760)	Coloma City Water System No. 30 (5762)	Nonmajor Enterprise Funds	Total	Internal Service Funds
Assets						
Current assets:						
Cash and cash equivalents	\$ 1,476,628	\$ -	\$ 447,481	\$ 1,635,838	\$ 3,559,947	\$ 7,267,621
Investments	22,180,658	-	-	172,936	22,353,594	2,385,379
Receivables:						
Accounts	198,446	-	-	630	199,076	-
Taxes receivable - delinquent	8,294,987	-	-	266,482	8,561,469	-
Interest	1,102,510	-	-	-	1,102,510	-
Leases receivable, current	-	780,000	160,000	347,901	1,287,901	-
Interfund receivable	900,265	-	-	-	900,265	-
Prepaid items	-	-	-	-	-	-
Inventories	-	-	-	33,823	33,823	-
Total current assets	34,153,494	780,000	607,481	2,457,610	37,998,585	9,653,000
Noncurrent assets:						
Restricted cash	-	-	-	-	-	1,512,831
Advance to other funds	1,450,000	-	-	-	1,450,000	-
Leases receivable, net of current portion	-	18,007,814	3,262,702	4,665,876	25,936,392	-
Capital assets being depreciated, net	-	-	-	77,593	77,593	-
Total noncurrent assets	1,450,000	18,007,814	3,262,702	4,743,469	27,463,985	1,512,831
Total assets	35,603,494	18,787,814	3,870,183	7,201,079	65,462,570	11,165,831
Liabilities						
Current liabilities:						
Accounts payable	54	-	26,227	123,825	150,106	134
Accrued expenses	-	125,837	22,802	44,520	193,159	1,994,954
Due to other governments	1,014,991	-	-	287,432	1,302,423	-
Interfund payable	-	-	-	-	-	-
Current portion of long-term debt	-	780,000	160,000	355,000	1,295,000	-
Total current liabilities	1,015,045	905,837	209,029	810,777	2,940,688	1,995,088
Noncurrent liabilities -						
Due in more than one year	-	17,881,977	3,661,154	4,636,815	26,179,946	-
Total liabilities	1,015,045	18,787,814	3,870,183	5,447,592	29,120,634	1,995,088
Net position						
Investment in capital assets	-	-	-	77,593	77,593	-
Restricted for self-insurance claims	-	-	-	-	-	1,512,831
Unrestricted	34,588,449	-	-	1,675,894	36,264,343	7,657,912
Total net position	\$ 34,588,449	\$ -	\$ -	\$ 1,753,487	\$ 36,341,936	\$ 9,170,743

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

COUNTY OF BERRIEN, MICHIGAN

Statement of Revenues, Expenses and Changes in Fund Net Position Proprietary Funds For the Year Ended December 31, 2014

	Business-type Activities - Enterprise Funds					Governmental Activities
	Delinquent Tax Revolving (5160)	Benton Township Water System No. 27 (5760)	Coloma City Water System No. 30 (5762)	Nonmajor Enterprise Funds	Total	Internal Service Funds
Operating revenues						
Charges for services	\$ 1,827,830	\$ 754,484	\$ 139,057	\$ 1,121,385	\$ 3,842,756	\$ 11,999,739
Interest on taxes	122,816	-	-	-	122,816	-
Total operating revenues	1,950,646	754,484	139,057	1,121,385	3,965,572	11,999,739
Operating expenses						
Operation and maintenance	119,499	4,884	961	724,702	850,046	12,837
Benefits and claims	-	-	-	-	-	13,450,551
Depreciation	-	-	-	52,183	52,183	-
Total operating expenses	119,499	4,884	961	776,885	902,229	13,463,388
Operating income (loss)	1,831,147	749,600	138,096	344,500	3,063,343	(1,463,649)
Nonoperating revenues (expenses)						
Interest income	-	-	-	596	596	340
Interest and fiscal charges	(19,403)	(749,600)	(138,096)	(217,162)	(1,124,261)	-
Total nonoperating revenues (expenses)	(19,403)	(749,600)	(138,096)	(216,566)	(1,123,665)	340
Income (loss) before transfers	1,811,744	-	-	127,934	1,939,678	(1,463,309)
Transfers in	93,235	-	-	-	93,235	-
Transfers out	(4,000,000)	-	-	(93,235)	(4,093,235)	-
Change in net position	(2,095,021)	-	-	34,699	(2,060,322)	(1,463,309)
Net position, beginning of year	36,683,470	-	-	1,718,788	38,402,258	10,634,052
Net position, end of year	\$ 34,588,449	\$ -	\$ -	\$ 1,753,487	\$ 36,341,936	\$ 9,170,743

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

COUNTY OF BERRIEN, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended December 31, 2014

	Business-type Activities - Enterprise Funds					Governmental Activities
	Delinquent Tax Revolving (5160)	Benton Township Water System No. 27 (5760)	Coloma City Water System No. 30 (5762)	Nonmajor Enterprise Funds	Total	Internal Service Funds
Cash flows from operating activities						
Cash received from customers	\$ 12,838,232	\$ 754,484	\$ 139,057	\$ 1,121,385	\$ 14,853,158	\$ -
Cash received from interfund services provided	-	-	-	-	-	11,999,739
Cash payments to suppliers for goods and services	(119,499)	(5,049)	(144,370)	(624,651)	(893,569)	(14,732,687)
Cash payments for delinquent tax rolls	(10,257,188)	-	-	-	(10,257,188)	-
Cash payments to employees for services	-	-	-	(88,950)	(88,950)	-
Net cash provided by (used in) operating activities	2,461,545	749,435	(5,313)	407,784	3,613,451	(2,732,948)
Cash flows from noncapital financing activities						
Proceeds from issuance of long-term debt	11,700,000	-	-	-	11,700,000	-
Principal payments	(19,222,345)	(780,000)	(155,000)	(330,000)	(20,487,345)	-
Interest payments	(19,403)	(744,716)	(138,096)	(216,685)	(1,118,900)	-
Transfers in	93,235	-	-	-	93,235	-
Transfers out	(4,000,000)	-	-	(93,235)	(4,093,235)	-
Net cash used in noncapital financing activities	(11,448,513)	(1,524,716)	(293,096)	(639,920)	(13,906,245)	-
Cash flows from investing activities						
Purchase of investments	-	-	-	-	-	(114)
Proceeds from sale of investments	1,884,078	-	-	11,000	1,895,078	8,864,826
Interest received	-	-	-	596	596	340
Amounts collected on leases receivable	-	775,281	-	344,070	1,119,351	-
Purchase of leased assets	-	-	(277,940)	-	(277,940)	-
Net cash provided by (used in) investing activities	1,884,078	775,281	(277,940)	355,666	2,737,085	8,865,052
Net change in cash and cash equivalents	(7,102,890)	-	(576,349)	123,530	(7,555,709)	6,132,104
Cash and cash equivalents, beginning of year	8,579,518	-	1,023,830	1,512,308	11,115,656	2,648,348
Cash and cash equivalents, end of year	\$ 1,476,628	\$ -	\$ 447,481	\$ 1,635,838	\$ 3,559,947	\$ 8,780,452
Statement of net position classification of cash and investments						
Cash and cash equivalents	\$ 1,476,628	\$ -	\$ 447,481	\$ 1,635,838	\$ 3,559,947	\$ 7,267,621
Restricted cash	-	-	-	-	-	1,512,831
	\$ 1,476,628	\$ -	\$ 447,481	\$ 1,635,838	\$ 3,559,947	\$ 8,780,452

continued...

COUNTY OF BERRIEN, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended December 31, 2014

	Business-type Activities - Enterprise Funds					Governmental Activities
	Delinquent Tax Revolving (5160)	Benton Township Water System No. 27 (5760)	Coloma City Water System No. 30 (5762)	Nonmajor Enterprise Funds	Total	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	\$ 1,831,147	\$ 749,600	\$ 138,096	\$ 344,500	\$ 3,063,343	\$ (1,463,649)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	-	-	-	52,183	52,183	-
Changes in assets and liabilities:						
Accounts receivable	206,533	-	-	(630)	205,903	-
Taxes receivable	951,452	-	-	23,526	974,978	-
Interest receivable	(39,322)	-	-	-	(39,322)	-
Due from other governments	(900,265)	-	-	30,888	(869,377)	-
Prepaid items	-	-	-	-	-	793,593
Inventories	-	-	-	803	803	-
Accounts payable	54	-	(142,892)	20,391	(122,447)	(2,433)
Accrued expenses	(1,575)	(165)	(517)	(13,569)	(15,826)	108,435
Due to other governments	413,521	-	-	(50,308)	363,213	(1,872,585)
Interfund payable	-	-	-	-	-	(296,309)
Net cash provided by (used in) operating activities	\$ 2,461,545	\$ 749,435	\$ (5,313)	\$ 407,784	\$ 3,613,451	\$ (2,732,948)

concluded.

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

COUNTY OF BERRIEN, MICHIGAN

Statement of Fiduciary Net Position

Fiduciary Funds

December 31, 2014

	Pension/Other Postemployment Benefit Trust Funds			Agency Funds
	Pension	Retiree Healthcare	Total	
Assets				
Cash and cash equivalents	\$ 6,806,052	\$ 1,410,839	\$ 8,216,891	\$ 2,280,264
Investments:				
Money markets	1,912,652	354,766	2,267,418	810,062
U.S. government obligations	3,928,828	728,735	4,657,563	-
U.S. government agencies	3,293,474	610,887	3,904,361	-
Municipal obligations	1,168,481	216,735	1,385,216	-
Corporate bonds	8,259,069	1,531,925	9,790,994	-
International bonds	553,144	102,599	655,743	-
Collateralized mortgage obligations	424,252	78,692	502,944	-
Corporate stocks	47,606,571	8,830,258	56,436,829	-
International stocks	3,885,135	720,630	4,605,765	-
American depository receipts	750,935	139,286	890,221	-
Bond mutual funds	13,924,168	2,582,710	16,506,878	-
Equity mutual funds	57,368,509	10,662,542	68,031,051	-
Accrued interest receivable	189,491	-	189,491	-
Other assets	794,725	-	794,725	39,122
Total assets	150,865,486	27,970,604	178,836,090	\$ 3,129,448
Liabilities				
Obligation for impaired investment of securities lending collateral	67,563	-	67,563	\$ -
Undistributed receipts	-	-	-	3,129,448
Total liabilities	67,563	-	67,563	\$ 3,129,448
Net position				
Restricted for pension and other postemployment benefits	\$ 150,797,923	\$ 27,970,604	\$ 178,768,527	

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

COUNTY OF BERRIEN, MICHIGAN

Statement of Changes in Plan Net Position

Pension/Other Postemployment Benefits Trust Funds
For the Year Ended December 31, 2014

	Pension	Retiree Healthcare	Total
Additions			
Investment income:			
Net change in fair value of investments	\$ 7,918,100	\$ 749,571	\$ 8,667,671
Interest and dividends	3,225,062	325,923	3,550,985
Less investment expenses	(512,852)	(48,549)	(561,401)
Net investment income	10,630,310	1,026,945	11,657,255
Contributions:			
Employer	7,172,057	1,744,308	8,916,365
Employees	2,742,953	-	2,742,953
Total contributions	9,915,010	1,744,308	11,659,318
Total additions	20,545,320	2,771,253	23,316,573
Deductions			
Pension benefit payments	11,847,748	-	11,847,748
Contribution refunds	510,218	-	510,218
Medical insurance premiums	-	1,714,369	1,714,369
Administration	20,738	2,732	23,470
Total deductions	12,378,704	1,717,101	14,095,805
Change in net position	8,166,616	1,054,152	9,220,768
Net position, beginning of year	142,631,307	26,916,452	169,547,759
Net position, end of year	\$ 150,797,923	\$ 27,970,604	\$ 178,768,527

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

COUNTY OF BERRIEN, MICHIGAN

Combining Statement of Net Position

Component Units
December 31, 2014

	Road Commission	Drain Commission	Brownfield Redevelopment Authority
Assets			
Cash and cash equivalents	\$ 4,923,418	\$ 5,668,837	\$ 1,650,508
Investments	-	107,853	-
Restricted cash	183,474	-	-
Receivables, net	2,754,385	19,462,178	1,503,113
Prepaid items and other assets	1,255,320	-	-
Capital assets not being depreciated	14,806,261	5,324,322	-
Capital assets being depreciated, net	60,174,540	14,383,050	-
Total assets	84,097,398	44,946,240	3,153,621
Liabilities			
Accounts payable and accrued expenses	1,270,948	1,159,691	1,167,277
Unearned revenue	750,000	-	-
Long-term liabilities:			
Due within one year	247,000	2,252,000	163,375
Due in more than one year	488,433	17,086,108	1,327,499
Net other postemployment benefit obligation	360,963	-	-
Total liabilities	3,117,344	20,497,799	2,658,151
Net position			
Net investment in capital assets	74,317,368	3,721,943	-
Restricted for other purposes	183,474	2,190,131	495,470
Unrestricted	6,479,212	18,536,367	-
Total net position	\$ 80,980,054	\$ 24,448,441	\$ 495,470

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



Economic Development Corporation	Land Bank Authority	Mental Health Authority	Total
\$ 33,163	\$ 112,259	\$ 13,634,751	\$ 26,022,936
1,224,932	-	-	1,332,785
-	-	-	183,474
1,462,964	-	1,273,218	26,455,858
-	-	277,142	1,532,462
-	-	128,000	20,258,583
-	-	1,281,529	75,839,119
<u>2,721,059</u>	<u>112,259</u>	<u>16,594,640</u>	<u>151,625,217</u>
1,150,945	46,220	7,832,395	12,627,476
-	-	-	750,000
-	-	114,850	2,777,225
-	-	687,994	19,590,034
-	-	-	360,963
<u>1,150,945</u>	<u>46,220</u>	<u>8,635,239</u>	<u>36,105,698</u>
-	-	1,136,471	79,175,782
-	-	-	2,869,075
<u>1,570,114</u>	<u>66,039</u>	<u>6,822,930</u>	<u>33,474,662</u>
<u>\$ 1,570,114</u>	<u>\$ 66,039</u>	<u>\$ 7,959,401</u>	<u>\$ 115,519,519</u>

COUNTY OF BERRIEN, MICHIGAN

Combining Statement of Activities

Component Units

For the Year Ended December 31, 2014

	Road Commission	Drain Commission	Brownfield Redevelopment Authority
Expenses			
Road commission	\$ 16,996,920	\$ -	\$ -
Drain commission	-	2,415,481	-
Brownfield redevelopment	-	-	844,788
Economic development corporation	-	-	-
Land bank	-	-	-
Community mental health	-	-	-
Total expenses	<u>16,996,920</u>	<u>2,415,481</u>	<u>844,788</u>
Program revenues			
Charges for services	-	10,153	374
Operating grants and contributions	<u>17,067,477</u>	<u>898,529</u>	<u>16,000</u>
Total program revenues	<u>17,067,477</u>	<u>908,682</u>	<u>16,374</u>
Net (expenses) revenues	70,557	(1,506,799)	(828,414)
General revenues			
Property taxes	<u>-</u>	<u>-</u>	<u>606,322</u>
Change in net position	70,557	(1,506,799)	(222,092)
Net position, beginning of year	<u>80,909,497</u>	<u>25,955,240</u>	<u>717,562</u>
Net position, end of year	<u>\$ 80,980,054</u>	<u>\$ 24,448,441</u>	<u>\$ 495,470</u>

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



Economic Development Corporation	Land Bank Authority	Mental Health Authority	Total
\$ -	\$ -	\$ -	\$ 16,996,920
-	-	-	2,415,481
-	-	-	844,788
26,668	-	-	26,668
-	28,520	-	28,520
-	-	40,669,924	40,669,924
26,668	28,520	40,669,924	60,982,301
12,282	5,829	34,371,294	34,399,932
-	13,497	6,266,989	24,262,492
12,282	19,326	40,638,283	58,662,424
(14,386)	(9,194)	(31,641)	(2,319,877)
-	-	-	606,322
(14,386)	(9,194)	(31,641)	(1,713,555)
1,584,500	75,233	7,991,042	117,233,074
\$ 1,570,114	\$ 66,039	\$ 7,959,401	\$ 115,519,519

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NOTES TO FINANCIAL STATEMENTS

COUNTY OF BERRIEN, MICHIGAN

Notes To Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County of Berrien, Michigan (the "County") was incorporated in 1829 and covers an area of approximately 585 square miles in southwest lower Michigan. The County operates under a 13 member elected Board of Commissioners and an appointed County Administrator.

The financial statements of the County have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government 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 government is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the government's operations and 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.

Blended Component Unit

Berrien County Building Authority (the "Building Authority") - The Berrien County Building Authority is governed by a five-member Board appointed by the Berrien County Board of Commissioners. Although legally separate from the County, the 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. The financial statements of the Building Authority funds have been consolidated with the County's related debt service funds and capital projects funds.

Discretely Presented Component Units

Berrien County Road Commission (the "Road Commission") - The Berrien County Road Commission, established pursuant to State statutes, is governed by a five member board appointed by the County. Its receipts are deposited with the County Treasurer, who invests certain of those deposits. The Road Commission may not issue debt or levy a tax without the approval of the County Board of Commissioners. If approval is granted, such taxes would be levied under the taxing authority of the County and included as part of the County's total tax levy as well as reported in the Road Commission. The Road Commission has a September 30 year end.

Berrien County Drain Commission (the "Drain Commission") - The Berrien County Drain Commission oversees all drainage districts established pursuant to the Michigan Drain Code of 1956, which are separate legal entities with the power to contract, to sue and be sued, and to hold, manage and dispose of real and personal property. The Drain Commission has sole responsibility to administer Chapter 3 and 4 drainage districts. A drainage board or Drain Commissioner, on behalf of the drainage district, may issue debt and levy special assessments without the prior approval of the County. The full faith and credit of the County may be given for the debt of the drainage district. The Drain Commissioner is required by law to make an annual report to the Board of County Commissioners in October. The Drain Commission is financially accountable to the County, as defined by GASB Statement No 61, and is disclosed as a component unit, accordingly. The Drain Commission has a December 31 year end.

COUNTY OF BERRIEN, MICHIGAN

Notes To Financial Statements

Berrien County Brownfield Redevelopment Authority (the "Authority") - The Berrien County Brownfield Redevelopment Authority was created pursuant to the provisions of Public Act 381 of 1996, in order to revitalize environmentally distressed Brownfield redevelopment areas. Its five-member Board is appointed by the Berrien County Board of Commissioners. The Authority's budget must be approved by the Berrien County Board of Commissioners. The Authority has a December 31 year end.

Berrien County Economic Development Corporation (the "EDC") - The Berrien County Economic Development Corporation, organized pursuant to State statutes, was created to provide means and methods for the encouragement and assistance of industrial and commercial enterprises in relocating, purchasing, constructing, improving or expanding within the County so as to provide needed services and facilities to the residents of the County. The governing body of the EDC is appointed by the County, and the EDC is financially accountable to the County, as defined by GASB Statement No. 61, and is disclosed as a component unit, accordingly. The EDC has a December 31 year end.

Berrien County Land Bank Authority - The Berrien County Land Bank Authority was created pursuant to the Michigan Land Bank Fast Track Act (Public Act 258). The governing body of the Land Bank Authority is appointed by the County, and is financially accountable to the County, as defined by GASB Statement No. 61, and is disclosed as a component unit, accordingly. The Land Bank Authority has a December 31 year end.

Berrien Mental Health Authority - The Berrien Mental Health Authority, established pursuant to State statutes, is governed by a 12-member board appointed by the Berrien County Board of Commissioners. The Mental Health Authority is financially accountable to the County, as defined by GASB Statement No. 61, and is disclosed as a component unit, accordingly. The Mental Health Authority has a September 30 year end.

Complete financial statements for the Road Commission, Brownfield Redevelopment Authority, Land Bank Authority, and Mental Health Authority may be obtained at the respective entities' administrative offices. The Drain Commission and Economic Development Corporation do not issue separate financial statements.

Berrien County Road Commission
2860 E. Napier Avenue
Benton Harbor, Michigan 49023

Berrien County Brownfield
Redevelopment Authority
701 Main Street
St. Joseph, Michigan 49085

Berrien County Land Bank Authority
701 Main Street
St. Joseph, Michigan 49085

Berrien Mental Health Authority
1485 S. M-139
Benton Harbor, Michigan 49022

Government-wide and Fund Financial Statements

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

COUNTY OF BERRIEN, MICHIGAN

Notes To Financial Statements

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

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. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Agency funds, a type of fiduciary fund, are unlike all other types of funds, as agency funds report only assets and liabilities. Therefore, agency funds cannot be said to have a measurement focus. They do, however, use the accrual basis of accounting to recognize receivables and payables.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, or within one year for reimbursement-based grants. Expenditures generally are recorded when 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, state revenue, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and such have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

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 *911 county operational fund* accounts for the operations of the County's emergency 911 system funded through a special millage.

The *drug enforcement public safety fund* accounts for the operations of the County's drug enforcement system funded through a special millage and grants.

COUNTY OF BERRIEN, MICHIGAN

Notes To Financial Statements

The County reports the following major proprietary funds:

The *delinquent tax revolving fund* accounts for the County's annual purchase of delinquent real property taxes from each of the local taxing units within the County and the ultimate collection from the property owners of the delinquent taxes with penalty and interest. The fund also accounts for the County's issuance of debt (to provide cash flow for the purchase of the taxes) and for the resulting debt service payments.

The *Benton Township Water System No. 27 fund* accounts for monies received under capital leases with a local governmental unit for the construction of, and subsequent debt retirement for, a water distribution system.

The *Coloma City Water System No. 30* accounts for monies received under capital leases with a local governmental unit for the construction of, and subsequent debt retirement for, a water distribution system.

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.

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

Enterprise funds are used to account for 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 operations that provide services to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis, such as the County's self-insurance programs.

The *pension and other postemployment benefit (OPEB) trust funds* are accounted for in essentially the same manner as proprietary funds, using the same measurement focus and basis of accounting. The pension and OPEB trust funds account for the assets of the County's defined benefit pension and OPEB plans.

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

COUNTY OF BERRIEN, MICHIGAN

Notes To Financial Statements

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

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

Assets, Liabilities, Deferred Inflows of Resources and Equity

Deposits and Investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are stated at fair value, which is determined as follows: a) short-term investments are reported at cost, which approximates fair value; b) securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates; c) investments that do not have established market values are reported at estimated fair value; and d) cash deposits are reported at carrying amount, which reasonably approximates fair value.

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

Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent 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."

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 and property tax receivables are shown net of an allowance for uncollectibles, as applicable.

Inventories, Prepaid Items and Other Assets

All inventories are valued at cost using the first-in/first-out (FIFO) method.

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

COUNTY OF BERRIEN, MICHIGAN

Notes To Financial Statements

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if any, is included as part of the capitalized value of the assets constructed. No such interest expense was incurred during the current fiscal year.

Capital assets of the primary government and component units are depreciated over the useful life of the assets as follows:

	Depreciation Method	Useful Lives - Years
Primary government:		
Buildings	Straight-line	30
Public domain infrastructure	Straight-line	35
System infrastructure	Straight-line	35
Vehicles	Straight-line	3-20
Equipment	Straight-line	5-10
Road Commission:		
Buildings	Straight-line	40
Salt storage bins	Units of production	Various
Road equipment	Sum of years-digits	5-8
Other equipment	Straight-line	10-20
Roads	Straight-line	5-30
Other infrastructure	Straight-line	12-50
Drain Commission:		
Buildings	Straight-line	30
Public domain infrastructure	Straight-line	35
System infrastructure	Straight-line	35
Vehicles	Straight-line	3-20
Equipment	Straight-line	5-10
Community Mental Health Authority:		
Buildings and improvements	Straight-line	15-25
Vehicles	Straight-line	4
Equipment	Straight-line	5

COUNTY OF BERRIEN, MICHIGAN

Notes To Financial Statements

Compensated Absences

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

Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts 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.

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 in the current period.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position and governmental funds balance sheet will sometime 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 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.

Fund Balances

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 may report 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 delegated the authority to assign fund balance to the Finance Committee or its designee. The County has no assigned fund balance. Unassigned fund balance is the residual classification for the general fund.

COUNTY OF BERRIEN, MICHIGAN

Notes To Financial Statements

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

2. BUDGETARY INFORMATION

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general and certain special revenue funds. All annual appropriations lapse at year end. The legal level of budgetary control is at the department level. Management may make transfers of appropriations within funds. Transfers of appropriations between funds require the approval of the Board. The Board made several supplemental budgetary appropriations throughout the year which were not considered material.

The annual budgeting process begins in July of each year. Department heads submit budget requests/recommendations to the responsible parent committee (i.e., Finance, Personnel, Administration) for approval. Once approved, the department heads are required to hold a budget hearing with the Finance Committee by the second Tuesday in September. The County Administrator tabulates a budget overview, including recommendations, for the Finance Committee to adjust and approve a final budget. Following truth in taxation hearings, the final budget is submitted to the Board of Commissioners for adoption. The Board has until December 31 to adopt the budget, although it normally targets October for the general fund and mid-November for the special revenue funds.

3. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

State statutes provide that a local unit shall not incur expenditures in excess of the amounts appropriated. The approved budgets of the County were adopted on a department level basis for the general fund and the activity level for the special revenue funds.

Excess of expenditures or transfers out over appropriations in individual funds are as follows:

	Final Budget	Actual	Excess
General fund -			
Debt service -			
Principal	\$ 124,575	\$ 128,328	\$ 3,753

COUNTY OF BERRIEN, MICHIGAN

Notes To Financial Statements

4. DEPOSITS AND INVESTMENTS

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

	Primary Government	Component Units	Totals
Statement of Net Position			
Cash and cash equivalents	\$ 26,515,174	\$ 26,022,936	\$ 52,538,110
Investments	42,630,563	1,332,785	43,963,348
Restricted cash	1,512,831	183,474	1,696,305
Statement of Fiduciary Net Position			
Cash and cash equivalents	10,497,155	-	10,497,155
Investments	170,445,045	-	170,445,045
Total	\$ 251,600,768	\$ 27,539,195	\$ 279,139,963
Deposits and investments			
Bank deposits:			
Checking/savings accounts			\$ 45,204,871
Certificates of deposit - due within one year			1,366,522
Certificates of deposit - due in one to five years			5,062,978
Investments in securities and mutual funds:			
Treasurer's investment pool			56,345,133
Pension and OPEB investments			169,634,983
Cash on deposit with agent			1,512,831
Cash on hand			12,645
Total			\$ 279,139,963

Restricted cash of the primary government consists of the County's deposits with MMRMA.

Bank Deposits and Treasurer's Investment Pool

Custodial Credit Risk - Deposits. Deposits are exposed to custodial credit risk if they are not covered by depository insurance. At year-end, the carrying amount of the County's deposits was \$51,634,371. The combined bank balance of these deposits was \$54,633,290 of which \$52,761,655 was uninsured and uncollateralized.

In accordance with the County's investment policy and State law, all deposits are uncollateralized, held in the County's name, and evidenced by a safekeeping receipt. Also, 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 and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

COUNTY OF BERRIEN, MICHIGAN

Notes To Financial Statements

Custodial Credit Risk - Investments. Following is a summary of the County's investments as of December 31, 2014:

U.S. treasury notes	\$ 2,313,743
U.S. government agencies	13,662,164
Repurchase agreements (collateralized by U.S. government securities)	11,647,770
Money market and cash management funds	<u>28,721,456</u>
Total	<u>\$ 56,345,133</u>

Investments are exposed to custodial credit risk if the securities are uninsured, unregistered or held by a counterparty or its agent but not in the government's name. In accordance with the County's investment policy, all investments are held in the name of the County and are evidenced by a safekeeping receipt confirmation, and thus not exposed to custodial credit risk.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The County's investment policy and State law require that commercial paper be rated in the top two ratings by at least two nationally recognized statistical rating organizations.

As of December 31, 2014, all of the County's investments in securities of U.S. agencies were rated AA+ by Standard & Poor's. United States treasury securities are explicitly guaranteed by the U.S. government and not considered to have credit risk. The County's money market funds were not rated.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The County's investment policy requires diversification by security type and institution, but does not place a fixed percentage limit for any one issuer.

At December 31, 2014, the County had greater than 5% of its total investment portfolio concentrated as follows:

Investment Type	Issuer	% of Portfolio
Federal Farm Credit Bank	Various	8.60%
Federal Home Loan Bank	Various	8.79%

Interest Rate Risk. Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of investments. The County's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

COUNTY OF BERRIEN, MICHIGAN

Notes To Financial Statements

As of December 31, 2014, all of the County's debt securities had the following maturities:

	< 1 year	1 - 5 years	6 - 10 years	Total
U.S. treasury notes	\$ -	\$ 2,313,743	\$ -	\$ 2,313,743
U.S. government agencies	1,075,061	12,587,103	-	13,662,164
Repurchase agreements	11,647,770	-	-	11,647,770
	<u>\$ 12,722,831</u>	<u>\$ 14,900,846</u>	<u>\$ -</u>	<u>\$ 27,623,677</u>

Pension and Other Postemployment Benefit Trust Fund Investments

The Trusts' investments are primarily held in a bank administered trust fund. Following is a summary of the Trusts' investments as of December 31, 2014:

	Total	On Securities Loan
Investments at fair value, as determined by quoted market price:		
U.S. government obligations	\$ 4,657,563	\$ -
U.S. government agencies	3,904,361	-
Municipal obligations	1,385,216	-
Corporate bonds	9,790,994	91,331
International bonds	655,743	-
Collateralized mortgage obligations	502,944	-
Corporate stocks	56,436,829	869,716
International stocks	4,605,765	-
American depository receipts	890,221	-
Bond mutual funds	16,506,878	-
Equity mutual funds	68,031,051	-
Money markets	2,267,418	-
Total investments	<u>\$ 169,634,983</u>	<u>\$ 961,047</u>

The Michigan Public Employees Retirement Systems' Investment Act, Public Act 314 of 1965, as amended, authorizes the System to invest in domestic and foreign stocks, government securities, corporate securities, mortgages, real estate and various other investment instruments, subject to certain limitations.

COUNTY OF BERRIEN, MICHIGAN

Notes To Financial Statements

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Trusts' investment policy emphasizes appropriate risk/return parameters and compliance with Public Act 314, and gives discretionary authority to its investment managers as opposed to establishing specific credit rating benchmarks. As of December 31, 2014, the Trusts' investments in debt securities were rated by Standard & Poor's as follows:

Rating	U.S. Agencies	Municipal Obligations	Corporate Bonds	International Bonds	Collateralized Mortgage Obligations
AAA	\$ -	\$ 841,516	\$ 982,738	\$ -	\$ -
AA	1,549,370	543,700	1,220,072	-	-
A	-	-	4,237,022	-	-
BBB	-	-	2,878,998	420,934	-
CCC	-	-	33,886	-	-
not rated	2,354,991	-	438,278	234,809	502,944
	<u>\$ 3,904,361</u>	<u>\$ 1,385,216</u>	<u>\$ 9,790,994</u>	<u>\$ 655,743</u>	<u>\$ 502,944</u>

United States treasury securities are explicitly guaranteed by the U.S. government and not considered to have credit risk. The Trusts' investments in bond mutual and money market funds are not rated.

Custodial Credit Risk. For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the Trust will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Trusts' investment policy requires that securities be held in trust by a third-party institution in the Trusts' name or its nominee custodian's name or in bearer form. Although uninsured and unregistered, the Trusts' investments are not exposed to custodial credit risk since the securities are held by the counterparty's trust department or agent in the Trusts' name. Short-term investments in money market funds and open-end mutual funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book form.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the Trusts' investment in a single issuer. At December 31, 2014, the Trusts' investment portfolio was concentrated as follows:

Investment Type	Issuer	% of Portfolio
Commingled funds	S&P Composite 1500 Index Fund	30.55%
Mutual funds	Loomis New Hampshire	9.74%
Mutual funds	GMO	9.14%

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Trusts' investment policy does not discuss the maximum maturity for any single fixed income security or the weighted average portfolio maturity.

COUNTY OF BERRIEN, MICHIGAN

Notes To Financial Statements

As of December 31, 2014, maturities of the Trusts' debt securities were as follows:

	Fair Value	Weighted Average Maturity
U.S. government obligations	\$ 4,657,563	5.04
U.S. government agencies	3,904,361	7.50
Municipal obligations	1,385,216	3.83
Corporate bonds	9,790,994	6.97
International bonds	655,743	3.91
Collateralized mortgage obligations	502,944	13.88
	<u>\$ 20,896,821</u>	<u>6.86</u>

Securities Lending. A contract approved by the Trusts' Board permits the Trusts to lend its securities to broker-dealers and banks (borrowers) for collateral that will be returned for the same securities in the future. The Trusts' custodial bank manages the securities lending program and receives cash as collateral. The collateral securities cannot be pledged or sold by the Trusts unless the borrower defaults. Collateral cash is initially pledged 100 percent of the fair value of the securities lent, and may not fall below 100 percent during the term of the loan. The Trusts did not impose any restrictions during the year on the amount of securities that could be loaned. There were no failures by any borrowers to return loaned securities or to pay distributions thereon during the year. At year-end, the Trusts have no credit risk exposure to borrowers because the amounts the borrowers owe the Trusts exceed the amounts the Trusts owe the borrowers. The contract with the Trusts' custodian requires it to indemnify the Trust if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities lent) or fail to pay the Trusts for income distributions by the securities' issuers while the securities are on loan.

Also at year-end, through a cash collateral investing program provided by the custodial bank, the Trust has an obligation to repay \$67,563 of cash collateral that was invested in the Sigma Finance Medium Term Note, which is impaired. Any current or future recoveries from Sigma Finance are not expected.

5. RECEIVABLES

	Governmental Activities	Business-type Activities
Accounts	\$ 38,232	\$ 199,076
Taxes (current)	10,044,299	-
Taxes (delinquent)	-	8,561,469
Interest	-	1,102,510
Due from other governments	3,437,970	-
Leases, current portion	-	1,287,901
Leases, long-term portion	-	25,936,392
Advances to component units (not due within one year)	1,845,000	-
Notes (not due within one year)	292,254	-
	<u>\$ 15,657,755</u>	<u>\$ 37,087,348</u>

COUNTY OF BERRIEN, MICHIGAN

Notes To Financial Statements

6. CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2014 was as follows:

Primary government

	Beginning Balance	Reclassification	Additions	Disposals	Ending Balance
Governmental activities					
Capital assets not being depreciated:					
Land	\$ 6,022,232	\$ -	\$ -	\$ -	\$ 6,022,232
Construction in progress	931,082	(908,149)	2,495,286	-	2,518,219
	<u>6,953,314</u>	<u>(908,149)</u>	<u>2,495,286</u>	<u>-</u>	<u>8,540,451</u>
Capital assets being depreciated:					
Land improvements	1,677,971	908,149	399,747	-	2,985,867
Buildings	39,288,784	-	1,021,097	-	40,309,881
Equipment	13,141,636	-	1,078,137	(988,509)	13,231,264
	<u>54,108,391</u>	<u>908,149</u>	<u>2,498,981</u>	<u>(988,509)</u>	<u>56,527,012</u>
Less accumulated depreciation for:					
Land improvements	(1,380,009)	-	(99,064)	-	(1,479,073)
Buildings	(16,636,362)	-	(747,308)	-	(17,383,670)
Equipment	(7,927,814)	-	(1,291,414)	933,014	(8,286,214)
	<u>(25,944,185)</u>	<u>-</u>	<u>(2,137,786)</u>	<u>933,014</u>	<u>(27,148,957)</u>
Total capital assets being depreciated, net	<u>28,164,206</u>	<u>908,149</u>	<u>361,195</u>	<u>(55,495)</u>	<u>29,378,055</u>
Governmental activities capital assets, net	<u>\$ 35,117,520</u>	<u>\$ -</u>	<u>\$ 2,856,481</u>	<u>\$ (55,495)</u>	<u>\$ 37,918,506</u>

	Beginning Balance	Additions	Disposals	Ending Balance
Business-type activities				
Capital assets being depreciated -				
Equipment	\$ 809,512	\$ -	\$ -	\$ 809,512
Less accumulated depreciation for -				
Equipment	(679,736)	(52,183)	-	(731,919)
Business-type activities capital assets, net	<u>\$ 129,776</u>	<u>\$ (52,183)</u>	<u>\$ -</u>	<u>\$ 77,593</u>

COUNTY OF BERRIEN, MICHIGAN

Notes To Financial Statements

Discretely presented component units

Capital asset activity for the Road Commission component unit for the year ended September 30, 2014, was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Component Unit - Road Commission				
Capital assets not being depreciated -				
Land	\$ 14,806,261	\$ -	\$ -	\$ 14,806,261
Capital assets being depreciated:				
Land improvements	28,540	-	-	28,540
Buildings	2,635,490	12,985	-	2,648,475
Road equipment	10,764,984	204,847	(264,095)	10,705,736
Other equipment	996,498	12,451	(34,903)	974,046
Infrastructure	154,773,192	4,825,573	(42,398,534)	117,200,231
	<u>169,198,704</u>	<u>5,055,856</u>	<u>(42,697,532)</u>	<u>131,557,028</u>
Less accumulated depreciation for:				
Land improvements	(9,513)	(2,854)	-	(12,367)
Buildings	(1,949,143)	(60,994)	-	(2,010,137)
Road equipment	(10,346,089)	(212,174)	241,674	(10,316,589)
Other equipment	(811,340)	(43,146)	34,903	(819,583)
Infrastructure	(94,983,362)	(5,638,984)	42,398,534	(58,223,812)
	<u>(108,099,447)</u>	<u>(5,958,152)</u>	<u>42,675,111</u>	<u>(71,382,488)</u>
Total capital assets				
being depreciated, net	<u>61,099,257</u>	<u>(902,296)</u>	<u>(22,421)</u>	<u>60,174,540</u>
Road Commission				
capital assets, net	<u>\$ 75,905,518</u>	<u>\$ (902,296)</u>	<u>\$ (22,421)</u>	<u>\$ 74,980,801</u>

COUNTY OF BERRIEN, MICHIGAN

Notes To Financial Statements

Capital asset activity for the Drain Commission component unit for the year ended December 31, 2014, was as follows:

	Beginning Balance	Reclassification	Additions	Disposals	Ending Balance
Component Unit - Drain Commission					
Capital assets not being depreciated -					
Construction in progress	\$ 668,722	\$ (118,384)	\$ 4,773,984	\$ -	\$ 5,324,322
Capital assets being depreciated -					
Infrastructure	18,744,776	118,384	341,625	-	19,204,785
Less accumulated depreciation for -					
Infrastructure	(4,071,877)	-	(749,858)	-	(4,821,735)
Total capital assets being depreciated, net	14,672,899	118,384	(408,233)	-	14,383,050
Drain Commission capital assets, net	\$ 15,341,621	\$ -	\$ 4,365,751	\$ -	\$ 19,707,372

Capital asset activity for the Community Mental Health Authority component unit for the year ended September 30, 2014, was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Component Unit - Mental Health Authority				
Capital assets not being depreciated -				
Land	\$ 128,000	\$ -	\$ -	\$ 128,000
Capital assets being depreciated:				
Buildings and improvements	1,051,630	-	-	1,051,630
Furniture, fixtures and equipment	2,766,529	282,325	-	3,048,854
Vehicles	418,993	-	(29,035)	389,958
	4,237,152	282,325	(29,035)	4,490,442
Less accumulated depreciation for:				
Buildings and improvements	(303,565)	(50,323)	-	(353,888)
Furniture, fixtures and equipment	(2,362,697)	(143,534)	-	(2,506,231)
Vehicles	(313,108)	(64,721)	29,035	(348,794)
	(2,979,370)	(258,578)	29,035	(3,208,913)
Total capital assets being depreciated, net	1,257,782	23,747	-	1,281,529
Mental Health Authority capital assets, net	\$ 1,385,782	\$ 23,747	\$ -	\$ 1,409,529

COUNTY OF BERRIEN, MICHIGAN

Notes To Financial Statements

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

Depreciation of governmental activities by function

Legislative	\$ 351,637
Judicial	43,515
General government	865,453
Public safety	536,999
Health and welfare	59,181
Recreation and cultural	87,340
Community development	193,661
	<u>\$ 2,137,786</u>

Depreciation of business-type activities by function

Public works projects	<u>\$ 52,183</u>
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7. ACCOUNTS PAYABLE

Accounts payable and accrued expenses in the government-wide financial statements are as follows:

	Governmental Activities	Business-type Activities
Accounts payable	\$ 715,350	\$ 150,106
Accrued and other liabilities	3,627,108	193,159
Due to other governments	<u>203,882</u>	<u>1,302,423</u>
	<u>\$ 4,546,340</u>	<u>\$ 1,645,688</u>

8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The general fund has made long-term advances to the Drain Commission, Economic Development Corporation, and Land Bank Authority component units in the amounts of \$650,000, \$1,150,000, and \$45,000, respectively, and to the nonmajor governmental funds in the amount of \$250,000; and \$1,450,000 was advanced by the delinquent tax revolving fund to the general fund to provide sufficient resources for these advances.

In addition, the nonmajor governmental funds with negative balances in the County's pooled cash accounts reported interfund payables of \$900,265, which is equal to the interfund receivable of \$900,265 reported in the delinquent tax revolving fund.

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 BERRIEN, MICHIGAN

Notes To Financial Statements

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

	Transfers in	Transfers out
General fund	\$ 1,374,100	\$ 9,433,330
Drug enforcement public safety fund	425,082	2,660,295
Nonmajor governmental funds	17,511,077	3,216,634
Delinquent tax revolving fund	93,235	4,000,000
Nonmajor enterprise funds	-	93,235
	<u>\$ 19,403,494</u>	<u>\$ 19,403,494</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.

9. CAPITAL LEASES

The County has entered into three lease agreements for financing the acquisition of computer equipment. These lease agreements qualifies as capital lease for accounting purposes and, therefore have been recorded at the present value of the future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

Capital asset - equipment	\$ 445,648
Less accumulated depreciation for equipment	<u>(229,042)</u>
Total	<u>\$ 216,606</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2014, were as follows:

Year Ended December 31,	Amount
2015	<u>\$ 53,656</u>

COUNTY OF BERRIEN, MICHIGAN

Notes To Financial Statements

10. LONG-TERM DEBT

Primary government

General obligation bonds. The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for business-type activities.

General obligation bonds are direct obligations and pledge the full faith and credit of the County. These bonds are typically issued as 10-20 year serial bonds with varying amounts of principal maturing each year. General obligation bonds currently outstanding are as follows:

Business-type Activities

Bonds	Due	Annual Installments	Interest Rate	Amount
1996 Buchanan Township Sewer System No. 23 and Water System No. 21	2015	\$35,000-\$50,000	5.15% - 5.80%	\$ 50,000
1999 Coloma Township Sewer System No. 24	2019	\$50,000-\$125,000	5.00% - 5.70%	595,000
2001 Village of Berrien Springs/Oronoko Township Water/Sewer System No. 26	2020	\$15,000-\$35,000	4.60% - 5.65%	175,000
2010 Benton Charter Township Water System No. 27	2031	\$675,000 - \$1,435,000	2.00% - 4.50%	17,435,000
2010 Village of Berrien Springs Water and Sewer System No. 29	2031	\$100,000-\$260,000	1.45% - 6.00%	2,870,000
2010 New Buffalo Water Supply System Bonds	2030	\$61,000-\$100,000	2.50%	1,309,924
2011 Benton Charter Township Water Supply System Bonds System No. 27	2031	\$55,000-\$105,000	1.00% - 4.35%	1,310,000
2013 City of Coloma Water and Sewer System Bonds System No. 30	2033	\$155,000-\$265,000	2.00% - 4.75%	3,845,000
Total business-type activities				<u>\$ 27,589,924</u>

COUNTY OF BERRIEN, MICHIGAN

Notes To Financial Statements

Annual debt service requirements to maturity for business-type activities general obligation bonds are as follows:

Year Ended December 31,	Principal	Interest	Total
2015	\$ 1,295,000	\$ 1,083,637	\$ 2,378,637
2016	1,305,000	1,045,773	2,350,773
2017	1,340,000	1,003,299	2,343,299
2018	1,405,000	956,797	2,361,797
2019	1,445,000	904,869	2,349,869
2020-2024	7,260,000	3,710,353	10,970,353
2025-2029	8,920,000	2,079,737	10,999,737
2030-2033	4,619,924	266,602	4,886,526
	<u>\$ 27,589,924</u>	<u>\$ 11,051,067</u>	<u>\$ 38,640,991</u>

Road Commission Component Unit

Notes payable. The Road Commission also issues notes payable to local townships, and enters into equipment purchase agreements. Such notes are repayable at varying interest rates through 2020, and amounted to \$663,433 at September 30, 2014.

Annual debt service requirements to maturity for notes payable are as follows:

Year Ended September 30,	Principal	Interest	Total
2015	\$ 175,000	\$ -	\$ 175,000
2016	180,000	-	180,000
2017	143,133	-	143,133
2018	49,800	30,200	80,000
2019	25,000	13,788	38,788
2020	90,500	-	90,500
	<u>\$ 663,433</u>	<u>\$ 43,988</u>	<u>\$ 707,421</u>

COUNTY OF BERRIEN, MICHIGAN

Notes To Financial Statements

Drain Commission Component Unit

Special assessment bonds. The Drain Commission is authorized by State statutes to issue special assessment bonds for the construction or major maintenance of drainage districts. Such bonds are repaid from special assessments paid by local property owners.

Bonds	Due	Annual Installments	Interest Rate	Amount
2002 Hollywood Road Detention Drainage District Bonds	2022	\$15,000-\$20,000	4.13% - 5.00%	\$ 160,000
2008 Starr & Wellington Drainage District Bonds	2024	\$12,000-\$13,000	5.95%	121,000
2009 Close Drainage District Bonds	2019	\$120,000-\$165,000	2.50% - 4.00%	770,000
2010 Barnes and Hamilton Drain Bonds	2020	\$170,000-\$215,000	1.90% - 3.50%	1,185,000
2010 Hollywood Road Consolidated Drain Bonds	2030	\$100,000-\$190,000	2.50% - 4.75%	2,290,000
2010 Schwark Drain Bonds	2030	\$60,000-\$130,000	2.00% - 4.75%	1,510,000
2010 Lake Shore Drain Bonds	2030	\$140,000-\$280,000	0.85% - 4.00%	3,325,000
2012 Smith and Strong Drain Bonds	2032	\$30,000-\$55,000	1.00 - 4.05%	740,000
2012 Lakeside Drain Bonds	2032	\$25,000-\$40,000	0.90 - 4.65%	555,000
2012 Estates Drain Bonds	2032	\$30,000-\$55,000	4.00 - 5.00%	720,000
2012 Oak Hills Springs Drain Bonds	2037	\$30,000-45,000	3.20%	500,000
2013 Blue Jay Drain Bonds	2033	\$135,000-\$250,000	2.00 - 4.50%	3,455,000
2013 Hibbard Lake Drain Bonds	2033	\$50,000-\$90,000	2.00 - 4.00%	1,255,000
Total component unit - Drain Commission				<u>\$ 16,586,000</u>

Annual debt service requirements to maturity for special assessment bonds are as follows:

Year Ended December 31,	Principal	Interest	Total
2015	\$ 992,000	\$ 582,638	\$ 1,574,638
2016	1,012,000	556,040	1,568,040
2017	1,047,000	526,522	1,573,522
2018	1,087,000	494,084	1,581,084
2019	1,112,000	458,924	1,570,924
2020-2024	4,301,000	1,830,029	6,131,029
2025-2029	4,720,000	1,000,037	5,720,037
2030-2034	2,315,000	156,811	2,471,811
	<u>\$ 16,586,000</u>	<u>\$ 5,605,085</u>	<u>\$ 22,191,085</u>

Drain notes. The Drain Commission issues drain notes to finance various drain capital projects. Interest rates vary from 1.63% to 4.99%, with repayment based on actual collections of special assessments, which are subject to collection over a period of three to ten years. Drain notes outstanding at December 31, 2014, amounted to \$2,876,179.

COUNTY OF BERRIEN, MICHIGAN

Notes To Financial Statements

Brownfield Redevelopment Authority Component Unit

Loans Payable. The Brownfield Redevelopment Authority has two loans outstanding for the purpose of rehabilitating local properties. These loans are to be repaid from property tax captures in future years.

Loan	Due	Annual Installments	Interest Rate	Amount
2007 DEQ Cleanup Revolving Fund Loan	2021	\$19,992	2.00%	\$ 757,047
2007 Michigan Cleanup Initiative Loan	2022	\$17,997	2.00%	<u>733,827</u>
Total component unit- Brownfield Redevelopment Authority				<u><u>\$ 1,490,874</u></u>

Annual debt service requirements to maturity for these loans are as follows:

Year Ended December 31,	Principal	Interest	Total
2015	\$ 163,375	\$ 16,218	\$ 179,593
2016	166,642	26,550	193,192
2017	169,975	23,217	193,192
2018	173,374	19,817	193,191
2019	176,842	16,350	193,192
2020-2024	<u>640,666</u>	<u>23,984</u>	<u>664,650</u>
	<u>\$ 1,490,874</u>	<u>\$ 126,136</u>	<u>\$ 1,617,010</u>

Mental Health Authority Component Unit

Notes Payable. The Mental Health Authority has two loans outstanding for the real estate purchased. The Authority has pledged the real property purchased as collateral on these loans.

Note	Due	Annual Installments	Interest Rate	Amount
2005 Real Estate note	2020	\$8,338-\$13,332	3.83%	\$ 66,723
2007 Real Estate note	2022	\$9,481-\$34,320	4.99%	<u>206,335</u>
Total component unit - Mental Health Authority				<u><u>\$ 273,058</u></u>

COUNTY OF BERRIEN, MICHIGAN

Notes To Financial Statements

Annual debt service requirements to maturity for these loans are as follows:

Year Ended September 30,	Principal	Interest	Total
2015	\$ 35,382	\$ 12,173	\$ 47,555
2016	37,172	10,480	47,652
2017	38,948	8,704	47,652
2018	40,810	6,842	47,652
2019	42,762	4,890	47,652
2020-2022	77,984	4,137	82,121
	<u>\$ 273,058</u>	<u>\$ 47,226</u>	<u>\$ 320,284</u>

Changes in long-term debt.

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Governmental Activities					
General obligation bonds	\$ 245,000	\$ -	\$ (245,000)	\$ -	\$ -
Capital lease payable	181,984	-	(128,328)	53,656	53,656
Compensated absences	2,306,257	1,574,315	(1,801,682)	2,078,890	2,078,890
	<u>\$ 2,733,241</u>	<u>\$ 1,574,315</u>	<u>\$ (2,175,010)</u>	<u>\$ 2,132,546</u>	<u>\$ 2,132,546</u>
Business-type Activities					
General obligation bonds	\$ 28,854,924	\$ -	\$ (1,265,000)	\$ 27,589,924	\$ 1,295,000
Notes payable	7,522,345	11,700,000	(19,222,345)	-	-
Unamortized bond discount	(121,300)	-	6,322	(114,978)	-
	<u>\$ 36,255,969</u>	<u>\$ 11,700,000</u>	<u>\$ (20,481,023)</u>	<u>\$ 27,474,946</u>	<u>\$ 1,295,000</u>
	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Road Commission Component Unit					
General obligation notes payable	\$ 878,433	\$ -	\$ (215,000)	\$ 663,433	\$ 175,000
Compensated absences	66,000	6,000	-	72,000	72,000
	<u>\$ 944,433</u>	<u>\$ 6,000</u>	<u>\$ (215,000)</u>	<u>\$ 735,433</u>	<u>\$ 247,000</u>
Drain Commission Component Unit					
Special assessment bonds payable	\$ 17,553,000	\$ -	\$ (967,000)	\$ 16,586,000	\$ 992,000
Drain notes payable	3,676,502	805,533	(1,605,856)	2,876,179	1,260,000
Unamortized bond discount	(131,666)	-	7,595	(124,071)	-
	<u>\$ 21,097,836</u>	<u>\$ 805,533</u>	<u>\$ (2,565,261)</u>	<u>\$ 19,338,108</u>	<u>\$ 2,252,000</u>

COUNTY OF BERRIEN, MICHIGAN

Notes To Financial Statements

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Brownfield Redevelopment Authority Component Unit					
Loans payable	\$ 1,651,045	\$ -	\$ (160,171)	\$ 1,490,874	\$ 163,375
Mental Health Authority Component Unit					
Notes payable	\$ 313,445	\$ -	\$ (40,387)	\$ 273,058	\$ 35,382
Compensated absences	470,707	129,685	(70,606)	529,786	79,468
	<u>\$ 784,152</u>	<u>\$ 129,685</u>	<u>\$ (110,993)</u>	<u>\$ 802,844</u>	<u>\$ 114,850</u>

For the governmental activities, compensated absences are generally liquidated by the general fund.

11. NET INVESTMENT IN CAPITAL ASSETS

As of December 31, 2014, the net investment in capital assets was comprised of the following:

	Governmental activities	Business-type activities
Capital assets:		
Capital assets not being depreciated	\$ 8,540,451	\$ -
Capital assets being depreciated, net	29,378,055	77,593
Less related debt:		
Bonds and capital leases payable	(53,656)	-
Total net investment in capital assets	<u>\$ 37,864,850</u>	<u>\$ 77,593</u>

COUNTY OF BERRIEN, MICHIGAN

Notes To Financial Statements

12. FUND BALANCE

GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Detailed information on fund balances of governmental funds is as follows:

	General Fund	911 County Operational Fund	Drug Enforcement Public Safety Fund	Nonmajor governmental funds	Total
Nonspendable:					
Advance to other funds	\$ 250,000	\$ -	\$ -	\$ -	\$ 250,000
Advance to component unit	1,845,000	-	-	-	1,845,000
Long-term notes receivable	-	-	-	150,000	150,000
Total nonspendable	2,095,000	-	-	150,000	2,245,000
Restricted:					
Judicial	-	-	-	148,899	148,899
General government	-	-	-	122,463	122,463
Public safety	-	1,348,659	1,019,335	73,371	2,441,365
Health and welfare	-	-	-	1,508,476	1,508,476
Recreation and cultural	-	-	-	101,486	101,486
Community development	-	-	-	533,078	533,078
Capital projects	-	-	-	891,868	891,868
Debt service	-	-	-	3,784	3,784
Total restricted	-	1,348,659	1,019,335	3,383,425	5,751,419
Committed:					
Judicial	-	-	-	248,461	248,461
General government	-	-	-	892,936	892,936
Public safety	-	-	-	1,620,958	1,620,958
Public works	-	-	-	771,522	771,522
Health and welfare	-	-	-	966,716	966,716
Recreation and cultural	-	-	-	1,065,265	1,065,265
Other governmental activities	-	-	-	26,203	26,203
Capital projects	-	-	-	4,917,036	4,917,036
Total committed	-	-	-	10,509,097	10,509,097
Unassigned	15,282,531	-	-	-	15,282,531
Total fund balances governmental funds	\$ 17,377,531	\$ 1,348,659	\$ 1,019,335	\$ 14,042,522	\$ 33,788,047

COUNTY OF BERRIEN, MICHIGAN

Notes To Financial Statements

13. RISK MANAGEMENT / SELF-INSURANCE PROGRAMS

The government manages its risk exposures and provides certain employee benefits through a combination of self insurance programs, risk management pools, and commercial insurance and excess coverage policies. On risks which are commercially insured, settlements have not exceeded insurance coverage in any of the past three years. Following is a summary of the self insurance programs and risk management pool participation.

Liability. The County participates in the Michigan Municipal Risk Management Authority (MMRMA) for general and automobile liability, motor vehicle physical damage and property damage coverages. The MMRMA provides risk management, underwriting, reinsurance and claim review and processing services for all member governments pursuant to its charter.

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

Accordingly, the government records a restricted asset for its portion of the unexpended member retention fund. At December 31, 2014, the balance of the County's member retention fund was \$1,512,831.

Under most circumstances, the County's maximum loss retention per occurrence was as follows:

Type of Risk	Maximum Retention Per Occurrence
General and automobile liability	\$200,000 specific occurrence
Motor vehicle physical damage	County assumes all risk
Property damage and crime	\$1,000 per occurrence plus 10% of the next \$100,000

Changes in the balances of claims liabilities during the past two years, including provision for incurred but not reported (IBNR) claims, which are recorded in the property/liability insurance internal service fund, are as follows:

	2014	2013
Unpaid claims, beginning of year	\$ 862,102	\$ 1,503,942
Incurred claims (including change in IBNR provisions)	266,052	(515,193)
Claims payments	(77,433)	(126,647)
Unpaid claims, end of year	<u>\$ 1,050,721</u>	<u>\$ 862,102</u>

COUNTY OF BERRIEN, MICHIGAN

Notes To Financial Statements

Health insurance. The County is self-insured for its employee health insurance. The plan is accounted for in the health care insurance internal service fund. The self-insured program is administered by a third-party administrator who provides claims review and processing services as well as illustrated premium rates, which are anticipated, over time, to approximate the actual cost of benefits. Premiums for the self-insured program are paid into the internal service fund by all other funds based on actual or illustrated rates. These premiums are available to pay claims and administrative costs.

	2014	2013
Unpaid claims, beginning of year	\$ 763,900	\$ 2,447,490
Incurred claims (including change in IBNR provisions)	13,051,546	9,705,813
Claims payments	(12,948,774)	(11,389,403)
Unpaid claims, end of year	<u>\$ 866,672</u>	<u>\$ 763,900</u>

Unemployment. The County is self-insured for unemployment benefits, which is accounted for in the unemployment insurance internal service fund. The reserve for unemployment benefits is determined by management based on prior experience. Unemployment benefits are expensed when paid:

	2014	2013
Unpaid claims, beginning of year	\$ -	\$ -
Incurred claims	42,746	35,940
Claims payments	(42,746)	(35,940)
Unpaid claims, end of year	<u>\$ -</u>	<u>\$ -</u>

Workers' compensation. The government maintains a self insurance program for workers' compensation coverage which is accounted for in the workers' compensation insurance internal service fund. The program is administered by a third-party administrator who conducts safety inspections and provides claims review and processing services. Premiums are paid into the internal service fund by all other funds based on payrolls and are available to pay claims, claim reserves, excess coverage and administrative costs.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. An excess coverage insurance policy covers individual claims in excess of \$300,000 subject to an annual aggregate limit of \$5 million. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay outs and other economic and social factors.

COUNTY OF BERRIEN, MICHIGAN

Notes To Financial Statements

Changes in the balances of claims liabilities during the past two years are as follows:

	2014	2013
Unpaid claims, beginning of year	\$ 260,517	\$ 187,289
Incurred claims	90,207	236,124
Claims payments	<u>(273,163)</u>	<u>(162,896)</u>
Unpaid claims, end of year	<u>\$ 77,561</u>	<u>\$260,517</u>

Board errors and omissions. The County is also self-insured for Board errors and omissions, which is accounted for in the property/liability insurance internal service fund. No estimated claims liability was outstanding at December 31, 2014 or 2013, nor were the amount of claims paid or incurred during 2014 or 2013 of any consequence.

Road Commission. The Road Commission is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation), as well as medical benefits provided to employees. The Road Commission has purchased commercial insurance for medical benefit claims and participates in the Michigan County Road Commission self-insurance pool for workers' compensation and property liability. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan County Road Commission self-insurance pool program operates as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

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. In March 1994, Michigan voters approved Proposal A, which limits annual increases in assessed values to the lesser of 5% or the rate of inflation with assessed value reverting to 50% of true cash value when the property is sold.

The assessed and taxable value of real and personal property for the 2014 levy was \$7,229,014,094. The general operating tax rate for this levy was 4.7723 mills. The taxable value of real and personal property for the 2013 levy was \$6,981,465,276. The tax rates for this levy was 0.4500 mills, 0.3500 mills, 0.3000 mills, and .1000 mills assessed for 911 emergency services, public safety operations, senior center operations, and parks respectively.

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

COUNTY OF BERRIEN, MICHIGAN

Notes To Financial Statements

15. PENSION PLAN

General Information about the Pension Plan

Plan Description. The County administers the Berrien County Employees' Retirement System, (the "Plan"), a single-employer defined benefit plan provided by authority section 12a of Act No. 156 of the Public Acts of 1851, which was adopted and established by the County in accordance with Michigan Compiled Laws Section 46.12a. The plan is included as a pension trust fund in the County's financial statements and a stand alone report of the Plan has not been issued. Employer and employee contributions and benefit provisions are authorized and may be amended by County Board resolution and benefits may vary pursuant to collective bargaining agreements. Substantially all employees are covered by the Plan. Upon retirement, the plan pays a benefit percentage (depending on group), calculated using the percentage of final average compensation times years of credited service.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and mortality. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedules of funding progress, presented as required supplementary information following the notes to the financial statements, present multi-year trend information about whether the actuarial values of trust assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

The financial statements of the plan are prepared using the accrual basis of accounting. Plan contributions are recognized in the period in which the contributions are due and the employer has made a formal commitment to provide the contribution. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Benefits Provided. Plan members may retire at age 55 or 60 with 5, 8, 10 or 25 years of credited service depending on which group the employee is in. Members are vested after completing 5, 8 or 10 years of credited service. Retirement options that provide for survivor benefits are available to members. The Plan also provides death and disability benefits. If a member leaves employment or dies before vesting, accumulated member contributions plus interest are refunded to the member or designated beneficiary.

COUNTY OF BERRIEN, MICHIGAN

Notes To Financial Statements

Contributions. The contribution requirements of plan members and the County are established and may be amended by the County Board of Commissioners. Plan members are required to contribute 5.0% to 14.12% to the Plan, depending on their bargaining unit and hire date, with the County contributing additional amounts, as necessary, to provide assets sufficient to pay for member benefits.

Bargaining Unit / Employee Group	Benefits Multiplier	Contribution Percentage
AFSCME (Probate):	2.00%	7.06%
Riverwood		
Union members	2.20%	5.00%
Non-union members	2.20%	5.00%
Courthouse elected	2.20%	5.00%
GELC District Court Probation Members	2.20%	5.00%
Juvenile Court	2.00%	7.06%
Courthouse appointed	2.20%	5.00%
General non-bargaining members	2.20%	5.00%
FOPLC civilian members	2.20%	6.89%
Teamster FOC members	2.20%	8.00%
Road commission	2.00%	6.00%
Sheriff POLC Command Unit	2.80%	8.00%
Police Officers Labor Council (POLC)	2.80%	8.00%

Employees Covered by Benefit Terms. At December 31, 2014, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	631
Inactive plan members not yet receiving benefits	52
Active plan members	<u>831</u>
Total	<u><u>1,514</u></u>

Net Pension Liability. The County's net pension liability was determined by an actuarial valuation as of December 31, 2014. The components of the net pension liability of the County, pursuant to GASB Statement 67, at December 31, 2014, are as follows:

Total pension liability	\$ 199,695,951
Plan fiduciary net position	<u>150,797,923</u>
County's net pension liability	<u><u>\$ 48,898,027</u></u>
Plan fiduciary net position as a percentage of the total pension liability	75.51%

Actuarial Assumptions. The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions.

Inflation	4.00%
Salary increases	4.00% to 6.30% including inflation
Investment rate of return	8.00%, net of investment expense and including inflation

COUNTY OF BERRIEN, MICHIGAN

Notes To Financial Statements

RP-2000 Mortality Table projected to 2010 set forward 2 years for males and 1 year for females. Estimated margins for future mortality improvements of 8% for males and 18% for females are provided in these tables.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each asset class. These real 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. For each asset class that is included in the pension plan's target asset allocation as of December 31, 2014, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Tare of Return
U.S. large cap equities	35.00%	5.80%	2.03%
U.S. small cap equities	11.00%	7.60%	0.84%
International equities	12.00%	6.30%	0.76%
Core fixed income	35.00%	0.50%	0.18%
Global real estate	5.00%	3.90%	0.20%
Commodities	2.00%	3.90%	0.08%
	<u>100.00%</u>		4.09%
Inflation			4.00%
Risk adjustments			<u>-0.09%</u>
Investment rate of return			<u>8.00%</u>

Discount Rate. The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that County contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the County, calculated using the discount rate of 8.00%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1% lower (7.00%) or 1% higher (9.00%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Plan net pension liability	<u>\$ 69,883,845</u>	<u>\$ 48,898,027</u>	<u>\$ 30,933,300</u>

COUNTY OF BERRIEN, MICHIGAN

Notes To Financial Statements

Annual Pension Cost. For the current year, the County's annual pension cost of \$7,172,057 was equal to the County's required and actual contributions.

Three-Year Trend Information			
Years Ended December 31,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2012	\$ 4,338,987	100%	\$ -
2013	5,343,803	100%	-
2014	7,172,057	100%	-

Funded Status and Funding Progress. As of December 31, 2014, the most recent actuarial valuation date, the plan was 71.0 percent funded. The actuarial accrued liability (AAL) for benefits was \$199,381,314 and the actuarial value of assets was \$141,606,956 resulting in an unfunded actuarial accrued liability (UAAL) of \$57,774,358. The covered payroll (annual payroll of active employees covered by the plan) was \$41,465,482 and the ratio of the UAAL to the covered payroll was 139.3 percent.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is provided in the basic financial statements

16. OTHER POSTEMPLOYMENT BENEFITS

General County

Plan description. The Berrien County Employees Amended Retirement Plan (the "Plan") is a single-employer defined benefit healthcare plan administered by the County of Berrien. In addition to the retirement benefits described above, the Plan provides 50% health insurance benefits to certain retirees and their beneficiaries, which are advance-funded on a discretionary basis.

Basis of Accounting. The financial statements of the Plan are included in the County's financial statements as an other postemployment benefit trust fund and are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which they are due. The County's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Methods Used to Value Investments. Investments are reported at fair value which is determined using selected bases as follows: short-term investments are reported at cost, which approximates fair value; securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates; investments for which quotations are not readily available are valued at their fair values as determined by the custodian under the direction of the Board, with the assistance of a valuation service; and cash deposits are reported at carrying amounts which reasonably approximates fair value.

COUNTY OF BERRIEN, MICHIGAN

Notes To Financial Statements

Funding Policy. The contribution requirements of Plan members and the County are established and may be amended by the County Board of Commissioners. Plan members receiving benefits contributed \$1,282,084 or approximately 50% of total premiums, through their required contribution of \$269 - \$539 per month for retiree-only coverage and \$762 - \$1,524 for retiree and spouse coverage (offered to Sheriff department retirees only), depending on age and bargaining unit.

The County's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

Annual OPEB Cost and Net OPEB Asset. The County's annual other postemployment benefit (OPEB) cost and net OPEB asset to the Plan for the current year were as follows:

Annual required contribution	\$ 2,058,046
Interest on net OPEB asset	(121,783)
Adjustment to annual required contribution	<u>95,866</u>
Annual OPEB cost	2,032,129
Contributions made	<u>(1,744,308)</u>
Change in net OPEB asset	287,821
Net OPEB asset, beginning of year	<u>(1,522,286)</u>
Net OPEB asset, end of year	<u>\$ (1,234,465)</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB asset for 2014 and the two preceding years were as follows:

Three-Year Trend Information			
Years Ended December 31,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB (Asset)
2012	\$ 2,619,887	91%	\$ (1,855,770)
2013	2,434,561	86%	(1,522,286)
2014	2,032,129	86%	(1,234,465)

Funded status and funding progress. As of December 31, 2014, the date of the most recent actuarial valuation, the Plan was 55 percent funded. The actuarial accrued liability for benefits was \$48,254,391, and the actuarial value of assets was \$26,760,072, resulting in an unfunded actuarial accrued liability (UAAL) of \$21,494,319. The covered payroll (annual payroll of the active employees covered by the Plan) was \$34,314,860 and the ratio of the UAAL to the covered payroll was 62.6 percent.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefit.

COUNTY OF BERRIEN, MICHIGAN

Notes To Financial Statements

Actuarial Methods and Assumptions. In the December 31, 2014 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions includes: (a) a rate of return on investments of 8.0%; (b) projected salary increases of 4.0% attributable to inflation; (c) additional projected salary increases ranging from 4.04% to 6.3%, depending on age, attributable to seniority/merit; and (d) projected healthcare benefit increases of 4.0% to 9.0%. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the fair value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll over 30 years on an open basis.

Road Commission

Plan description. The Road Commission provides retiree health care benefits to eligible employees and their spouses. This is a single employer defined benefit plan administered by the Road Commission. The benefits are provided under the collective bargaining agreement for union employees and by the Road Commission resolution for nonunion employees. The Plan does not issue a publicly available financial report.

Funding Policy. The collective bargaining agreements require a contribution of \$370 per month for married employees and \$220 per month for single employees from retiree age 60 to 65. The Road Commission has no obligation to make contributions in advance of when the insurance premiums are due for payment (in other words, this may be financed on a "pay-as-you-go" basis). Therefore, the Road Commission has elected not to fund the plan in advance.

Funding Progress. The Road Commission's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC). The Road Commission has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB No. 45 for employers in plans with fewer than 100 total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period of nine years.

The following table shows the components of the Road Commission's annual OPEB cost for the year ended September 30, 2014, the amount actually contributed to the plan, and the changes in the net OPEB obligation:

Annual required contribution	\$ 59,131
Interest on net OPEB obligation	<u>21,752</u>
Annual OPEB cost	80,883
Contributions made	(15,020)
Adjustment	<u>(248,715)</u>
Change in net OPEB obligation	(182,852)
Net OPEB obligation, beginning of year	<u>543,815</u>
Net OPEB obligation, end of year	<u><u>\$ 360,963</u></u>

COUNTY OF BERRIEN, MICHIGAN

Notes To Financial Statements

The annual OPEB costs, the percentage contributed to the Plan, and the net OPEB obligation for the current and two preceding years are as follows:

Years Ended September 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2012	\$ 59,990	44.4%	\$ 487,570
2013	77,515	27.4%	543,815
2014	80,883	18.6%	360,963

Funded status and funding progress. As of September 30, 2014, the date of the most recent actuarial valuation, the Plan was zero percent funded. The actuarial accrued liability for benefits was \$563,782, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$563,782. The covered payroll (annual payroll of the active employees covered by the Plan) was \$5,701,109 and the ratio of the UAAL to the covered payroll was 9.9 percent.

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

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

The following simplifying assumptions were made:

Retirement Age for Active Employees - Based on the historical average retirement age for the covered group, active plan members were assumed to retire at age 60, or at the first subsequent year in which the member would qualify for benefits.

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

Turnover - Non-group-specific age-based turnover data from GASB Statement No. 45 were used as the basis for assigning active members a probability of remaining employed until the assumed retirement age and for developing an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.

COUNTY OF BERRIEN, MICHIGAN

Notes To Financial Statements

Health Insurance Premiums - Health insurance premiums of \$370 for married participants and \$220 for single participants were used as the basis for calculation of the present value of total benefits to be paid.

Based on the historical and expected returns of the County's short-term investment portfolio, a discount rate of 4.0 percent was used. In addition, a simplified version of the entry age actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level dollar contribution on a closed basis. The remaining amortization period at September 30, 2013 was nine years.

17. TRANSACTIONS WITH RELATED PARTIES

The County provides grant funding to a local ministry that does work to reduce the likelihood of convicts going back to prison once they are released. This ministry is operated by a relative of a County Commissioner.

The North Berrien Senior Center is a recipient of senior millage funds that flow-through the County. The executive director at this senior center was a County Commissioner.

18. SUBSEQUENT EVENTS

On May 15, 2015, the County issued general obligation limited tax notes with a face value of \$12,000,000 to finance the purchase of delinquent property taxes receivable from each taxing unit in the County, which is part of the normal financing activities of the County.

On January 29, 2015, the County issued water and sewer system project bonds with a face value of \$2,498,000 to finance the construction of water and sewer systems in the Village of Berrien Springs and Oronoko Township.

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REQUIRED SUPPLEMENTARY INFORMATION

COUNTY OF BERRIEN, MICHIGAN

Defined Benefit Pension Plan

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (B)	Unfunded AAL (UAAL) (A-B)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percent of Covered Payroll
12/31/2009	127,414,760	152,122,494	(24,707,734)	83.76%	38,740,752	-63.78%
12/31/2010	126,364,581	158,158,590	(31,794,009)	79.90%	39,356,501	-80.78%
* 12/31/2011	123,832,798	169,686,367	(45,853,569)	72.98%	39,864,657	-115.02%
** 12/31/2012	121,796,165	187,133,635	(65,337,470)	65.09%	39,864,228	-163.90%
* 12/31/2013	131,339,517	194,817,623	(63,478,106)	67.42%	41,219,549	-154.00%
* 12/31/2014	141,606,956	199,381,314	(57,774,358)	71.02%	41,465,482	-139.33%

Schedule of Employer Contributions

Year Ended December 31	Annual Required Contributions	Percentage Contributed
2009	2,654,772	100.00%
2010	3,233,525	100.00%
2011	3,865,484	100.00%
2012	4,338,987	100.00%
2013	5,343,803	100.00%
2014	7,172,057	100.00%

* After changes in benefit provisions

** After changes in actuarial assumptions or methods

COUNTY OF BERRIEN, MICHIGAN

Defined Benefit Pension Plan (GASB Statement 67)

Required Supplementary Information

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

Last Fiscal Year (ultimately building to ten years)

	2014
Total pension liability	
Service cost	\$ 4,669,602
Interest on total pension liability	15,305,513
Benefit changes	112,918
Difference between expected and actual experience	(3,197,192)
Assumption changes	-
Benefit payments and refunds	(12,357,967)
Net change in total pension liability	<u>4,532,874</u>
Total pension liability, beginning of year	<u>195,163,077</u>
Total pension liability, end of year	<u>199,695,951</u>
Plan fiduciary net position	
Employer contributions	7,172,057
Employee contributions	2,742,953
Pension plan net investment income	11,509,740
Benefit payments and refunds	(12,357,967)
Pension plan administrative expense	(553,509)
Other	(346,657)
Net change in plan fiduciary net position	<u>8,166,617</u>
Plan fiduciary net position, beginning of year	<u>142,631,307</u>
Plan fiduciary net position, end of year	<u>150,797,924</u>
Net pension liability	<u>\$ 48,898,027</u>
Plan fiduciary net position as a percentage of total pension liability	75.51%
Covered employee payroll	<u>\$ 41,465,482</u>
Net pension liability as a percentage of covered employee payroll	117.92%

COUNTY OF BERRIEN, MICHIGAN

Defined Benefit Pension Plan (GASB Statement 67)

Required Supplementary Information

Schedule of County Contributions

Last Fiscal Year (ultimately building to ten years)

Fiscal Year Ended	Total Pension Liability	Plan Net Pension	Net Pension Liability	Plan Net Position as Percentage of Total Pension Liability	Covered Payroll	Net Pension Liability as Percentage of Covered Payroll
12/31/2014	\$ 199,695,951	\$ 150,797,923	\$48,898,028	75.51%	\$ 41,465,482	117.92%

COUNTY OF BERRIEN, MICHIGAN

Defined Benefit Pension Plan (GASB Statement 67)

Required Supplementary Information

Schedule of Investment Returns

Last Fiscal Years (ultimately building to ten years)

Fiscal Year Ended	Annual Return ⁽¹⁾
12/31/2014	9.50%

- ⁽¹⁾ Rate of investment return based on valuation asset method as the annual money-weighted rate of return, net of investment expenses is not available.

COUNTY OF BERRIEN, MICHIGAN

Defined Benefit Pension Plan (GASB Statement 67)

Required Supplementary Information

Schedule of County Contributions

Last Fiscal Year (ultimately building to ten years)

Fiscal Year Ended	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/2014	\$ 7,172,057	\$ 7,172,057	\$ -	\$ 41,465,482	17.30%

Notes to Schedule of Contributions

Valuation date December 31, 2014

Notes Actuarially determined contribution rates are calculated as of December 31 that is 12 months prior to the beginning of the fiscal year for which the contributions are reported.

Other information There were no changes in benefit provisions or actuarial assumptions as of the actuarial valuation date.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	General county - level percent of payroll, closed
Remaining amortization period	20 years
Asset valuation method	Market value with 5 year smoothing of gains and losses.
Inflation	4.00%
Salary increases	4.0%-6.3% including inflation
Investment rate of return	8.00% net of pension plan investment expense, including inflation
Mortality rates	RP-2000 Mortality Table projected to 2010 set forward 2 years for males and 1 year for females. Estimated margins for future mortality improvements of 8% for males and 18% for females are provided in these tables.

COUNTY OF BERRIEN, MICHIGAN

Other Postemployment Benefits Plan

Schedule of Funding Progress						
Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (B)	Unfunded AAL (UAAL) (A-B)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percent of Covered Payroll
12/31/2009	15,414,989	40,224,901	(24,809,912)	38.32%	35,483,698	-69.92%
12/31/2010	21,127,425	38,425,109	(17,297,684)	54.98%	36,158,193	-47.84%
12/31/2011	21,707,340	41,979,208	(20,271,868)	51.71%	36,721,186	-55.20%
12/31/2012	22,974,224	37,895,718	(14,921,494)	60.62%	36,537,889	-40.84%
* 12/31/2013	25,287,797	40,803,238	(15,515,441)	61.97%	36,604,967	-42.39%
* 12/31/2014	26,760,072	48,254,391	(21,494,319)	55.46%	34,314,860	-62.64%

Schedule of Employer Contributions		
Year Ended December 31	Annual Required Contributions	Percentage Contributed
2009	4,305,885	123.00%
2010	3,385,174	153.34%
2011	2,689,427	69.00%
2012	2,671,938	89.39%
2013	2,058,046	84.76%
2014	2,032,129	85.84%

* After changes in benefit provisions

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

COUNTY OF BERRIEN, MICHIGAN

Combining Balance Sheet Nonmajor Governmental Funds December 31, 2014

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Other Governmental Funds
Assets				
Cash and cash equivalents	\$ 6,972,706	\$ 3,784	\$ 5,439,169	\$ 12,415,659
Investments	1,160,933	-	471,159	1,632,092
Receivables:				
Accounts	29,231	-	-	29,231
Taxes - current	2,650,925	-	-	2,650,925
Due from other governments	2,486,639	-	-	2,486,639
Notes	292,254	-	-	292,254
Total assets	\$ 13,592,688	\$ 3,784	\$ 5,910,328	\$ 19,506,800
Liabilities				
Accounts payable	\$ 349,656	\$ -	\$ 101,424	\$ 451,080
Accrued expenses	519,865	-	-	519,865
Due to other governments	203,882	-	-	203,882
Interfund payable	900,265	-	-	900,265
Advances from other funds	250,000	-	-	250,000
Unearned revenue	200,437	-	-	200,437
Total liabilities	2,424,105	-	101,424	2,525,529
Deferred inflows of resources				
Taxes levied for a subsequent period	2,938,749	-	-	2,938,749
Fund balances				
Nonspendable	150,000	-	-	150,000
Restricted	2,487,773	3,784	891,868	3,383,425
Committed	5,592,061	-	4,917,036	10,509,097
Total fund balances	8,229,834	3,784	5,808,904	14,042,522
Total liabilities, deferred inflows of resources and fund balances	\$ 13,592,688	\$ 3,784	\$ 5,910,328	\$ 19,506,800

COUNTY OF BERRIEN, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended December 31, 2014

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Other Governmental Funds
Revenues				
Property taxes	\$ 2,813,146	\$ -	\$ -	\$ 2,813,146
Licenses and permits	290,721	-	-	290,721
Intergovernmental revenue	10,922,119	-	-	10,922,119
Charges for services	5,007,933	2,452	-	5,010,385
Fines and forfeitures	6,425	-	-	6,425
Interest revenue	12,330	-	1,442	13,772
Other revenue	3,726,333	-	29,931	3,756,264
Total revenues	22,779,007	2,452	31,373	22,812,832
Expenditures				
Current expenditures:				
Judicial	3,171,953	-	37,336	3,209,289
General government	1,040,172	-	3,212,842	4,253,014
Public safety	5,200,744	-	637,641	5,838,385
Public works	322,820	-	-	322,820
Health and welfare	17,922,531	-	96,796	18,019,327
Recreation and cultural	2,000,883	-	-	2,000,883
Community development	1,662,480	-	-	1,662,480
Debt service:				
Principal	-	245,000	-	245,000
Interest and fiscal charges	-	4,902	-	4,902
Total expenditures	31,321,583	249,902	3,984,615	35,556,100
Revenues under expenditures	(8,542,576)	(247,450)	(3,953,242)	(12,743,268)
Other financing sources (uses)				
Transfers in	12,141,627	247,450	5,122,000	17,511,077
Transfers out	(2,969,184)	-	(247,450)	(3,216,634)
Total other financing sources	9,172,443	247,450	4,874,550	14,294,443
Net change in fund balances	629,867	-	921,308	1,551,175
Fund balances, beginning of year	7,599,967	3,784	4,887,596	12,491,347
Fund balances, end of year	\$ 8,229,834	\$ 3,784	\$ 5,808,904	\$ 14,042,522

COUNTY OF BERRIEN, MICHIGAN

Combining Balance Sheet

Nonmajor Special Revenue Funds

December 31, 2014

	Parks and Recreation (2080)	Parks Environmental Affairs (2082)	Parks and Recreation Grant (2085)
Assets			
Cash and cash equivalents	\$ 313,804	\$ 768,075	\$ -
Investments	-	-	-
Receivables:			
Accounts	-	-	-
Taxes - current	-	-	-
Due from other governments	-	-	424,475
Notes	-	-	-
Total assets	\$ 313,804	\$ 768,075	\$ 424,475
Liabilities			
Accounts payable	\$ 4,689	\$ 4,032	\$ -
Accrued expenses	20,194	2,509	-
Due to other governments	-	-	-
Interfund payable	-	-	424,285
Advances from other funds	-	-	-
Unearned revenue	-	-	-
Total liabilities	24,883	6,541	424,285
Deferred inflows of resources			
Taxes levied for a subsequent period	-	-	190
Fund balances			
Nonspendable	-	-	-
Restricted	-	-	-
Committed	288,921	761,534	-
Total fund balances	288,921	761,534	-
Total liabilities, deferred inflows of resources and fund balances	\$ 313,804	\$ 768,075	\$ 424,475



Parks Millage (2087)	Historical Association Loan Fund (2110)	Berrien Community Foundation (2130)	Friend of the Court (2150)	Family Counseling Services (2155)	Health Department (2210)
\$ 104,225	\$ -	\$ 19,272	\$ -	\$ 149,334	\$ 528,404
-	-	-	-	-	-
-	-	-	-	-	1,843
662,298	-	-	-	-	-
9,828	-	-	539,843	-	-
-	150,000	-	-	-	-
<u>\$ 776,351</u>	<u>\$ 150,000</u>	<u>\$ 19,272</u>	<u>\$ 539,843</u>	<u>\$ 149,334</u>	<u>\$ 530,247</u>
\$ -	\$ -	\$ 4,462	\$ 17,415	\$ 435	\$ 26,397
-	-	-	83,929	-	74,824
-	-	-	6,541	-	-
-	-	-	241,721	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>4,462</u>	<u>349,606</u>	<u>435</u>	<u>101,221</u>
<u>714,833</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	150,000	-	-	-	-
61,518	-	-	-	148,899	-
-	-	14,810	190,237	-	429,026
<u>61,518</u>	<u>150,000</u>	<u>14,810</u>	<u>190,237</u>	<u>148,899</u>	<u>429,026</u>
<u>\$ 776,351</u>	<u>\$ 150,000</u>	<u>\$ 19,272</u>	<u>\$ 539,843</u>	<u>\$ 149,334</u>	<u>\$ 530,247</u>

continued...

COUNTY OF BERRIEN, MICHIGAN

Combining Balance Sheet

Nonmajor Special Revenue Funds

December 31, 2014

	Drug Court Treatment (2211)	Health Department Grants (2215)	Berrien County Landfill Use (2270)	EDC Grants and Programs (2445)
Assets				
Cash and cash equivalents	\$ 120,759	\$ 571,829	\$ -	\$ 22,047
Investments	-	-	902,115	-
Receivables:				
Accounts	-	60	-	-
Taxes - current	-	-	-	-
Due from other governments	-	273,596	-	1,333
Notes	-	-	-	-
Total assets	\$ 120,759	\$ 845,485	\$ 902,115	\$ 23,380
Liabilities				
Accounts payable	\$ -	\$ 16,905	\$ -	\$ 7,670
Accrued expenses	-	81,085	-	-
Due to other governments	-	197,341	-	-
Interfund payable	-	-	234,259	-
Advances from other funds	-	-	-	-
Unearned revenue	-	133,223	-	-
Total liabilities	-	428,554	234,259	7,670
Deferred inflows of resources				
Taxes levied for a subsequent period	-	-	-	-
Fund balances				
Nonspendable	-	-	-	-
Restricted	-	-	-	15,710
Committed	120,759	416,931	667,856	-
Total fund balances	120,759	416,931	667,856	15,710
Total liabilities, deferred inflows of resources and fund balances	\$ 120,759	\$ 845,485	\$ 902,115	\$ 23,380



Register of Deeds Automation (2560)	Register of Deeds Tax Foreclosure Search Fund (2561)	Homestead Audit Administration (2590)	Law Enforcement Funds (various #s)	Public Safety Cigarette Tax (2665)
\$ 122,463	\$ 16,095	\$ 26,409	\$ 1,443,225	\$ 123,419
-	-	258,818	-	-
-	-	-	27,328	-
-	-	-	-	-
-	-	-	306,384	-
-	-	-	-	-
<u>\$ 122,463</u>	<u>\$ 16,095</u>	<u>\$ 285,227</u>	<u>\$ 1,776,937</u>	<u>\$ 123,419</u>
\$ -	\$ 1,542	\$ -	\$ 15,086	\$ -
-	1,771	2,423	140,497	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	396	-
-	3,313	2,423	155,979	-
-	-	-	-	77,494
-	-	-	-	-
122,463	-	-	-	45,925
-	12,782	282,804	1,620,958	-
122,463	12,782	282,804	1,620,958	45,925
<u>\$ 122,463</u>	<u>\$ 16,095</u>	<u>\$ 285,227</u>	<u>\$ 1,776,937</u>	<u>\$ 123,419</u>

continued...

COUNTY OF BERRIEN, MICHIGAN

Combining Balance Sheet

Nonmajor Special Revenue Funds

December 31, 2014

	Animal Control Grant and Program (2675)	County Law Library (2690)	Senior Citizen (2700)	Library Board (2710)
Assets				
Cash and cash equivalents	\$ 27,646	\$ 59,076	\$ 158,259	\$ -
Investments	-	-	-	-
Receivables:				
Accounts	-	-	-	-
Taxes - current	-	-	1,988,627	-
Due from other governments	-	-	29,514	-
Notes	-	-	-	-
Total assets	\$ 27,646	\$ 59,076	\$ 2,176,400	\$ -
Liabilities				
Accounts payable	\$ 200	\$ 852	\$ -	\$ -
Accrued expenses	-	-	-	-
Due to other governments	-	-	-	-
Interfund payable	-	-	-	-
Advances from other funds	-	-	-	-
Unearned revenue	-	-	-	-
Total liabilities	200	852	-	-
Deferred inflows of resources				
Taxes levied for a subsequent period	-	-	2,146,232	-
Fund balances				
Nonspendable	-	-	-	-
Restricted	27,446	-	30,168	-
Committed	-	58,224	-	-
Total fund balances	27,446	58,224	30,168	-
Total liabilities, deferred inflows of resources and fund balances	\$ 27,646	\$ 59,076	\$ 2,176,400	\$ -



Small Bus Program (2810)	Berrien Bus Grant and Program (2815)	Four Winds Casino Revenue Sharing (2851)	Three Oaks Land Purchase (2860)	Campaign Finance Administration (2870)
\$ 536,724	\$ 53,458	\$ 349,398	\$ 147,309	\$ 4,099
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
67,709	-	243,853	-	-
-	-	-	142,254	-
<u>\$ 604,433</u>	<u>\$ 53,458</u>	<u>\$ 593,251</u>	<u>\$ 289,563</u>	<u>\$ 4,099</u>
\$ 87,065	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	250,000	-
-	53,458	-	13,360	-
<u>87,065</u>	<u>53,458</u>	<u>-</u>	<u>263,360</u>	<u>-</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
517,368	-	-	-	-
-	-	593,251	26,203	4,099
<u>517,368</u>	<u>-</u>	<u>593,251</u>	<u>26,203</u>	<u>4,099</u>
<u>\$ 604,433</u>	<u>\$ 53,458</u>	<u>\$ 593,251</u>	<u>\$ 289,563</u>	<u>\$ 4,099</u>

continued...

COUNTY OF BERRIEN, MICHIGAN

Combining Balance Sheet

Nonmajor Special Revenue Funds

December 31, 2014

	Social Services (2900)	Child Care Probate (2920)	Child Care Social Services (2921)
Assets			
Cash and cash equivalents	\$ 65,003	\$ 827,527	\$ 296,269
Investments	-	-	-
Receivables:			
Accounts	-	-	-
Taxes - current	-	-	-
Due from other governments	50,000	443,536	96,568
Notes	-	-	-
Total assets	\$ 115,003	\$ 1,271,063	\$ 392,837
Liabilities			
Accounts payable	\$ -	\$ 149,459	\$ 13,447
Accrued expenses	19	112,111	-
Due to other governments	-	-	-
Interfund payable	-	-	-
Advances from other funds	-	-	-
Unearned revenue	-	-	-
Total liabilities	19	261,570	13,447
Deferred inflows of resources			
Taxes levied for a subsequent period	-	-	-
Fund balances			
Nonspendable	-	-	-
Restricted	114,984	1,009,493	379,390
Committed	-	-	-
Total fund balances	114,984	1,009,493	379,390
Total liabilities, deferred inflows of resources and fund balances	\$ 115,003	\$ 1,271,063	\$ 392,837



Generous Juror Program (2925)	Soldiers and Sailors Relief (2930)	Veteran's Trust (2940)	Board of Public Works (2960)	Total
\$ 9,800	\$ 2,156	\$ 2,494	\$ 104,128	\$ 6,972,706
-	-	-	-	1,160,933
-	-	-	-	29,231
-	-	-	-	2,650,925
-	-	-	-	2,486,639
-	-	-	-	292,254
<u>\$ 9,800</u>	<u>\$ 2,156</u>	<u>\$ 2,494</u>	<u>\$ 104,128</u>	<u>\$ 13,592,688</u>
\$ -	\$ -	\$ -	\$ -	\$ 349,656
-	-	41	462	519,865
-	-	-	-	203,882
-	-	-	-	900,265
-	-	-	-	250,000
-	-	-	-	200,437
<u>-</u>	<u>-</u>	<u>41</u>	<u>462</u>	<u>2,424,105</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,938,749</u>
-	-	-	-	150,000
9,800	2,156	2,453	-	2,487,773
-	-	-	103,666	5,592,061
<u>9,800</u>	<u>2,156</u>	<u>2,453</u>	<u>103,666</u>	<u>8,229,834</u>
<u>\$ 9,800</u>	<u>\$ 2,156</u>	<u>\$ 2,494</u>	<u>\$ 104,128</u>	<u>\$ 13,592,688</u>

concluded.

COUNTY OF BERRIEN, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Special Revenue Funds

For the Year Ended December 31, 2014

	Parks and Recreation (2080)	Parks Environmental Affairs (2082)	Parks and Recreation Grant (2085)
Revenues			
Property taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental revenue	-	-	329,816
Charges for services	493,178	4,082	-
Fines and forfeitures	-	-	-
Interest revenue	-	-	-
Other revenue	119,233	-	-
Total revenues	612,411	4,082	329,816
Expenditures			
Judicial	-	-	-
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	-	-	-
Recreation and cultural	1,112,785	168,577	626,010
Community development	-	-	-
Total expenditures	1,112,785	168,577	626,010
Revenue over (under) expenditures	(500,374)	(164,495)	(296,194)
Other financing sources (uses)			
Transfers in	884,547	977,529	287,949
Transfers out	(301,821)	(51,500)	-
Total other financing sources (uses)	582,726	926,029	287,949
Net change in fund balances	82,352	761,534	(8,245)
Fund balances, beginning of year	206,569	-	8,245
Fund balances, end of year	\$ 288,921	\$ 761,534	\$ -

Parks Millage (2087)	Historical Association Loan Fund (2110)	Berrien Community Foundation (2130)	Friend of the Court (2150)	Family Counseling Services (2155)	Health Department (2210)
\$ 702,422	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	18,885	271,836
-	-	-	2,025,976	-	382,611
-	-	-	240,929	-	36,234
-	-	-	-	-	-
-	-	-	-	-	-
-	-	75,200	338	-	1,687,115
<u>702,422</u>	<u>-</u>	<u>75,200</u>	<u>2,267,243</u>	<u>18,885</u>	<u>2,377,796</u>
-	-	-	3,091,964	15,167	-
-	-	-	-	-	-
-	-	72,717	-	-	-
-	-	-	-	-	-
-	-	-	-	-	3,420,242
-	8,795	4,737	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>8,795</u>	<u>77,454</u>	<u>3,091,964</u>	<u>15,167</u>	<u>3,420,242</u>
<u>702,422</u>	<u>(8,795)</u>	<u>(2,254)</u>	<u>(824,721)</u>	<u>3,718</u>	<u>(1,042,446)</u>
-	1,546	-	842,997	-	1,190,988
<u>(884,546)</u>	<u>-</u>	<u>-</u>	<u>(52,924)</u>	<u>-</u>	<u>(246,054)</u>
<u>(884,546)</u>	<u>1,546</u>	<u>-</u>	<u>790,073</u>	<u>-</u>	<u>944,934</u>
(182,124)	(7,249)	(2,254)	(34,648)	3,718	(97,512)
<u>243,642</u>	<u>157,249</u>	<u>17,064</u>	<u>224,885</u>	<u>145,181</u>	<u>526,538</u>
<u>\$ 61,518</u>	<u>\$ 150,000</u>	<u>\$ 14,810</u>	<u>\$ 190,237</u>	<u>\$ 148,899</u>	<u>\$ 429,026</u>

continued...

COUNTY OF BERRIEN, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Special Revenue Funds

For the Year Ended December 31, 2014

	Drug Court Treatment (2211)	Health Department Grants (2215)	Berrien County Landfill Use (2270)	EDC Grants and Programs (2445)
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental revenue	-	2,968,253	-	153,339
Charges for services	-	186,289	597,591	-
Fines and forfeitures	-	-	-	-
Interest revenue	-	-	2,237	-
Other revenue	-	885,903	-	17,480
Total revenues	-	4,040,445	599,828	170,819
Expenditures				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	308,490	-
Health and welfare	-	4,539,516	-	-
Recreation and cultural	-	-	-	-
Community development	-	-	-	150,534
Total expenditures	-	4,539,516	308,490	150,534
Revenue over (under) expenditures	-	(499,071)	291,338	20,285
Other financing sources (uses)				
Transfers in	-	647,102	-	-
Transfers out	-	(47)	(977,529)	(4,575)
Total other financing sources (uses)	-	647,055	(977,529)	(4,575)
Net change in fund balances	-	147,984	(686,191)	15,710
Fund balances, beginning of year	120,759	268,947	1,354,047	-
Fund balances, end of year	\$ 120,759	\$ 416,931	\$ 667,856	\$ 15,710

Register of Deeds Automation (2560)	Register of Deeds Tax Foreclosure Search Fund (2561)	Homestead Audit Administration (2590)	Law Enforcement Funds (various #s)	Public Safety Cigarette Tax (2665)
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	842,030	(11,120)
151,420	232,225	94,145	2,452,538	-
-	-	-	6,425	-
-	-	826	18	-
-	-	-	290,782	-
<u>151,420</u>	<u>232,225</u>	<u>94,971</u>	<u>3,591,793</u>	<u>(11,120)</u>
-	-	-	-	-
171,885	50,072	67,786	750,429	-
-	-	-	5,075,863	42,613
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>171,885</u>	<u>50,072</u>	<u>67,786</u>	<u>5,826,292</u>	<u>42,613</u>
<u>(20,465)</u>	<u>182,153</u>	<u>27,185</u>	<u>(2,234,499)</u>	<u>(53,733)</u>
-	-	-	2,368,177	41
-	(182,794)	(10,000)	(93,982)	-
-	(182,794)	(10,000)	2,274,195	41
(20,465)	(641)	17,185	39,696	(53,692)
<u>142,928</u>	<u>13,423</u>	<u>265,619</u>	<u>1,581,262</u>	<u>99,617</u>
<u>\$ 122,463</u>	<u>\$ 12,782</u>	<u>\$ 282,804</u>	<u>\$ 1,620,958</u>	<u>\$ 45,925</u>

continued...

COUNTY OF BERRIEN, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Special Revenue Funds

For the Year Ended December 31, 2014

	Animal Control Grant and Program (2675)	County Law Library (2690)	Senior Citizen (2700)	Library Board (2710)
Revenues				
Property taxes	\$ -	\$ -	\$ 2,110,724	\$ -
Licenses and permits	-	-	-	-
Intergovernmental revenue	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest revenue	-	-	-	-
Other revenue	9,551	6,500	-	79,979
Total revenues	9,551	6,500	2,110,724	79,979
Expenditures				
Judicial	-	64,822	-	-
General government	-	-	-	-
Public safety	9,551	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	2,114,089	-
Recreation and cultural	-	-	-	79,979
Community development	-	-	-	-
Total expenditures	9,551	64,822	2,114,089	79,979
Revenue over (under) expenditures	-	(58,322)	(3,365)	-
Other financing sources (uses)				
Transfers in	-	55,170	-	-
Transfers out	(4,000)	-	-	-
Total other financing sources (uses)	(4,000)	55,170	-	-
Net change in fund balances	(4,000)	(3,152)	(3,365)	-
Fund balances, beginning of year	31,446	61,376	33,533	-
Fund balances, end of year	\$ 27,446	\$ 58,224	\$ 30,168	\$ -

Small Bus Program (2810)	Berrien Bus Grant and Program (2815)	Four Winds Casino Sharing (2851)	Three Oaks Land Purchase (2860)	Campaign Finance Administration (2870)
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
657,562	173,706	-	-	-
517,897	-	-	-	1,110
-	-	-	-	-
7	-	-	9,242	-
23,924	-	243,853	-	-
<u>1,199,390</u>	<u>173,706</u>	<u>243,853</u>	<u>9,242</u>	<u>1,110</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
1,338,240	173,706	-	-	-
<u>1,338,240</u>	<u>173,706</u>	<u>-</u>	<u>-</u>	<u>-</u>
(138,850)	-	243,853	9,242	1,110
-	-	-	-	-
-	-	(159,412)	-	-
-	-	(159,412)	-	-
(138,850)	-	84,441	9,242	1,110
656,218	-	508,810	16,961	2,989
<u>\$ 517,368</u>	<u>\$ -</u>	<u>\$ 593,251</u>	<u>\$ 26,203</u>	<u>\$ 4,099</u>

continued...

COUNTY OF BERRIEN, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Special Revenue Funds

For the Year Ended December 31, 2014

	Social Services (2900)	Child Care Probate (2920)	Child Care Social Services (2921)
Revenues			
Property taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental revenue	-	2,924,809	426,273
Charges for services	-	295	-
Fines and forfeitures	-	-	-
Interest revenue	-	-	-
Other revenue	50,000	171,294	56,710
Total revenues	50,000	3,096,398	482,983
Expenditures			
Judicial	-	-	-
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	5,149	6,879,881	904,257
Recreation and cultural	-	-	-
Community development	-	-	-
Total expenditures	5,149	6,879,881	904,257
Revenue over (under) expenditures	44,851	(3,783,483)	(421,274)
Other financing sources (uses)			
Transfers in	24,000	4,292,312	569,269
Transfers out	-	-	-
Total other financing sources (uses)	24,000	4,292,312	569,269
Net change in fund balances	68,851	508,829	147,995
Fund balances, beginning of year	46,133	500,664	231,395
Fund balances, end of year	\$ 114,984	\$ 1,009,493	\$ 379,390

Generous Juror Program (2925)	Soldiers and Sailors Relief (2930)	Veteran's Trust (2940)	Board of Public Works (2960)	Total
\$ -	\$ -	\$ -	\$ -	\$ 2,813,146
-	-	-	-	290,721
-	-	48,864	-	10,922,119
-	-	-	-	5,007,933
-	-	-	-	6,425
-	-	-	-	12,330
8,096	375	-	-	3,726,333
8,096	375	48,864	-	22,779,007
-	-	-	-	3,171,953
-	-	-	-	1,040,172
-	-	-	-	5,200,744
-	-	-	14,330	322,820
4,135	500	54,762	-	17,922,531
-	-	-	-	2,000,883
-	-	-	-	1,662,480
4,135	500	54,762	14,330	31,321,583
3,961	(125)	(5,898)	(14,330)	(8,542,576)
-	-	-	-	12,141,627
-	-	-	-	(2,969,184)
-	-	-	-	9,172,443
3,961	(125)	(5,898)	(14,330)	629,867
5,839	2,281	8,351	117,996	7,599,967
\$ 9,800	\$ 2,156	\$ 2,453	\$ 103,666	\$ 8,229,834

concluded.

COUNTY OF BERRIEN, MICHIGAN

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Nonmajor Special Revenue Funds

For the Year Ended December 31, 2014

	Parks and Recreation (2080)		
	Amended Budget	Actual	Over (Under) Budget
Revenues			
Property taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental revenue	-	-	-
Charges for services	427,209	493,178	65,969
Fines and forfeitures	-	-	-
Interest revenue	-	-	-
Other revenue	141,700	119,233	(22,467)
Total revenues	568,909	612,411	43,502
Expenditures			
Judicial	-	-	-
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	-	-	-
Recreation and cultural	1,245,056	1,112,785	(132,271)
Community development	-	-	-
Total expenditures	1,245,056	1,112,785	(132,271)
Revenues over (under) expenditures	(676,147)	(500,374)	175,773
Other financing sources (uses)			
Transfers in	1,160,505	884,547	(275,958)
Transfers out	(484,358)	(301,821)	182,537
Total other financing sources (uses)	676,147	582,726	(93,421)
Net change in fund balances	-	82,352	82,352
Fund balances, beginning of year	206,569	206,569	-
Fund balances, end of year	\$ 206,569	\$ 288,921	\$ 82,352



Parks Environmental Affairs (2082)			Parks and Recreation Grant (2085)		
Amended Budget	Actual	Over (Under) Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	444,323	329,816	(114,507)
4,000	4,082	82	-	-	-
-	-	-	-	-	-
1,000	-	(1,000)	-	-	-
-	-	-	50,000	-	(50,000)
5,000	4,082	(918)	494,323	329,816	(164,507)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
203,272	168,577	(34,695)	871,105	626,010	(245,095)
-	-	-	-	-	-
203,272	168,577	(34,695)	871,105	626,010	(245,095)
(198,272)	(164,495)	33,777	(376,782)	(296,194)	80,588
286,624	977,529	690,905	376,782	287,949	(88,833)
(88,352)	(51,500)	36,852	-	-	-
198,272	926,029	727,757	376,782	287,949	(88,833)
-	761,534	761,534	-	(8,245)	(8,245)
-	-	-	8,245	8,245	-
\$ -	\$ 761,534	\$ 761,534	\$ 8,245	\$ -	\$ (8,245)

continued...

COUNTY OF BERRIEN, MICHIGAN

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Nonmajor Special Revenue Funds

For the Year Ended December 31, 2014

	Parks Millage (2087)		
	Amended Budget	Actual	Over (Under) Budget
Revenues			
Property taxes	\$ 694,578	\$ 702,422	\$ 7,844
Licenses and permits	-	-	-
Intergovernmental revenue	-	-	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Interest	-	-	-
Other revenue	358,949	-	(358,949)
Total revenues	1,053,527	702,422	(351,105)
Expenditures			
Judicial	-	-	-
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	-	-	-
Recreation and cultural	-	-	-
Community development	-	-	-
Total expenditures	-	-	-
Revenues over (under) expenditures	1,053,527	702,422	(351,105)
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	(1,053,527)	(884,546)	168,981
Total other financing sources (uses)	(1,053,527)	(884,546)	168,981
Net change in fund balances	-	(182,124)	(182,124)
Fund balances, beginning of year	243,642	243,642	-
Fund balances, end of year	\$ 243,642	\$ 61,518	\$ (182,124)



Historical Association Loan Fund (2110)			Berrien Community Foundation (2130)		
Amended Budget	Actual	Over (Under) Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
7,253	-	(7,253)	113,321	75,200	(38,121)
7,253	-	(7,253)	113,321	75,200	(38,121)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	78,496	72,717	(5,779)
-	-	-	-	-	-
-	-	-	-	-	-
8,800	8,795	(5)	7,237	4,737	(2,500)
-	-	-	-	-	-
8,800	8,795	(5)	85,733	77,454	(8,279)
(1,547)	(8,795)	(7,248)	27,588	(2,254)	(29,842)
1,547	1,546	(1)	-	-	-
-	-	-	(27,588)	-	27,588
1,547	1,546	(1)	(27,588)	-	27,588
-	(7,249)	(7,249)	-	(2,254)	(2,254)
157,249	157,249	-	17,064	17,064	-
\$ 157,249	\$ 150,000	\$ (7,249)	\$ 17,064	\$ 14,810	\$ (2,254)

continued...

COUNTY OF BERRIEN, MICHIGAN

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Nonmajor Special Revenue Funds

For the Year Ended December 31, 2014

	Friend of the Court (2150)		
	Amended Budget	Actual	Over (Under) Budget
Revenues			
Property taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental revenue	2,026,344	2,025,976	(368)
Charges for services	321,500	240,929	(80,571)
Fines and forfeitures	-	-	-
Interest	-	-	-
Other revenue	176,000	338	(175,662)
Total revenues	2,523,844	2,267,243	(256,601)
Expenditures			
Judicial	3,181,601	3,091,964	(89,637)
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	-	-	-
Recreation and cultural	-	-	-
Community development	-	-	-
Total expenditures	3,181,601	3,091,964	(89,637)
Revenues over (under) expenditures	(657,757)	(824,721)	(166,964)
Other financing sources (uses)			
Transfers in	743,315	842,997	99,682
Transfers out	(52,924)	(52,924)	-
Total other financing sources (uses)	690,391	790,073	99,682
Net change in fund balances	32,634	(34,648)	(67,282)
Fund balances, beginning of year	224,885	224,885	-
Fund balances, end of year	\$ 257,519	\$ 190,237	\$ (67,282)

Family Counseling Services (2155)			Health Department (2210)		
Amended Budget	Actual	Over (Under) Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
20,000	18,885	(1,115)	284,416	271,836	(12,580)
-	-	-	378,979	382,611	3,632
-	-	-	48,703	36,234	(12,469)
-	-	-	-	-	-
-	-	-	-	-	-
25,000	-	(25,000)	503,667	1,687,115	1,183,448
45,000	18,885	(26,115)	1,215,765	2,377,796	1,162,031
45,000	15,167	(29,833)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	3,779,615	3,420,242	(359,373)
-	-	-	-	-	-
-	-	-	-	-	-
45,000	15,167	(29,833)	3,779,615	3,420,242	(359,373)
-	3,718	3,718	(2,563,850)	(1,042,446)	1,521,404
-	-	-	1,275,934	1,190,988	(84,946)
-	-	-	1,287,916	(246,054)	(1,533,970)
-	-	-	2,563,850	944,934	(1,618,916)
-	3,718	3,718	-	(97,512)	(97,512)
145,181	145,181	-	526,538	526,538	-
\$ 145,181	\$ 148,899	\$ 3,718	\$ 526,538	\$ 429,026	\$ (97,512)

continued...

COUNTY OF BERRIEN, MICHIGAN

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Nonmajor Special Revenue Funds

For the Year Ended December 31, 2014

	Drug Court Treatment (2211)		
	Amended Budget	Actual	Over (Under) Budget
Revenues			
Property taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental revenue	-	-	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Interest revenue	-	-	-
Other revenue	-	-	-
Total revenues	-	-	-
Expenditures			
Judicial	-	-	-
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	-	-	-
Recreation and cultural	-	-	-
Community development	-	-	-
Total expenditures	-	-	-
Revenues over (under) expenditures	-	-	-
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	-	-	-
Fund balances, beginning of year	120,759	120,759	-
Fund balances, end of year	\$ 120,759	\$ 120,759	\$ -

Health Department Grants (2215)			Berrien County Landfill Use (2270)		
Amended Budget	Actual	Over (Under) Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
3,247,582	2,968,253	(279,329)	-	-	-
266,553	186,289	(80,264)	1,170,000	597,591	(572,409)
-	-	-	-	-	-
-	-	-	60	2,237	2,177
886,893	885,903	(990)	286,627	-	(286,627)
<u>4,401,028</u>	<u>4,040,445</u>	<u>(360,583)</u>	<u>1,456,687</u>	<u>599,828</u>	<u>(856,859)</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	1,122,063	308,490	(813,573)
5,274,360	4,539,516	(734,844)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>5,274,360</u>	<u>4,539,516</u>	<u>(734,844)</u>	<u>1,122,063</u>	<u>308,490</u>	<u>(813,573)</u>
<u>(873,332)</u>	<u>(499,071)</u>	<u>374,261</u>	<u>334,624</u>	<u>291,338</u>	<u>(43,286)</u>
868,464	647,102	(221,362)	-	-	-
(48)	(47)	1	(334,624)	(977,529)	(642,905)
<u>868,416</u>	<u>647,055</u>	<u>(221,361)</u>	<u>(334,624)</u>	<u>(977,529)</u>	<u>(642,905)</u>
(4,916)	147,984	152,900	-	(686,191)	(686,191)
<u>268,947</u>	<u>268,947</u>	<u>-</u>	<u>1,354,047</u>	<u>1,354,047</u>	<u>-</u>
<u>\$ 264,031</u>	<u>\$ 416,931</u>	<u>\$ 152,900</u>	<u>\$ 1,354,047</u>	<u>\$ 667,856</u>	<u>\$ (686,191)</u>

continued...

COUNTY OF BERRIEN, MICHIGAN

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Nonmajor Special Revenue Funds

For the Year Ended December 31, 2014

	EDC Grants and Programs (2445)		
	Amended Budget	Actual	Over (Under) Budget
Revenues			
Property taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental revenue	300,000	153,339	(146,661)
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Interest revenue	-	-	-
Other revenue	11,825	17,480	5,655
Total revenues	311,825	170,819	(141,006)
Expenditures			
Judicial	-	-	-
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	-	-	-
Recreation and cultural	-	-	-
Community development	294,825	150,534	(144,291)
Total expenditures	294,825	150,534	(144,291)
Revenues over (under) expenditures	17,000	20,285	3,285
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	(17,000)	(4,575)	12,425
Total other financing sources (uses)	(17,000)	(4,575)	12,425
Net change in fund balances	-	15,710	15,710
Fund balances, beginning of year	-	-	-
Fund balances, end of year	\$ -	\$ 15,710	\$ 15,710

Register of Deeds Automation (2560)			Register of Deeds Tax Foreclosure Search Fund (2561)		
Amended Budget	Actual	Over (Under) Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
175,000	151,420	(23,580)	192,500	232,225	39,725
-	-	-	-	-	-
-	-	-	-	-	-
16,050	-	(16,050)	-	-	-
<u>191,050</u>	<u>151,420</u>	<u>(39,630)</u>	<u>192,500</u>	<u>232,225</u>	<u>39,725</u>
-	-	-	-	-	-
191,050	171,885	(19,165)	57,994	50,072	(7,922)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>191,050</u>	<u>171,885</u>	<u>(19,165)</u>	<u>57,994</u>	<u>50,072</u>	<u>(7,922)</u>
-	(20,465)	(20,465)	134,506	182,153	47,647
-	-	-	-	-	-
-	-	-	(134,506)	(182,794)	(48,288)
-	-	-	(134,506)	(182,794)	(48,288)
-	(20,465)	(20,465)	-	(641)	(641)
<u>142,928</u>	<u>142,928</u>	<u>-</u>	<u>13,423</u>	<u>13,423</u>	<u>-</u>
<u>\$ 142,928</u>	<u>\$ 122,463</u>	<u>\$ (20,465)</u>	<u>\$ 13,423</u>	<u>\$ 12,782</u>	<u>\$ (641)</u>

continued...

COUNTY OF BERRIEN, MICHIGAN

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Nonmajor Special Revenue Funds

For the Year Ended December 31, 2014

	Homestead Audit Administration (2590)		
	Amended Budget	Actual	Over (Under) Budget
Revenues			
Property taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental revenue	-	-	-
Charges for services	83,375	94,145	10,770
Fines and forfeitures	-	-	-
Interest revenue	975	826	(149)
Other revenue	7,795	-	(7,795)
Total revenues	92,145	94,971	2,826
Expenditures			
Judicial	-	-	-
General government	82,145	67,786	(14,359)
Public safety	-	-	-
Public works	-	-	-
Health and welfare	-	-	-
Recreation and cultural	-	-	-
Community development	-	-	-
Total expenditures	82,145	67,786	(14,359)
Revenues over (under) expenditures	10,000	27,185	17,185
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	(10,000)	(10,000)	-
Total other financing sources (uses)	(10,000)	(10,000)	-
Net change in fund balances	-	17,185	17,185
Fund balances, beginning of year	265,619	265,619	-
Fund balances, end of year	\$ 265,619	\$ 282,804	\$ 17,185

Law Enforcement Funds (various #s)			Public Safety Cigarette Tax (2665)		
Amended Budget	Actual	Over (Under) Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
926,305	842,030	(84,275)	136,112	(11,120)	(147,232)
2,161,591	2,452,538	290,947	-	-	-
9,600	6,425	(3,175)	-	-	-
-	18	18	-	-	-
396,381	290,782	(105,599)	-	-	-
<u>3,493,877</u>	<u>3,591,793</u>	<u>97,916</u>	<u>136,112</u>	<u>(11,120)</u>	<u>(147,232)</u>
-	-	-	-	-	-
798,550	750,429	(48,121)	-	-	-
5,474,314	5,075,863	(398,451)	136,112	42,613	(93,499)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>6,272,864</u>	<u>5,826,292</u>	<u>(446,572)</u>	<u>136,112</u>	<u>42,613</u>	<u>(93,499)</u>
<u>(2,778,987)</u>	<u>(2,234,499)</u>	<u>544,488</u>	<u>-</u>	<u>(53,733)</u>	<u>(53,733)</u>
2,756,142	2,368,177	(387,965)	-	41	41
22,845	(93,982)	(116,827)	-	-	-
<u>2,778,987</u>	<u>2,274,195</u>	<u>(504,792)</u>	<u>-</u>	<u>41</u>	<u>41</u>
-	39,696	39,696	-	(53,692)	(53,692)
<u>1,581,262</u>	<u>1,581,262</u>	<u>-</u>	<u>99,617</u>	<u>99,617</u>	<u>-</u>
<u>\$ 1,581,262</u>	<u>\$ 1,620,958</u>	<u>\$ 39,696</u>	<u>\$ 99,617</u>	<u>\$ 45,925</u>	<u>\$ (53,692)</u>

continued...

COUNTY OF BERRIEN, MICHIGAN

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Nonmajor Special Revenue Funds

For the Year Ended December 31, 2014

	Animal Control Grant and Program (2675)		
	Amended Budget	Actual	Over (Under) Budget
Revenues			
Property taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental revenue	-	-	-
Charges for services	8,000	-	(8,000)
Fines and forfeitures	-	-	-
Interest revenue	-	-	-
Other revenue	18,200	9,551	(8,649)
Total revenues	26,200	9,551	(16,649)
Expenditures			
Judicial	-	-	-
General government	-	-	-
Public safety	22,200	9,551	(12,649)
Public works	-	-	-
Health and welfare	-	-	-
Recreation and cultural	-	-	-
Community development	-	-	-
Total expenditures	22,200	9,551	(12,649)
Revenues over (under) expenditures	4,000	-	(4,000)
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	(4,000)	(4,000)	-
Total other financing sources (uses)	(4,000)	(4,000)	-
Net change in fund balances	-	(4,000)	(4,000)
Fund balances, beginning of year	31,446	31,446	-
Fund balances, end of year	\$ 31,446	\$ 27,446	\$ (4,000)

County Law Library (2690)			Senior Citizen (2700)		
Amended Budget	Actual	Over (Under) Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ 2,115,233	\$ 2,110,724	\$ (4,509)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
21,840	6,500	(15,340)	-	-	-
21,840	6,500	(15,340)	2,115,233	2,110,724	(4,509)
83,510	64,822	(18,688)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	2,115,233	2,114,089	(1,144)
-	-	-	-	-	-
-	-	-	-	-	-
83,510	64,822	(18,688)	2,115,233	2,114,089	(1,144)
(61,670)	(58,322)	3,348	-	(3,365)	(3,365)
61,670	55,170	(6,500)	-	-	-
-	-	-	-	-	-
61,670	55,170	(6,500)	-	-	-
-	(3,152)	(3,152)	-	(3,365)	(3,365)
61,376	61,376	-	33,533	33,533	-
\$ 61,376	\$ 58,224	\$ (3,152)	\$ 33,533	\$ 30,168	\$ (3,365)

continued...

COUNTY OF BERRIEN, MICHIGAN

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Nonmajor Special Revenue Funds

For the Year Ended December 31, 2014

	Library Board (2710)		
	Amended Budget	Actual	Over (Under) Budget
Revenues			
Property taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental revenue	-	-	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Interest revenue	-	-	-
Other revenue	-	79,979	79,979
Total revenues	-	79,979	79,979
Expenditures			
Judicial	-	-	-
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	-	-	-
Recreation and cultural	79,980	79,979	(1)
Community development	-	-	-
Total expenditures	79,980	79,979	(1)
Revenues over (under) expenditures	(79,980)	-	79,980
Other financing sources (uses)			
Transfers in	79,980	-	(79,980)
Transfers out	-	-	-
Total other financing sources (uses)	79,980	-	(79,980)
Net change in fund balances	-	-	-
Fund balances, beginning of year	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ -

Small Bus Program (2810)			Berrien Bus Grant and Program (2815)		
Amended Budget	Actual	Over (Under) Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
606,600	657,562	50,962	341,356	173,706	(167,650)
695,000	517,897	(177,103)	-	-	-
-	-	-	-	-	-
2,000	7	(1,993)	-	-	-
105,200	23,924	(81,276)	-	-	-
<u>1,408,800</u>	<u>1,199,390</u>	<u>(209,410)</u>	<u>341,356</u>	<u>173,706</u>	<u>(167,650)</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,419,983</u>	<u>1,338,240</u>	<u>(81,743)</u>	<u>341,356</u>	<u>173,706</u>	<u>(167,650)</u>
<u>1,419,983</u>	<u>1,338,240</u>	<u>(81,743)</u>	<u>341,356</u>	<u>173,706</u>	<u>(167,650)</u>
<u>(11,183)</u>	<u>(138,850)</u>	<u>(127,667)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
<u>11,183</u>	<u>-</u>	<u>(11,183)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>11,183</u>	<u>-</u>	<u>(11,183)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	(138,850)	(138,850)	-	-	-
<u>656,218</u>	<u>656,218</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 656,218</u>	<u>\$ 517,368</u>	<u>\$ (138,850)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

continued...

COUNTY OF BERRIEN, MICHIGAN

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Nonmajor Special Revenue Funds

For the Year Ended December 31, 2014

	Four Winds Casino Revenue Sharing (2851)		
	Amended Budget	Actual	Over (Under) Budget
Revenues			
Property taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental revenue	-	-	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Interest revenue	-	-	-
Other revenue	515,829	243,853	(271,976)
Total revenues	515,829	243,853	(271,976)
Expenditures			
Judicial	-	-	-
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	-	-	-
Recreation and cultural	-	-	-
Community development	-	-	-
Total expenditures	-	-	-
Revenues over (under) expenditures	515,829	243,853	(271,976)
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	(515,829)	(159,412)	356,417
Total other financing sources (uses)	(515,829)	(159,412)	356,417
Net change in fund balances	-	84,441	84,441
Fund balances, beginning of year	508,810	508,810	-
Fund balances, end of year	\$ 508,810	\$ 593,251	\$ 84,441



Three Oaks Land Purchase (2860)			Campaign Finance Administration (2870)		
Amended Budget	Actual	Over (Under) Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	500	1,110	610
-	-	-	-	-	-
4,588	9,242	4,654	-	-	-
-	-	-	-	-	-
4,588	9,242	4,654	500	1,110	610
-	-	-	-	-	-
-	-	-	500	-	(500)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	500	-	(500)
4,588	9,242	4,654	-	1,110	1,110
37,848	-	(37,848)	-	-	-
-	-	-	-	-	-
37,848	-	(37,848)	-	-	-
42,436	9,242	(33,194)	-	1,110	1,110
16,961	16,961	-	2,989	2,989	-
\$ 59,397	\$ 26,203	\$ (33,194)	\$ 2,989	\$ 4,099	\$ 1,110

continued...

COUNTY OF BERRIEN, MICHIGAN

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Nonmajor Special Revenue Funds

For the Year Ended December 31, 2014

	Social Services (2900)		
	Amended Budget	Actual	Over (Under) Budget
Revenues			
Property taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental revenue	-	-	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Interest revenue	-	-	-
Other revenue	-	50,000	50,000
Total revenues	-	50,000	50,000
Expenditures			
Judicial	-	-	-
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	24,000	5,149	(18,851)
Recreation and cultural	-	-	-
Community development	-	-	-
Total expenditures	24,000	5,149	(18,851)
Revenues over (under) expenditures	(24,000)	44,851	68,851
Other financing sources (uses)			
Transfers in	24,000	24,000	-
Transfers out	-	-	-
Total other financing sources (uses)	24,000	24,000	-
Net change in fund balances	-	68,851	68,851
Fund balances, beginning of year	46,133	46,133	-
Fund balances, end of year	\$ 46,133	\$ 114,984	\$ 68,851

Child Care Probate (2920)			Child Care Social Services (2921)		
Amended Budget	Actual	Over (Under) Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
3,344,674	2,924,809	(419,865)	669,270	426,273	(242,997)
-	295	295	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
311,576	171,294	(140,282)	172,000	56,710	(115,290)
3,656,250	3,096,398	(559,852)	841,270	482,983	(358,287)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
7,948,561	6,879,881	(1,068,680)	1,410,539	904,257	(506,282)
-	-	-	-	-	-
-	-	-	-	-	-
7,948,561	6,879,881	(1,068,680)	1,410,539	904,257	(506,282)
(4,292,311)	(3,783,483)	508,828	(569,269)	(421,274)	147,995
4,292,312	4,292,312	-	569,269	569,269	-
-	-	-	-	-	-
4,292,312	4,292,312	-	569,269	569,269	-
1	508,829	508,828	-	147,995	147,995
500,664	500,664	-	231,395	231,395	-
\$ 500,665	\$ 1,009,493	\$ 508,828	\$ 231,395	\$ 379,390	\$ 147,995

continued...

COUNTY OF BERRIEN, MICHIGAN

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Nonmajor Special Revenue Funds

For the Year Ended December 31, 2014

	Generous Juror Program (2925)		
	Amended Budget	Actual	Over (Under) Budget
Revenues			
Property taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental revenue	-	-	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Interest revenue	-	-	-
Other revenue	5,000	8,096	3,096
Total revenues	5,000	8,096	3,096
Expenditures			
Judicial	-	-	-
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	5,000	4,135	(865)
Recreation and cultural	-	-	-
Community development	-	-	-
Total expenditures	5,000	4,135	(865)
Revenues over (under) expenditures	-	3,961	3,961
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	-	3,961	3,961
Fund balances, beginning of year	5,839	5,839	-
Fund balances, end of year	\$ 5,839	\$ 9,800	\$ 3,961



Soldiers and Sailors Relief (2930)			Veteran's Trust (2940)		
Amended Budget	Actual	Over (Under) Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	64,736	48,864	(15,872)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2,000	375	(1,625)	-	-	-
2,000	375	(1,625)	64,736	48,864	(15,872)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2,000	500	(1,500)	64,736	54,762	(9,974)
-	-	-	-	-	-
-	-	-	-	-	-
2,000	500	(1,500)	64,736	54,762	(9,974)
-	(125)	(125)	-	(5,898)	(5,898)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	(125)	(125)	-	(5,898)	(5,898)
2,281	2,281	-	8,351	8,351	-
\$ 2,281	\$ 2,156	\$ (125)	\$ 8,351	\$ 2,453	\$ (5,898)

continued...

COUNTY OF BERRIEN, MICHIGAN

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Nonmajor Special Revenue Funds

For the Year Ended December 31, 2014

	Board of Public Works (2960)		
	Amended Budget	Actual	Over (Under) Budget
Revenues			
Property taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental revenue	-	-	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Interest revenue	-	-	-
Other revenue	14,220	-	(14,220)
Total revenues	14,220	-	(14,220)
Expenditures			
Judicial	-	-	-
General government	-	-	-
Public safety	-	-	-
Public works	14,385	14,330	(55)
Health and welfare	-	-	-
Recreation and cultural	-	-	-
Community development	-	-	-
Total expenditures	14,385	14,330	(55)
Revenues over (under) expenditures	(165)	(14,330)	(14,165)
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	165	-	(165)
Total other financing sources (uses)	165	-	(165)
Net change in fund balances	-	(14,330)	(14,330)
Fund balances, beginning of year	117,996	117,996	-
Fund balances, end of year	\$ 117,996	\$ 103,666	\$ (14,330)



Total Nonmajor Special Revenue Funds		
Amended Budget	Actual	Over (Under) Budget
\$ 2,809,811	\$ 2,813,146	\$ 3,335
304,416	290,721	(13,695)
12,486,281	10,922,119	(1,564,162)
5,553,931	5,007,933	(545,998)
9,600	6,425	(3,175)
8,623	12,330	3,707
4,147,326	3,726,333	(420,993)
<u>25,319,988</u>	<u>22,779,007</u>	<u>(2,540,981)</u>
3,310,111	3,171,953	(138,158)
1,130,239	1,040,172	(90,067)
5,711,122	5,200,744	(510,378)
1,136,448	322,820	(813,628)
20,624,044	17,922,531	(2,701,513)
2,415,450	2,000,883	(414,567)
2,056,164	1,662,480	(393,684)
<u>36,383,578</u>	<u>31,321,583</u>	<u>(5,061,995)</u>
<u>(11,063,590)</u>	<u>(8,542,576)</u>	<u>2,521,014</u>
12,534,392	12,141,627	(392,765)
<u>(1,400,647)</u>	<u>(2,969,184)</u>	<u>(1,568,537)</u>
<u>11,133,745</u>	<u>9,172,443</u>	<u>(1,961,302)</u>
70,155	629,867	559,712
<u>7,481,971</u>	<u>7,599,967</u>	<u>117,996</u>
<u>\$ 7,552,126</u>	<u>\$ 8,229,834</u>	<u>\$ 677,708</u>

concluded.

COUNTY OF BERRIEN, MICHIGAN

Combining Balance Sheet

Nonmajor Debt Service Funds

December 31, 2014

	Bridge Bond (3010)	Building Authority (4500)	Total
Assets			
Cash and cash equivalents	\$ 260	\$ 3,524	\$ 3,784
Fund balances			
Restricted	\$ 260	\$ 3,524	\$ 3,784

COUNTY OF BERRIEN, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Debt Service Funds

For the Year Ended December 31, 2014

	Bridge Bond (3010)	Building Authority (4500)	Total
Revenues			
Charges for services	\$ -	\$ 2,452	\$ 2,452
Expenditures			
Debt service:			
Principal	-	245,000	245,000
Interest and fiscal charges	-	4,902	4,902
Total expenditures	-	249,902	249,902
Revenues under expenditures	-	(247,450)	(247,450)
Other financing sources			
Transfers in	-	247,450	247,450
Net change in fund balances	-	-	-
Fund balances, beginning of year	260	3,524	3,784
Fund balances, end of year	\$ 260	\$ 3,524	\$ 3,784

COUNTY OF BERRIEN, MICHIGAN

Combining Balance Sheet

Nonmajor Capital Projects Funds

December 31, 2014

	Capital Improvement (2450) & (4010)	Vehicle / Equipment Replacement (4020)	Capital Reserve (4030)
Assets			
Cash and cash equivalents	\$ 4,694,369	\$ 324,091	\$ 403,651
Investments	-	-	-
Total assets	<u>\$ 4,694,369</u>	<u>\$ 324,091</u>	<u>\$ 403,651</u>
Liabilities			
Accounts payable	\$ 101,424	\$ -	\$ -
Fund balances			
Restricted	-	-	403,651
Committed	4,592,945	324,091	-
Total fund balances	<u>4,592,945</u>	<u>324,091</u>	<u>403,651</u>
Total liabilities and fund balances	<u>\$ 4,694,369</u>	<u>\$ 324,091</u>	<u>\$ 403,651</u>



Animal Shelter (4130)	Total
\$ 17,058	\$ 5,439,169
471,159	471,159
<hr/>	
\$ 488,217	\$ 5,910,328
<hr/>	
\$ -	\$ 101,424
<hr/>	
488,217	891,868
-	4,917,036
<hr/>	
488,217	5,808,904
<hr/>	
\$ 488,217	\$ 5,910,328
<hr/>	

COUNTY OF BERRIEN, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Capital Projects Funds

For the Year Ended December 31, 2014

	Capital Improvement (2450) & (4010)	Vehicle / Equipment Replacement (4020)	Capital Reserve (4030)
Revenues			
Interest revenue	\$ -	\$ -	\$ -
Other revenue	-	-	-
Total revenues	-	-	-
Expenditures			
Current expenditures:			
Judicial	18,498	18,838	-
General government	3,156,328	56,514	-
Public safety	386,783	250,858	-
Health and welfare	96,796	-	-
Total expenditures	3,658,405	326,210	-
Revenues over (under) expenditures	(3,658,405)	(326,210)	-
Other financing sources (uses)			
Transfers in	4,808,000	314,000	-
Transfers out	-	-	(247,450)
Total other financing sources (uses)	4,808,000	314,000	(247,450)
Net change in fund balances	1,149,595	(12,210)	(247,450)
Fund balances, beginning of year	3,443,350	336,301	651,101
Fund balances, end of year	\$ 4,592,945	\$ 324,091	\$ 403,651



Animal Shelter (4130)	Total
\$ 1,442	\$ 1,442
29,931	29,931
<u>31,373</u>	<u>31,373</u>
-	37,336
-	3,212,842
-	637,641
-	96,796
<u>-</u>	<u>3,984,615</u>
<u>31,373</u>	<u>(3,953,242)</u>
-	5,122,000
-	(247,450)
<u>-</u>	<u>4,874,550</u>
31,373	921,308
<u>456,844</u>	<u>4,887,596</u>
<u>\$ 488,217</u>	<u>\$ 5,808,904</u>

COUNTY OF BERRIEN, MICHIGAN

Combining Statement of Net Position

Nonmajor Enterprise Funds

December 31, 2014

	Delinquent Tax Foreclosure (5180)	Delinquent Personal Property Tax (5190)	Drain Working Capital (6390)
Assets			
Current assets:			
Cash and cash equivalents	\$ 1,246,858	\$ 23,679	\$ 361,263
Investments	-	159,051	-
Accounts receivable	-	630	-
Taxes receivable, delinquent	-	266,482	-
Leases receivable, current	-	-	-
Inventories	-	-	33,823
Total current assets	<u>1,246,858</u>	<u>449,842</u>	<u>395,086</u>
Noncurrent assets:			
Leases receivable, net of current portion	-	-	-
Capital assets being depreciated, net	-	-	77,593
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>77,593</u>
Total assets	<u>1,246,858</u>	<u>449,842</u>	<u>472,679</u>
Liabilities			
Current liabilities:			
Accounts payable	111,540	3,557	8,728
Accrued expenses	4,635	-	-
Due to other governments	-	287,432	-
Current portion of long-term debt	-	-	-
Total current liabilities	<u>116,175</u>	<u>290,989</u>	<u>8,728</u>
Long-term liabilities -			
Due in more than one year	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>116,175</u>	<u>290,989</u>	<u>8,728</u>
Net position			
Investment in capital assets	-	-	77,593
Unrestricted	<u>1,130,683</u>	<u>158,853</u>	<u>386,358</u>
Total net position	<u>\$ 1,130,683</u>	<u>\$ 158,853</u>	<u>\$ 463,951</u>

Buchanan Township Sewer System No. 23 / Water System No. 21 (5753)	Coloma Township Sewer System No. 24 (5755)	Village of Berrien Springs / Oronoko Township Water / Sewer System No. 26 (5756)	New Buffalo City Water System No. 28 (5759)	Village of Berrien Springs Water / Sewer System No. 29 (5761)	Total
\$ 1,224	\$ -	\$ 1,283	\$ 1,531	\$ -	\$ 1,635,838
6,358	-	7,527	-	-	172,936
-	-	-	-	-	630
-	-	-	-	-	266,482
42,901	100,000	25,000	70,000	110,000	347,901
-	-	-	-	-	33,823
50,483	100,000	33,810	71,531	110,000	2,457,610
-	500,598	142,804	1,246,580	2,775,894	4,665,876
-	-	-	-	-	77,593
-	500,598	142,804	1,246,580	2,775,894	4,743,469
50,483	600,598	176,614	1,318,111	2,885,894	7,201,079
-	-	-	-	-	123,825
483	5,598	1,614	8,187	24,003	44,520
-	-	-	-	-	287,432
50,000	100,000	25,000	70,000	110,000	355,000
50,483	105,598	26,614	78,187	134,003	810,777
-	495,000	150,000	1,239,924	2,751,891	4,636,815
50,483	600,598	176,614	1,318,111	2,885,894	5,447,592
-	-	-	-	-	77,593
-	-	-	-	-	1,675,894
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,753,487

COUNTY OF BERRIEN, MICHIGAN

Combining Statement of Revenues, Expenses and Changes in Fund Net Position

Nonmajor Enterprise Funds

For the Year Ended December 31, 2014

	Delinquent Tax Foreclosure (5180)	Delinquent Personal Property Tax (5190)	Drain Working Capital (6390)
Operating revenues			
Charges for services	\$ 771,415	\$ 24,810	\$ 75,888
Operating expense			
Operation and maintenance	613,007	35,446	44,139
Depreciation	-	-	52,183
Total operating expense	613,007	35,446	96,322
Operating income (loss)	158,408	(10,636)	(20,434)
Nonoperating revenues (expenses)			
Interest revenue	-	596	-
Interest and fiscal charges	-	-	-
Total nonoperating revenues (expenses)	-	596	-
Income before transfers	158,408	(10,040)	(20,434)
Transfers out	(93,235)	-	-
Change in net position	65,173	(10,040)	(20,434)
Net position, beginning of year	1,065,510	168,893	484,385
Net position, end of year	\$ 1,130,683	\$ 158,853	\$ 463,951



Buchanan Township Sewer System No. 23 / Water System No. 21 (5753)	Coloma Township Sewer System No. 24 (5755)	Village of Berrien Springs / Oronoko Township Water / Sewer System No. 26 (5756)	New Buffalo City Water System No. 28 (5759)	Village of Berrien Springs Water / Sewer System No. 29 (5761)	Total
\$ 4,027	\$ 36,173	\$ 10,880	\$ 33,967	\$ 164,225	\$ 1,121,385
-	-	-	-	32,110	724,702
-	-	-	-	-	52,183
-	-	-	-	32,110	776,885
4,027	36,173	10,880	33,967	132,115	344,500
-	-	-	-	-	596
(4,027)	(36,173)	(10,880)	(33,967)	(132,115)	(217,162)
(4,027)	(36,173)	(10,880)	(33,967)	(132,115)	(216,566)
-	-	-	-	-	127,934
-	-	-	-	-	(93,235)
-	-	-	-	-	34,699
-	-	-	-	-	1,718,788
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,753,487

COUNTY OF BERRIEN, MICHIGAN

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

For the Year Ended December 31, 2014

	Delinquent Tax Foreclosure (5180)	Delinquent Personal Property Tax (5190)	Drain Working Capital (6390)
Cash flows from operating activities			
Cash received from customers	\$ 771,415	\$ 24,810	\$ 75,888
Cash payments to suppliers for goods and services	(515,112)	(28,043)	(34,908)
Cash payments to employees for services	(85,853)	(3,097)	-
Net cash provided by (used in) operating activities	170,450	(6,330)	40,980
Cash flows from noncapital financing activities			
Principal payments	-	-	-
Interest payments	-	-	-
Transfers out	(93,235)	-	-
Net cash used in noncapital financing activities	(93,235)	-	-
Cash flows from investing activities			
Proceeds from sale of investments	-	11,000	-
Interest received	-	596	-
Amounts collected on leases receivable	-	-	-
Net cash provided by investing activities	-	11,596	-
Net change in cash and cash equivalents	77,215	5,266	40,980
Cash and cash equivalents, beginning of year	1,169,643	18,413	320,283
Cash and cash equivalents, end of year	\$ 1,246,858	\$ 23,679	\$ 361,263



Buchanan Township Sewer System No. 23 / Water System No. 21 (5753)	Coloma Township Sewer System No. 24 (5755)	Village of Berrien Springs / Oronoko Township Water / Sewer System No. 26 (5756)	New Buffalo City Water System No. 28 (5759)	Village of Berrien Springs Water / Sewer System No. 29 (5761)	Total
\$ 4,027 (339) -	\$ 36,173 (917) -	\$ 10,880 (223) -	\$ 33,967 (406) -	\$ 164,225 (44,703) -	\$ 1,121,385 (624,651) (88,950)
3,688	35,256	10,657	33,561	119,522	407,784
(35,000) (4,027) -	(100,000) (36,173) -	(25,000) (10,880) -	(65,000) (33,967) -	(105,000) (131,638) -	(330,000) (216,685) (93,235)
(39,027)	(136,173)	(35,880)	(98,967)	(236,638)	(639,920)
- -	- -	- -	- -	- -	11,000 596
35,409	100,917	25,222	65,406	117,116	344,070
35,409	100,917	25,222	65,406	117,116	355,666
70	-	(1)	-	-	123,530
1,154	-	1,284	1,531	-	1,512,308
\$ 1,224	\$ -	\$ 1,283	\$ 1,531	\$ -	\$ 1,635,838

continued...

COUNTY OF BERRIEN, MICHIGAN

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

For the Year Ended December 31, 2014

	Delinquent Tax Foreclosure (5180)	Delinquent Personal Property Tax (5190)	Drain Working Capital (6390)
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ 158,408	\$ (10,636)	\$ (20,434)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	-	-	52,183
Changes in assets and liabilities:			
Accounts receivable	-	(630)	-
Taxes receivable - delinquent	-	23,526	-
Due from other governments	-	30,888	-
Inventories	-	-	803
Accounts payable	10,451	1,512	8,428
Accrued expenses	1,591	(682)	-
Due to other governments	-	(50,308)	-
Net cash provided by (used in) operating activities	<u>\$ 170,450</u>	<u>\$ (6,330)</u>	<u>\$ 40,980</u>



Buchanan Township Sewer System No. 23 / Water System No. 21 (5753)	Coloma Township Sewer System No. 24 (5755)	Village of Berrien Springs / Oronoko Township Water / Sewer System No. 26 (5756)	New Buffalo City Water System No. 28 (5759)	Village of Berrien Springs Water / Sewer System No. 29 (5761)	Total
\$ 4,027	\$ 36,173	\$ 10,880	\$ 33,967	\$ 132,115	\$ 344,500
-	-	-	-	-	52,183
-	-	-	-	-	(630)
-	-	-	-	-	23,526
-	-	-	-	-	30,888
-	-	-	-	-	803
-	-	-	-	-	20,391
(339)	(917)	(223)	(406)	(12,593)	(13,569)
-	-	-	-	-	(50,308)
<u>\$ 3,688</u>	<u>\$ 35,256</u>	<u>\$ 10,657</u>	<u>\$ 33,561</u>	<u>\$ 119,522</u>	<u>\$ 407,784</u>

concluded.

COUNTY OF BERRIEN, MICHIGAN

Combining Statement of Net Position

Internal Service Funds

December 31, 2014

	Property / Liability Insurance (6774)	Workers' Compensation Insurance (6771)	Healthcare Insurance (6772)	Unemployment Insurance (6773)	Total
Assets					
Current assets:					
Cash and cash equivalents	\$ 100,934	\$ 1,040,761	\$ 6,039,961	\$ 85,965	\$ 7,267,621
Investments	2,385,379	-	-	-	2,385,379
Total current assets	2,486,313	1,040,761	6,039,961	85,965	9,653,000
Noncurrent assets -					
Restricted cash	1,512,831	-	-	-	1,512,831
Total assets	3,999,144	1,040,761	6,039,961	85,965	11,165,831
Liabilities					
Current liabilities:					
Accounts payable	-	134	-	-	134
Accrued expenses	1,050,721	77,561	866,672	-	1,994,954
Total liabilities	1,050,721	77,695	866,672	-	1,995,088
Net position					
Restricted for self-insurance claims	1,512,831	-	-	-	1,512,831
Unrestricted	1,435,592	963,066	5,173,289	85,965	7,657,912
Total net position	\$ 2,948,423	\$ 963,066	\$ 5,173,289	\$ 85,965	\$ 9,170,743

COUNTY OF BERRIEN, MICHIGAN

Combining Statement of Revenues, Expenses and Changes in Fund Net Position

Internal Service Funds

For the Year Ended December 31, 2014

	Property / Liability Insurance (6774)	Workers' Compensation Insurance (6771)	Healthcare Insurance (6772)	Unemployment Insurance (6773)	Total
Operating revenues					
Charges for services	\$ 515,900	\$ 12,605	\$ 11,422,550	\$ 48,684	\$ 11,999,739
Operating expenses					
Operation and maintenance	-	-	11,237	1,600	12,837
Benefits and claims	266,052	90,207	13,051,546	42,746	13,450,551
Total operating expenses	266,052	90,207	13,062,783	44,346	13,463,388
Operating income (loss)	249,848	(77,602)	(1,640,233)	4,338	(1,463,649)
Nonoperating revenues					
Interest income	-	61	279	-	340
Change in net position	249,848	(77,541)	(1,639,954)	4,338	(1,463,309)
Net position, beginning of year	2,698,575	1,040,607	6,813,243	81,627	10,634,052
Net position, end of year	\$ 2,948,423	\$ 963,066	\$ 5,173,289	\$ 85,965	\$ 9,170,743

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COUNTY OF BERRIEN, MICHIGAN

Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended December 31, 2014

	Property / Liability Insurance (6774)	Workers' Compensation Insurance (6771)	Healthcare Insurance (6772)	Unemployment Insurance (6773)	Total
Cash flows from operating activities					
Cash received from interfund services provided	\$ 515,900	\$ 12,605	\$ 11,422,550	\$ 48,684	\$ 11,999,739
Cash payments to suppliers for services	(77,433)	(571,905)	(14,039,003)	(44,346)	(14,732,687)
Net cash provided by (used in) operating activities	438,467	(559,300)	(2,616,453)	4,338	(2,732,948)
Cash flows from investing activities					
Purchase of investments	(114)	-	-	-	(114)
Proceeds from sale of investments	-	1,600,000	7,264,826	-	8,864,826
Interest received	-	61	279	-	340
Net cash provided by (used in) investing activities	(114)	1,600,061	7,265,105	-	8,865,052
Net change in cash and cash equivalents	438,353	1,040,761	4,648,652	4,338	6,132,104
Cash and cash equivalents, beginning of year	1,175,412	-	1,391,309	81,627	2,648,348
Cash and cash equivalents, end of year	\$ 1,613,765	\$ 1,040,761	\$ 6,039,961	\$ 85,965	\$ 8,780,452
Statement of net position classification of cash and investments					
Cash and cash equivalents	\$ 100,934	\$ 1,040,761	\$ 6,039,961	\$ 85,965	\$ 7,267,621
Restricted cash	1,512,831	-	-	-	1,512,831
	\$ 1,613,765	\$ 1,040,761	\$ 6,039,961	\$ 85,965	\$ 8,780,452
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 249,848	\$ (77,602)	\$ (1,640,233)	\$ 4,338	\$ (1,463,649)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities -					
Prepaid items	-	-	793,593	-	793,593
Accounts payable	-	(2,433)	-	-	(2,433)
Accrued expenses	188,619	(182,956)	102,772	-	108,435
Due to other governments	-	-	(1,872,585)	-	(1,872,585)
Interfund	-	(296,309)	-	-	(296,309)
Net cash provided by (used in) operating activities	\$ 438,467	\$ (559,300)	\$ (2,616,453)	\$ 4,338	\$ (2,732,948)

COUNTY OF BERRIEN, MICHIGAN

Combining Statement of Fiduciary Assets and Liabilities

All Agency Funds
December 31, 2014

	Trust and Agency (7010)	Court Orders Payable (7020)	Imprest Payroll (7040)	Library Trust (7210)
Assets				
Cash and cash equivalents	\$ 1,452,470	\$ 107,847	\$ 90,787	\$ 113,920
Investments	-	-	-	810,062
Accounts receivable	39,122	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u><u>\$ 1,491,592</u></u>	<u><u>\$ 107,847</u></u>	<u><u>\$ 90,787</u></u>	<u><u>\$ 923,982</u></u>
Liabilities				
Undistributed receipts	<u><u>\$ 1,491,592</u></u>	<u><u>\$ 107,847</u></u>	<u><u>\$ 90,787</u></u>	<u><u>\$ 923,982</u></u>



District Court Trust (7600)	Jail Inmate Trust (7640)	Total
\$ 499,392	\$ 15,848	\$ 2,280,264
-	-	810,062
-	-	39,122
<u>\$ 499,392</u>	<u>\$ 15,848</u>	<u>\$ 3,129,448</u>
<u>\$ 499,392</u>	<u>\$ 15,848</u>	<u>\$ 3,129,448</u>

COUNTY OF BERRIEN, MICHIGAN

Combining Statement of Changes in Assets and Liabilities

All Agency Funds

For the Year Ended December 31, 2014

	Beginning Balance	Additions	Deductions	Ending Balance
Trust and Agency Fund				
Assets				
Cash and cash equivalents	\$ 3,147,877	\$ 95,406,349	\$ 97,101,756	\$ 1,452,470
Accounts receivable	-	39,122	-	39,122
Total assets	<u>\$ 3,147,877</u>	<u>\$ 95,445,471</u>	<u>\$ 97,101,756</u>	<u>\$ 1,491,592</u>
Liabilities				
Undistributed receipts	<u>\$ 3,147,877</u>	<u>\$ 95,445,471</u>	<u>\$ 97,101,756</u>	<u>\$ 1,491,592</u>
Court Orders Payable Fund				
Assets				
Cash and cash equivalents	<u>\$ 117,373</u>	<u>\$ 571,999</u>	<u>\$ 581,525</u>	<u>\$ 107,847</u>
Liabilities				
Undistributed receipts	<u>\$ 117,373</u>	<u>\$ 571,999</u>	<u>\$ 581,525</u>	<u>\$ 107,847</u>
Imprest Payroll Fund				
Assets				
Cash and cash equivalents	<u>\$ -</u>	<u>\$ 115,706,836</u>	<u>\$ 115,616,049</u>	<u>\$ 90,787</u>
Liabilities				
Undistributed receipts	<u>\$ -</u>	<u>\$ 115,706,836</u>	<u>\$ 115,616,049</u>	<u>\$ 90,787</u>
Library Trust Fund				
Assets				
Cash and cash equivalents	\$ 232,597	\$ 6,267,774	\$ 6,386,451	\$ 113,920
Investments	480,046	2,110,000	1,779,984	810,062
Total assets	<u>\$ 712,643</u>	<u>\$ 8,377,774</u>	<u>\$ 8,166,435</u>	<u>\$ 923,982</u>
Liabilities				
Undistributed receipts	<u>\$ 712,643</u>	<u>\$ 8,377,774</u>	<u>\$ 8,166,435</u>	<u>\$ 923,982</u>

continued...

COUNTY OF BERRIEN, MICHIGAN

Combining Statement of Changes in Assets and Liabilities

All Agency Funds

For the Year Ended December 31, 2014

	Beginning Balance	Additions	Deductions	Ending Balance
District Court Trust Fund				
Assets				
Cash and cash equivalents	\$ 530,529	\$ 583,113	\$ 614,250	\$ 499,392
Liabilities				
Undistributed receipts	\$ 530,529	\$ 583,113	\$ 614,250	\$ 499,392
Jail Inmate Trust Fund				
Assets				
Cash and cash equivalents	\$ 10,386	\$ 15,848	\$ 10,386	\$ 15,848
Liabilities				
Undistributed receipts	\$ 10,386	\$ 15,848	\$ 10,386	\$ 15,848
Total - All Agency Funds				
Assets				
Cash and cash equivalents	\$ 4,038,762	\$ 218,551,919	\$ 220,310,417	\$ 2,280,264
Investments	480,046	2,110,000	1,779,984	810,062
Accounts receivable	-	39,122	-	39,122
Total assets	\$ 4,518,808	\$ 220,701,041	\$ 222,090,401	\$ 3,129,448
Liabilities				
Undistributed receipts	\$ 4,518,808	\$ 220,701,041	\$ 222,090,401	\$ 3,129,448

concluded.

COUNTY OF BERRIEN, MICHIGAN

Statement of Net Position and Governmental Funds Balance Sheet

Drain Commission Component Unit

December 31, 2014

	Capital Projects Funds		
	Drain (8010)	Drain Revolving (8020)	Hollywood Road Detention Bonds (8053)
Assets			
Cash and cash equivalents	\$ 2,091,952	\$ 187,393	\$ 18,023
Investments	-	-	107,853
Special assessments receivable	2,876,178	-	160,000
Due from other funds	-	477,554	-
Capital assets not being depreciated	-	-	-
Capital assets being depreciated, net	-	-	-
Total assets	\$ 4,968,130	\$ 664,947	\$ 285,876
Liabilities			
Accounts payable	\$ 197,050	\$ -	\$ -
Accrued expenses	-	-	-
Due to other funds	477,554	-	-
Advances from primary government	-	650,000	-
Long-term liabilities:			
Due within one year	-	-	-
Due in more than one year	-	-	-
Total liabilities	674,604	650,000	-
Deferred inflows of resources			
Unavailable revenue - special assessments	2,876,178	-	160,000
Fund balances			
Restricted	-	-	125,876
Committed	1,417,348	14,947	-
Total fund balances	1,417,348	14,947	125,876
Total liabilities, deferred inflows of resources and fund balances	\$ 4,968,130	\$ 664,947	\$ 285,876
Net position			
Net investment in capital assets			
Restricted			
Unrestricted			
Total net position			



Starr & Wellington Drain (8054)	Close Drain (8055)	Schwark Drain Drainage District (8056)	Hollywood Road Consolidated Drain (8057)	Barnes & Hamilton Drain Drainage District (8058)	Lakeshore Drain Drainage District (8059)
\$ 42,541	\$ 184,975	\$ 459,263	\$ 92,097	\$ 385,368	\$ 900,011
-	-	-	-	-	-
121,000	770,000	1,510,000	2,290,000	1,185,000	3,325,000
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 163,541</u>	<u>\$ 954,975</u>	<u>\$ 1,969,263</u>	<u>\$ 2,382,097</u>	<u>\$ 1,570,368</u>	<u>\$ 4,225,011</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>121,000</u>	<u>770,000</u>	<u>1,510,000</u>	<u>2,290,000</u>	<u>1,185,000</u>	<u>3,325,000</u>
42,541	184,975	459,263	92,097	385,368	900,011
-	-	-	-	-	-
<u>42,541</u>	<u>184,975</u>	<u>459,263</u>	<u>92,097</u>	<u>385,368</u>	<u>900,011</u>
<u>\$ 163,541</u>	<u>\$ 954,975</u>	<u>\$ 1,969,263</u>	<u>\$ 2,382,097</u>	<u>\$ 1,570,368</u>	<u>\$ 4,225,011</u>

continued...

COUNTY OF BERRIEN, MICHIGAN

Statement of Net Position and Governmental Funds Balance Sheet

Drain Commission Component Unit

December 31, 2014

	Smith & Strong Drain Drainage District (8060)	Lakeside Drain Drainage District (8061)	Estates Drain Drainage District (8062)
Assets			
Cash and cash equivalents	\$ 44,251	\$ 160,199	\$ 143,687
Investments	-	-	-
Special assessments receivable	740,000	555,000	720,000
Due from other funds	-	-	-
Capital assets not being depreciated	-	-	-
Capital assets being depreciated, net	-	-	-
Total assets	\$ 784,251	\$ 715,199	\$ 863,687
Liabilities			
Accounts payable	\$ -	\$ 280	\$ 1,655
Accrued expenses	-	-	-
Due to other funds	-	-	-
Advances from primary government	-	-	-
Long-term liabilities:			
Due within one year	-	-	-
Due in more than one year	-	-	-
Total liabilities	-	280	1,655
Deferred inflows of resources			
Unavailable revenue - special assessments	740,000	555,000	720,000
Fund balances			
Restricted	-	-	-
Committed	44,251	159,919	142,032
Total fund balances	44,251	159,919	142,032
Total liabilities, deferred inflows of resources and fund balances	\$ 784,251	\$ 715,199	\$ 863,687
Net position			
Net investment in capital assets			
Restricted			
Unrestricted			
Total net position			

Oak Hill Springs Drain Drainage District (8063)	Blue Jay Drain Drainage District (8064)	Hibbard Lake Drain Drainage District (8065)	Total Capital Projects Funds	Adjustments	Statement of Net Position
\$ 157,059	\$ 426,583	\$ 375,435	\$ 5,668,837	\$ -	\$ 5,668,837
-	-	-	107,853	-	107,853
500,000	3,455,000	1,255,000	19,462,178	-	19,462,178
-	-	-	477,554	(477,554)	-
-	-	-	-	5,324,322	5,324,322
-	-	-	-	14,383,050	14,383,050
<u>\$ 657,059</u>	<u>\$ 3,881,583</u>	<u>\$ 1,630,435</u>	<u>\$ 25,716,422</u>	<u>19,229,818</u>	<u>44,946,240</u>
\$ -	\$ 178,338	\$ 26,262	\$ 403,585	-	403,585
-	-	-	-	106,106	106,106
-	-	-	477,554	(477,554)	-
-	-	-	650,000	-	650,000
-	-	-	-	2,252,000	2,252,000
-	-	-	-	17,086,108	17,086,108
<u>-</u>	<u>178,338</u>	<u>26,262</u>	<u>1,531,139</u>	<u>18,966,660</u>	<u>20,497,799</u>
<u>500,000</u>	<u>3,455,000</u>	<u>1,255,000</u>	<u>19,462,178</u>	<u>(19,462,178)</u>	<u>-</u>
-	-	-	2,190,131	(2,190,131)	-
<u>157,059</u>	<u>248,245</u>	<u>349,173</u>	<u>2,532,974</u>	<u>(2,532,974)</u>	<u>-</u>
<u>157,059</u>	<u>248,245</u>	<u>349,173</u>	<u>4,723,105</u>	<u>(4,723,105)</u>	<u>-</u>
<u>\$ 657,059</u>	<u>\$ 3,881,583</u>	<u>\$ 1,630,435</u>	<u>\$ 25,716,422</u>		
				3,721,943	3,721,943
				2,190,131	2,190,131
				<u>18,536,367</u>	<u>18,536,367</u>
				<u>\$ 24,448,441</u>	<u>\$ 24,448,441</u>

concluded.

COUNTY OF BERRIEN, MICHIGAN

Statement of Activities and Governmental Funds Revenues,

Expenditures and Changes in Fund Balances

Drain Commission Component Unit

For the Year Ended December 31, 2014

	Capital Projects Funds		
	Drain (8010)	Drain Revolving (8020)	Hollywood Road Detention Bonds (8053)
Expenditures / expenses			
Public works	\$ 1,538,053	\$ -	\$ 749
Debt service:			
Principal	1,605,857	-	20,000
Interest	96,491	-	8,010
Total expenditures / expenses	3,240,401	-	28,759
Program revenues			
Operating grants and contributions	1,096,874	-	21,620
Special assessments / capital			
Charges for services	7,750	-	-
Interest revenue	-	-	6
grants and contributions	-	-	-
Total program revenues	1,104,624	-	21,626
Net (expense) revenue	(2,135,777)	-	(7,133)
Other financing sources (uses)			
Issuance of long-term debt	805,533	-	-
Transfers in	128,661	-	-
Transfers out	(644,329)	-	-
Total other financing sources (uses)	289,865	-	-
Change in fund balance / change in net position	(1,845,912)	-	(7,133)
Fund balances / net position, beginning of year	3,263,260	14,947	133,009
Fund balances / net position, end of year	\$ 1,417,348	\$ 14,947	\$ 125,876

2019					
Starr & Wellington Drain (8054)	Close Drain (8055)	Schwark Drain Drainage District (8056)	Hollywood Road Consolidated Drain (8057)	Barnes & Hamilton Drain Drainage District (8058)	Lakeshore Drain Drainage District (8059)
\$ 3,285	\$ 1,186	\$ 5,419	\$ 2,110	\$ 321	\$ 6,936
12,000	135,000	65,000	105,000	180,000	150,000
7,912	30,638	61,221	94,950	40,608	109,358
23,197	166,824	131,640	202,060	220,929	266,294
18,580	172,786	116,205	200,884	200,111	260,761
-	-	-	-	-	-
5	189	518	117	400	918
-	-	-	-	-	-
18,585	172,975	116,723	201,001	200,511	261,679
(4,612)	6,151	(14,917)	(1,059)	(20,418)	(4,615)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(4,612)	6,151	(14,917)	(1,059)	(20,418)	(4,615)
47,153	178,824	474,180	93,156	405,786	904,626
\$ 42,541	\$ 184,975	\$ 459,263	\$ 92,097	\$ 385,368	\$ 900,011

COUNTY OF BERRIEN, MICHIGAN

Statement of Activities and Governmental Funds Revenues,

Expenditures and Changes in Fund Balances

Drain Commission Component Unit

For the Year Ended December 31, 2014

	Smith & Strong Drain Drainage District (8060)	Lakeside Drain Drainage District (8061)	Estates Drain Drainage District (8062)
Expenditures / expenses			
Public works	\$ 1,445	\$ 15,221	\$ 7,227
Debt service:			
Principal	30,000	25,000	30,000
Interest	24,030	19,290	33,803
Total expenditures / expenses	55,475	59,511	71,030
Program revenues			
Operating grants and contributions	55,331	44,290	63,805
Special assessments / capital			
Charges for services	-	-	-
Interest revenue	-	-	-
grants and contributions	-	-	-
Total program revenues	55,331	44,290	63,805
Net (expense) revenue	(144)	(15,221)	(7,225)
Other financing sources (uses)			
Issuance of long-term debt	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Change in fund balance / change in net position	(144)	(15,221)	(7,225)
Fund balances / net position, beginning of year	44,395	175,140	149,257
Fund balances / net position, end of year	\$ 44,251	\$ 159,919	\$ 142,032

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Oak Hill Springs Drain Drainage District (8063)	Blue Jay Drain Drainage District (8064)	Hibbard Lake Drain Drainage District (8065)	Total Capital Funds	Adjustments	Statement of Activities
\$ 2,886	\$ 3,036,467	\$ 1,451,667	\$ 6,072,972	\$ (4,360,740)	\$ 1,712,232
30,000	135,000	50,000	2,572,857	(2,572,857)	-
16,480	114,958	45,500	703,249	-	703,249
49,366	3,286,425	1,547,167	9,349,078	(6,933,597)	2,415,481
42,285	272,023	100,299	2,665,854	-	2,665,854
-	250	-	8,000	-	8,000
-	-	-	2,153	-	2,153
-	-	-	-	(1,767,325)	(1,767,325)
42,285	272,273	100,299	2,676,007	(1,767,325)	908,682
(7,081)	(3,014,152)	(1,446,868)	(6,673,071)	5,166,272	(1,506,799)
-	-	-	805,533	(805,533)	-
-	-	644,329	772,990	(772,990)	-
-	(128,661)	-	(772,990)	772,990	-
-	(128,661)	644,329	805,533	(805,533)	-
(7,081)	(3,142,813)	(802,539)	(5,867,538)	4,360,739	(1,506,799)
164,140	3,391,058	1,151,712	10,590,643	15,364,597	25,955,240
\$ 157,059	\$ 248,245	\$ 349,173	\$ 4,723,105	\$ 19,725,336	\$ 24,448,441

concluded.

COUNTY OF BERRIEN, MICHIGAN

Statement of Net Position

Economic Development Corporation Component Unit

December 31, 2014

	Governmental Activities	Business-type Activities	
	Supplemental Services Special Revenue Fund (2440)	Enterprise Funds	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ (31,634)	\$ 64,797	\$ 33,163
Investments	334,819	890,113	1,224,932
Total current assets	<u>303,185</u>	<u>954,910</u>	<u>1,258,095</u>
Noncurrent assets:			
Notes receivable	-	312,964	312,964
Advance to other component unit	-	1,150,000	1,150,000
Total noncurrent assets	<u>-</u>	<u>1,462,964</u>	<u>1,462,964</u>
Total assets	<u>303,185</u>	<u>2,417,874</u>	<u>2,721,059</u>
Liabilities			
Current liabilities -			
Accrued expenses	945	-	945
Long-term liabilities -			
Advances from primary government	<u>-</u>	<u>1,150,000</u>	<u>1,150,000</u>
Total liabilities	<u>945</u>	<u>1,150,000</u>	<u>1,150,945</u>
Net position			
Unrestricted	<u>\$ 302,240</u>	<u>\$ 1,267,874</u>	<u>\$ 1,570,114</u>

COUNTY OF BERRIEN, MICHIGAN

Statement of Activities

Economic Development Corporation Component Unit

For the Year Ended December 31, 2014

	Governmental Activities	Business-type Activities	
	Supplemental Services Special Revenue Fund (2440)	Enterprise Funds	Total
Expenses			
Economic development	\$ 26,668	\$ -	\$ 26,668
Program revenues			
Charges for services	-	897	897
Interest revenue	454	10,931	11,385
Total program revenues	454	11,828	12,282
Change in net position	(26,214)	11,828	(14,386)
Net position, beginning of year	328,454	1,256,046	1,584,500
Net position, end of year	\$ 302,240	\$ 1,267,874	\$ 1,570,114

COUNTY OF BERRIEN, MICHIGAN

Combining Statement of Net Position

Economic Development Corporation Component Unit

Enterprise Funds

December 31, 2014

	Small Cities Block Grant (5441)	Brownfield Redevelopment Authority Loan Fund (2447)	Revolving Loan Fund (5442)	Total
Assets				
Current assets:				
Cash and cash equivalents	\$ 25,726	\$ -	\$ 39,071	\$ 64,797
Investments	890,113	-	-	890,113
Total current assets	<u>915,839</u>	<u>-</u>	<u>39,071</u>	<u>954,910</u>
Noncurrent assets:				
Notes receivable	312,964	-	-	312,964
Advance to other component unit	-	1,150,000	-	1,150,000
Total noncurrent assets	<u>312,964</u>	<u>1,150,000</u>	<u>-</u>	<u>1,462,964</u>
Total assets	<u>1,228,803</u>	<u>1,150,000</u>	<u>39,071</u>	<u>2,417,874</u>
Liabilities				
Advances from primary government	-	1,150,000	-	1,150,000
Net position, unrestricted	<u>\$ 1,228,803</u>	<u>\$ -</u>	<u>\$ 39,071</u>	<u>\$ 1,267,874</u>

COUNTY OF BERRIEN, MICHIGAN

Combining Statement of Revenues, Expenses and Changes in Fund Net Position

Economic Development Corporation Component Unit

Enterprise Funds

For the Year Ended December 31, 2014

	Small Cities Block Grant (5441)	Brownfield Redevelopment Authority Loan Fund (2447)	Revolving Loan Fund (5442)	Total
Operating revenues				
Charges for services	\$ 897	\$ -	\$ -	\$ 897
Nonoperating revenues				
Interest revenue	10,931	-	-	10,931
Change in net position	11,828	-	-	11,828
Net position, beginning of year	1,216,975	-	39,071	1,256,046
Net position, end of year	\$ 1,228,803	\$ -	\$ 39,071	\$ 1,267,874

COUNTY OF BERRIEN, MICHIGAN

Combining Statement of Cash Flows

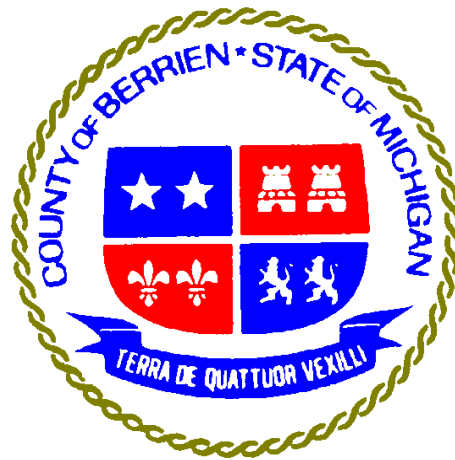
Economic Development Corporation Component Unit

Enterprise Funds

For the Year Ended December 31, 2014

	Small Cities Block Grant (5441)	Brownfield Redevelopment Authority Loan Fund (2447)	Revolving Loan Fund (5442)	Total
Cash flows from operating activities				
Cash received on long-term leases receivable	\$ 225,768	\$ -	\$ -	\$ 225,768
Cash payments on leases receivable	(192,830)	-	-	(192,830)
Net cash provided by operating activities	32,938	-	-	32,938
Cash flows from investing activities				
Purchase of investments	(196,179)	-	-	(196,179)
Interest received	10,931	-	-	10,931
Total cash flows used in investing activities	(185,248)	-	-	(185,248)
Net change in cash and cash equivalents	(152,310)	-	-	(152,310)
Cash and cash equivalents, beginning of year	178,036	-	39,071	217,107
Cash and cash equivalents, end of year	\$ 25,726	\$ -	\$ 39,071	\$ 64,797
Reconciliation of operating income to net cash provided by operating activities				
Operating income	\$ 897	\$ -	\$ -	\$ 897
Adjustments to reconcile operating income to net cash provided by operating activities:				
Notes receivable	32,041	-	-	32,041
Net cash provided by operating activities	\$ 32,938	\$ -	\$ -	\$ 32,938

County of Berrien,
Michigan



Year Ended
December 31, 2014

Single Audit Act
Compliance

COUNTY OF BERRIEN, MICHIGAN

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

June 25, 2015

Board of Commissioners of the
County of Berrien, Michigan
St. Joseph, 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 Berrien, Michigan* (the "County"), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated June 25, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. In addition, the accompanying supplemental schedules of federal and state awards as required by the Michigan Department of Transportation are presented for the purpose of additional analysis and 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards and the accompanying required supplemental schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



COUNTY OF BERRIEN, MICHIGAN

Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2014

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Federal Expenditures
U.S. Department of Agriculture				
Farmers' Market Promotion Program				
2011	10.168	Direct	n/a	\$ 833
Child Nutrition Cluster:				
School Breakfast Program:				
2013/2014	10.553	MDE	n/a	13,401
2014/2015	10.553	MDE	n/a	4,605
National School Lunch Program:				
2013/2014	10.555	MDE	n/a	21,427
2014/2015	10.555	MDE	n/a	7,326
Snack Program:				
2013/2014	10.555	MDE	n/a	2,523
2014/2015	10.555	MDE	n/a	1,246
				<u>50,528</u>
Special Supplemental Food Program for Women, Infants and Children:				
2013/2014	10.557	MDCH	IW100342	556,442
2014/2015	10.557	MDCH	IW100342	178,717
WIC Breastfeeding				
2014/2015	10.557	MDCH	IW100342	6,448
				<u>741,607</u>
State Administrative Matching Grants				
Supplemental Nutrition Assistance Program				
2013/2014	10.561	MDCH	n/a	16,159
2014/2015	10.561	MDCH	n/a	4,196
				<u>20,355</u>
Total U.S. Department of Agriculture				<u>813,323</u>
U.S. Department of Housing and Urban Development				
Community Development Block Grant:				
CDBG Homeowner Assistance Program				
2013/2014	14.228	MSHDA	MSC-2010-1091-HOA	92,325
2014/2015	14.228	MSHDA	MSC-2010-1091-HOA	61,014
Total U.S. Department of Housing and Urban Development				<u>153,339</u>
U.S. Department of Justice				
Drug Court Discretionary Grant Program:				
2013/2014	16.585	Direct	2009-DC-BX-0095	39,946
2014/2015	16.585	Direct	2009-DC-BX-0095	135
				<u>40,081</u>

continued....

COUNTY OF BERRIEN, MICHIGAN

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2014

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Federal Expenditures
U.S. Department of Justice (continued)				
JAG Program:				
Byrne Memorial JAG FY14	16.738	Direct	2014-DJ-BX-0821	\$ 23,197
Total U.S. Department of Justice				63,278
U.S. Department of Transportation				
Formula Grants for Rural Areas:				
Small Bus Program - Section 5311	20.509	MDOT	2012-0046	195,279
Capital Bus Program - Section 5311	20.509	MDOT	2012-0046/P3	138,965
				334,244
Alcohol Enforcement:				
2013/2014	20.601	MSP	410	30,412
2014/2015	20.601	MSP	410	2,320
				32,732
Total U.S. Department of Transportation				366,976
U.S. Environmental Protection Agency				
Reimburse Operators of Small Water Systems for Training and Certification Costs - 2014/2015	66.471	MDEQ	n/a	5,612
Great Lakes Program:				
State Drinking Water Revolving Loan Fund Program	66.468	MDEQ	n/a	198
Surface Water Monitoring Project	66.469	MDNR	2010-7216	3,774
Total U.S. Environmental Protection Agency				9,584
U.S. Department of Health and Human Services				
Bioterrorism:				
Emergency Preparedness:				
2013/2014- Oct 13 to June 14	93.069	MDCH	U90TP00528	66,174
2013/2014- July 14 to Sept 14	93.069	MDCH	U90TP00528	33,808
2014/2015- Oct 14 to June 15	93.069	MDCH	U90TP00528	37,063
				137,045
Tuberculosis Control Program and Aids				
TB Control:				
2014/2015	93.116	MDCH	U52 CCU500499	24
Family Planning Services:				
2013/2014	93.217	MDCH	GFPHPA050173 41	56,201
2014/2015	93.217	MDCH	GFPHPA050173 41	20,025
				76,226
Immunization Grants:				
Infant Immunization Action Plan:				
2013/2014	93.268	MDCH	H23 CCH522556	54,384
2014/2015	93.268	MDCH	H23 CCH522556	18,148
Value of Federal Vaccines Received	93.268	MDCH	n/a	120,767
				193,299
Positive Parenting Program	93.283	NACCHO	n/a	9,842

continued...

COUNTY OF BERRIEN, MICHIGAN

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2014

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Federal Expenditures
U.S. Department of Health and Human Services (continued)				
State Partnership Grant Program to Improve Minority Health				
Health Disparities Capacity Building Phase II -				
2013/2014	93.296	MDCH	1STTMP131098	\$ 3,759
2014/2015	93.296	MDCH	1STTMP131098	924
				<u>4,683</u>
Support for Expectant & Parenting Teens				
MI Adolescent Pregnancy & Parenting Program:				
2013/2014	93.500	MDCH	SP1AH000029 01	87,615
2014/2015	93.500	MDCH	SP1AH000029 01	37,834
				<u>125,449</u>
Affordable Care Act Maternal, Infant and Early				
Childhood Home Visiting Program -				
MIECHV Competitive Cexpansion Grant Seed Funding	93.505	MDCH	D89MC26358	8,000
Nurse Family Partnership:				
2013/2014	93.505	MDCH	D89MC23151	187,785
2014/2015	93.505	MDCH	D89MC23151	60,900
				<u>256,685</u>
Title IV-D Child Support Enforcement:				
Incentive Payments:				
2013/2014	93.563	MDHS	n/a	190,872
2014/2015	93.563	MDHS	n/a	62,586
Friend of the Court:				
2013/2014	93.563	MDHS	CS/FOC-13-11001	1,200,082
2014/2015	93.563	MDHS	CS/FOC-13-11001	362,558
Prosecuting Attorney:				
2013/2014	93.563	MDHS	CSPA-13-11002	176,128
2014/2015	93.563	MDHS	CSPA-13-11002	65,947
				<u>2,058,173</u>
Prosecuting Attorney Title IV-E				
2014	93.658	MDHS	PROFC-11-11001	46,293
2014/2015	93.658	MDHS	PROFC-14-11001	53,750
				<u>100,043</u>

continued...

COUNTY OF BERRIEN, MICHIGAN

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2014

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Federal Expenditures
U.S. Department of Health and Human Services (continued)				
Medical Assistance Program:				
Children's Special Health Care Services:				
Medicaid Outreach:				
2013/2014	93.778	MDCH	05U05M15ADM	\$ 33,604
2013/2014	93.778	MDCH	05U05M15ADM	25,384
2014/2015	93.778	MDCH	05U05M15ADM	11,201
Medicaid Outreach:				
2013/2014	93.778	MDCH	05U05M15ADM	14,873
2014/2015	93.778	MDCH	05U05M15ADM	7,378
Nurse Family Partnership Medicaid Outreach:				
2013/2014	93.778	MDCH	05U05M15ADM	75,114
2014/2015	93.778	MDCH	05U05M15ADM	20,622
Nurse Family Partnership:				
2013/2014	93.778	MDCH	05U05M15ADM	91,350
2014/2015	93.778	MDCH	05U05M15ADM	30,450
				<u>309,976</u>
Breast and Cervical Cancer	93.919	Direct	n/a	<u>3,457</u>
HIV Prevention Activities - Health Department Based -				
AIDS/HIV Prevention:				
2013/2014	93.940	MDCH	U62 PS003671	14,502
2014/2015	93.940	MDCH	U62 PS003671	4,659
				<u>19,161</u>
Preventive Health and Health Services Block Grant:				
Health Disparities Capacity Building Phase II:				
2013/2014	93.991	MDCH	2B01OT009028	4,441
2014/2015	93.991	MDCH	2B01OT009028	1,092
Building Healthy Communities -				
2014/2015	93.991	MDCH	2B01OT009028	4,375
Sexually Transmitted Disease (STD) -				
2014/2015	93.991	MDCH	2B01OT009028	14,823
				<u>24,731</u>
Maternal and Child Health Services Block Grant:				
Fetal Infant Mortality Review -				
2014/2015	93.994	MDCH	B1MMCHS	2,970
Childhood Lead Poisoning Education and Outreach:				
2013/2014	93.994	MDCH	B1MMCHS	15,563
2014/2015	93.994	MDCH	B1MMCHS	372
Family Planning Services:				
2013/2014	93.994	MDCH	B1MMCHS	160,544
2014/2015	93.994	MDCH	B1MMCHS	58,285
				<u>237,734</u>

continued...

COUNTY OF BERRIEN, MICHIGAN

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2014

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Federal Expenditures
U.S. Department of Health and Human Services (concluded)				
Block Grants for Prevention and Treatment of Substance Abuse -				
Drug Prevention:				
2013/2014	93.959	LCC	n/a	\$ 103,127
2014/2015	93.959	LCC	n/a	46,450
				<u>149,577</u>
Total U.S. Department of Health and Human Services				<u>3,706,105</u>
U.S. Department of Homeland Security				
Emergency Management Performance Grant	97.042	MSP	EMW-2013-EP-00026	<u>48,710</u>
Homeland Security Grant Program:				
Regional Homeland Security Grant				
2011	97.067	VC	n/a	31,732
2013	97.067	VC	n/a	7,164
Regional Homeland Security Grant	97.067	VC	2010-SS-T0-0009	2,400
				<u>41,296</u>
Total U.S. Department of Homeland Security				<u>90,006</u>
Total Expenditures of Federal Awards				<u>\$ 5,202,611</u>
				concluded.

See notes to schedule of expenditures of federal awards.

COUNTY OF BERRIEN, MICHIGAN

Notes to Schedule of Expenditures of Federal Awards

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "schedule") includes the federal grant activity of the County of Berrien, Michigan (the "County") under programs of the federal government for the year ended December 31, 2014. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position or cash flows of the County.

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 Berrien County Road Commission and the Berrien Mental Health Authority discretely presented component units, which each received federal awards that are not included in the schedule for the year ended December 31, 2014.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3. 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
MDE	Michigan Department of Education
MDCH	Michigan Department of Community Health
MSHDA	Michigan State Housing Development Authority
MSP	Michigan State Police
MDHS	Michigan Department of Human Services
MDOT	Michigan Department of Transportation
MDEQ	Michigan Department of Environmental Quality
MDNR	Michigan Department of Natural Resources
LCC	Lakeshore Coordinating Council
VC	Van Buren County
NACCHO	National Association of County and City Health Officials

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**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 25, 2015

Board of Commissioners of the
County of Berrien, Michigan
St. Joseph, 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 Berrien, Michigan* (the "County"), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 25, 2015. Our report includes a reference to other auditors who audited the financial statements of the Berrien County Road Commission and the Berrien Mental Health 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.

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 Loborn LLC". The signature is written in a cursive, flowing style.

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

June 25, 2015

Board of Commissioners of the
County of Berrien, Michigan
St. Joseph, Michigan

Report on Compliance for Each Major Federal Program

We have audited the compliance of the *County of Berrien, Michigan* (the "County") with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2014. The County's major federal programs are 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 Berrien County Road Commission and the Berrien Mental Health Authority, which are not included in the schedule of expenditures of federal awards for the year ended December 31, 2014. Our audit, described below, did not include the operations of the Berrien County Road Commission and the Berrien Mental Health Authority because other auditors were engaged to perform the audits.

Management's Responsibility

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

Independent Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2014-001. Our opinion on each major federal program is not modified with respect to this matter.

The County's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2014-001, that we consider to be a significant deficiency.

The County's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Purpose of this Report

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

Rehmann Lohman LLC

COUNTY OF BERRIEN, MICHIGAN

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

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ yes X no

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

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ yes X no

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

Type of auditors' report issued on compliance for major programs: See opinion for each major program below

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

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>	<u>Opinion</u>
10.557	Special Supplemental Food Program for Women, Infants and Children (WIC)	Unmodified
20.509	Formula Grants for Rural Areas	Unmodified
93.563	Title IV-D Child Support Enforcement	Unmodified
93.778	Medicaid Cluster	Unmodified
93.505	Infant & Early Childhood Home Visiting Program	Unmodified

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

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

COUNTY OF BERRIEN, MICHIGAN

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

SECTION II - FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

2014-001 - Reporting - Quarterly Reports

Finding Type. Immaterial Noncompliance; Significant Deficiency in Internal Controls over Compliance.

Program. Formula Grants for Rural Areas; U.S. Department of Transportation; Passed through the Michigan Department of Transportation; CFDA Number 20.509; Award Number 2012-0046.

Criteria. Reports submitted should agree to the underlying general ledger detail and/or other supporting documentation.

Condition. The County was unable to provide a reconciliation of expenditures in the ledger to the amounts reported on the Quarterly Section 5311 reports.

Cause. The County does not currently perform a reconciliation of certain reports to the general ledger prior to requesting those funds for reimbursement.

Effect. Amounts reported by the County to grantor agencies may not have been accurate representation of actual costs incurred, and those costs may not have been incurred prior to the County requesting reimbursement.

Questioned Costs. None.

Recommendation. We recommend that the County prepare all financial reports based on information generated from the general ledger and maintain documentation of the supporting documentation used in preparing the reports. This documentation should be reviewed by an individual knowledgeable of grant requirements.

View of Responsible Officials. The County prepares quarterly submissions from general ledger reports reflecting transactional information for a specific quarter in combination with a report submitted by the Transit Authority. Transit Authority transactions are recorded the month after being incurred. Therefore, the submission of Transit Authority transactions for the last month of a quarter will be a part of the reimbursement request, however recorded in the following quarter in the general ledger. The County makes judgments on eligibility of expenditures noted above based on program requirements and therefore is "estimating" the applicable expenditures. Per an agreement between the State of Michigan Department of Transportation and Berrien County, Agreement 2012-0046, payments will be based on a percentage of estimated eligible costs. At the end of each federal fiscal year a reconciliation and audit occurs. If, as a result of this process, it is determined that ineligible costs were reimbursed or eligible costs were unreimbursed, MDOT will settle this discrepancy by either requesting repayment of ineligible reimbursed costs or forwarding payment on eligible unreimbursed costs. This is not different than the final settlement process that occurs with all federal funds. We support the recommendation to perform internal reconciliations of our ledger on a quarterly basis.

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COUNTY OF BERRIEN, MICHIGAN

Summary Schedule of Prior Audit Findings

For the Year Ended December 31, 2014

Finding 2013-SA-01 - Allowable Costs/Cost Principles - Allocation of Annual Leave and Retirement Payouts

The County charged more costs to one federal program for annual leave rather than equitably charging all programs in which the individual's time was spent for the WIC program. For the PHEP program, the County directly charged unallowable costs to the grant. The finding has been adequately resolved.

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COUNTY OF BERRIEN, MICHIGAN

Schedule of Expenditures of Federal and State Awards - Small Bus Program

For the Year Ended December 31, 2014

Federal Agency / Cluster / Program Title	CFDA Number	Pass- Through Entity	Pass-through Grantor Number	Expenditures
Federal				
U.S. Department of Transportation				
Small Bus Program - Section 5311	20.509	MDOT	2012-0046/P3	\$ 195,279
State				
Michigan Department of Transportation				
State Formula Operating Assistance	-n/a-	-n/a-	-n/a-	<u>462,283</u>
Total Expenditures of Federal and State Awards - Small Bus Program				<u>\$ 657,562</u>

COUNTY OF BERRIEN, MICHIGAN

Schedule of Expenditures of Federal and State Awards - Capital Bus Program

For the Year Ended December 31, 2014

Federal Agency / Cluster / Program Title	CFDA Number	Pass- Through Entity	Pass-through Grantor Number	Expenditures
Federal				
U.S. Department of Transportation				
Capital Bus Program - Section 5311	20.509	MDOT	2012-0046	\$ 138,965
State				
Michigan Department of Transportation				
Bus Purchase - 20%	-n/a-	-n/a-	-n/a-	<u>34,741</u>
Total Expenditures of Federal and State Awards - Capital Bus Program				<u>\$ 173,706</u>

INDEPENDENT AUDITORS' COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

June 25, 2015

To the Board of Commissioners
County of Berrien
St. Joseph, 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 Berrien, Michigan* (the "County") as of and for the year ended December 31, 2014, and have issued our report thereon dated June 25, 2015. We did not audit the financial statements of the Berrien County Road Commission or the Berrien County Mental Health Authority component units. 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 the Berrien County Road Commission and the Berrien County Mental Health 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 April 27, 2015, 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 25, 2015. In addition, we noted certain other matters which are included in Attachment A to this letter.

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 April 20, 2015.

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.

For the fiscal year ending December 31, 2014, the County implemented Statement of Governmental Accounting Standards (GASB Statement) No. 67, *Financial Reporting for Pension Plans*. This standard had no impact on beginning equity of the County, but provided for expanded disclosures on the County pension plans in the footnotes and required supplementary information.

There have been no initial selections of accounting policies and no changes in significant accounting policies or their application during the year. 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 benefits plans are based on historical trends and industry standards.

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.

The schedule of adjustments passed is included with management's written representations in Attachment C to this letter, and summarizes uncorrected financial statement misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole and each applicable opinion unit.

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 C 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 B 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 Berrien, Michigan* and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

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

COUNTY OF BERRIEN, MICHIGAN

Attachment A - Comments and Recommendations

For the December 31, 2014 Audit

During our audit, we became aware of certain other matters that are opportunities for strengthening internal control and/or improving operating efficiency. This memorandum summarizes our comments and recommendations regarding those matters. Our consideration of the County's internal control over financial reporting is described in our report, dated June 25, 2015, issued in accordance with *Government Auditing Standards*. This memorandum does not affect that report or our report dated June 25, 2015, on the financial statements of Berrien County.

Special Assessments Receivable - Subsidiary Ledger (repeat comment)

During our review of the drain commission funds, we noted that special assessments receivable are recorded related to the debt that has been issued for each project (as expected); however, a detail of the receivable by parcel was not available. We recommend that the County maintain a detail of the special assessments by parcel and periodically reconcile that to the special assessments receivable on the general ledger.

Prepaid Pension Payments (repeat comment)

Each year, the County makes pension payments at the end of December to plan members for January of the following year. These payments are deducted from the County's bank account in December and deposited into the plan members accounts on the same day. However, these payments are not included in the plan members' Form 1099-R for the calendar year in which it was paid. The potential impact of not including these payments on the plan members' Form 1099-R could include significant penalties with the Internal Revenue Service for not reporting payments in the proper period. We recommend that the County review the process with legal counsel and modify the payment or reporting process as necessary.

Activity in the Pension, Retiree Health and Brownfield Redevelopment Authority Funds

The County records activity for both the pension and retiree healthcare benefits in the same fund. In addition, certain additions and deductions have been historically posted directly to net position accounts without maintaining those accounts on the general ledger. This results in several adjustments to beginning equity and splitting the activity for the retiree healthcare into a separate fund for the financial statements. This method of accounting for these transactions is not in accordance with generally accepted accounting principles (GAAP). In addition, an adjustment was required to properly record beginning equity in the Brownfield Development Authority fund. We recommend the County establish a separate fund for retiree healthcare activity, record current year activity in accordance with GAAP and agree beginning equity to prior year financial statements.

COUNTY OF BERRIEN, MICHIGAN

Attachment A - Comments and Recommendations

For the December 31, 2014 Audit

Pension Footnotes

The implementation of GASB 67, *Financial Reporting for Pension Plans - an amendment to GASB Statement No. 25*, required extensive new disclosure and required supplementary information. Due to the late timing of acquiring actuarial data, as well as a recent change in investment advisors for the County, certain disclosures were not made with the best information available. We recommend that the County work with its investment advisors, actuaries, and auditors in the coming year to ensure that information is available on a timely basis and that disclosure are more accurate.

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COUNTY OF BERRIEN, MICHIGAN

Attachment B - Upcoming Changes in Accounting Standards / Regulations

For the December 31, 2014 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 68 ■ Accounting and Financial Reporting for Pensions

Effective 06/15/2015 (your FY 2015)

This standard establishes new requirements for governments to report a "net pension liability" for the unfunded portion of its pension plan. Governments that maintain their own pension plans (either single employer or agent multiple-employer) will report a liability for the difference between the total pension liability calculated in accordance with GASB 67 and the amount held in the pension trust fund. Governments that participate in a cost sharing plan will report a liability for their "proportionate share" of the net pension liability of the entire system.

Historically, governments have only been required to report a net pension obligation to the extent that they have not met the annual required contribution (ARC) in any given year. Upon implementation of this standard, governments will be required to report a net pension liability based on the current funded status of their pension plans. This liability would be limited to the government-wide financial statements and proprietary funds. Changes in this liability from year to year will largely be reflected on the income statement, though certain amounts will be deferred and amortized over varying periods.

GASB 68 also requires more extensive note disclosures and required supplementary information, including 10 years of historical information. The methods used to determine the discount rate (the assumed rate of return on plan assets held in trust) are mandated and must be disclosed, along with what the impact would be on the net pension liability if that rate changed by 1% in either direction. Other new disclosure requirements include details of the changes in the components of the net pension liability, comparisons of actual employer contributions to actuarially determined contributions, and ratios to put the net pension liability in context. For single-employer and agent multiple-employer plans, the information for these statements will come from the annual actuarial valuation. For cost sharing plans, this information will be derived from the financial reports of the plan itself, multiplied by the government's proportionate share of plan.

GASB 68 is only applicable to pension plans. However, the GASB has recently released similar standards for other postemployment benefits (e.g., retiree healthcare) on a three year delay from these standards.

GASB 71 ■ Pension Transition for Contributions Made Subsequent to the Measurement Date

Effective with the Implementation of GASB 68

This standard is an amendment to GASB 68, and seeks to clarify certain implementation issues related to amounts that are deferred and amortized at the time GASB 68 is first adopted. It applies to situations in which the measurement date of an actuarial valuation differs from the government's fiscal year.

COUNTY OF BERRIEN, MICHIGAN

■ Attachment B - Upcoming Changes in Accounting Standards / Regulations

For the December 31, 2014 Audit

GASB 72 ■ Fair Value Measurement and Application

Effective 06/15/2016 (your FY 2015)

This standard defines "fair value" as the price that would be received to sell an asset in an orderly transaction between market participants (an "exit price"). Fair value measurement is currently applied principally to investments, which GASB 72 does not change. However, it does introduce specific methods for measuring fair value when a market price is not readily available, and establishes a 3-level hierarchy of fair value that is disclosed in the footnotes, based on the presence or absence of observable market inputs.

2 CFR 200 ■ Uniform Guidance for Federal Awards

Cost Principles Effective 12/26/2014; Single Audit Requirements Effective 12/26/2015 (your FY 2016)

The Office of Management and Budget (OMB) has consolidated seven separate circulars (including administrative requirements, cost principles, and audit requirements) into a single federal regulation. The new Uniform Guidance covers all aspects of federal grants from pre-award through the single audit. While much of the guidance was simply reorganized and recodified, there were also several substantive changes to the single audit thresholds. A single audit will now only be required if total expenditures of federal awards exceed \$750,000 (up from \$500,000). The OMB has indicated that further changes to the single audit will be announced in 2015.

In addition, the Uniform Guidance now explicitly requires grant recipients to have sound internal controls that are consistent with the COSO framework and documented procedures for grant administration. Rehmann is available to assist grant recipients in developing/documenting these policies and procedures in compliance with the new requirements.

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COUNTY OF BERRIEN, MICHIGAN

Attachment C - Management Representations

For the December 31, 2014 Audit

Following are the written representations that we requested from management.



COUNTY OF BERRIEN, MICHIGAN

Berrien County Administration Center
701 Main Street St. Joseph, MI 49085
Telephone: (269) 983-7111
Fax: (269) 983-5422

June 25, 2015

Rehmann Robson
675 Robinson Road
Jackson, MI 49203

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 Berrien, Michigan* (the "County") as of and for the year ended December 31, 2014, 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 each major special revenue fund 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 25, 2015:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated April 27, 2015, 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 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



COUNTY OF BERRIEN, MICHIGAN

Berrien County Administration Center

701 Main Street St. Joseph, MI 49085

Telephone: (269) 983-7111

Fax: (269) 983-5422

- of administrative officials, board members, and members of the governing body; and any companies affiliated with or owned by such individuals.
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 uncorrected misstatements summarized in the attached schedule and aggregated by you during the current engagement are immaterial, both individually and in the aggregate, to the applicable opinion units and to the financial statements as a whole.
 9. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
 10. 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.
 11. All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
 12. All funds and activities are properly classified.
 13. 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.
 14. All components of net position and fund balance classifications have been properly reported.
 15. 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.
 16. 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.
 17. All interfund and intra-entity transactions and balances 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.



COUNTY OF BERRIEN, MICHIGAN

Berrien County Administration Center

701 Main Street St. Joseph, MI 49085

Telephone: (269) 983-7111

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Information Provided

22. 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.

23. All transactions have been recorded in the accounting records and are reflected in the financial statements.

24. 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.

25. We have no knowledge of any 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.

26. We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, vendors, regulators, or others.

27. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

28. 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.

29. There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.

30. The government has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.

31. We have disclosed to you all guarantees, whether written or oral, under which the government is contingently liable.

32. 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.

33. 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.



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34. The government 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.
35. 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.
36. 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

37. 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

38. 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.

OMB Circular A-133

39. 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 Circular A-133.



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- b. We are responsible for the preparation and presentation of the schedule of expenditures of federal awards in accordance with Circular A-133.
 - c. We believe the schedule of expenditures of federal awards, including its form and content, is fairly presented in accordance with Circular A-133.
 - 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 Circular A-133, 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



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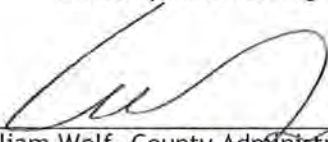
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guidelines in the U.S. Office of Management and Budget Circular A-87, *Cost Principles for State, Local, and Tribal Governments*, and the U.S. Office of Management and Budget's, *Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*.

- 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 are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by Circular A-133, 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.
- t. 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.
- u. We are responsible for and have accurately completed the appropriate sections of the Data Collection Form as required by Circular A-133, and we are responsible for preparing and implementing a correction action plan for each audit finding.
- v. 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.
- w. We have reviewed, approved, and taken responsibility for the financial statements and related notes.
- x. 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.


William Wolf, County Administrator


Douglas D. James, Financial Services Director

COUNTY OF BERRIEN, MICHIGAN

Schedule of Adjustments Passed (SOAP)

For the December 31, 2014 Audit

In accordance with generally accepted auditing standards, we have prepared the following schedule of proposed audit adjustments, which we believe are immaterial both individually and in the aggregate. We are providing this schedule to both management and those charged with governance to receive their assurance that they agree that the amounts listed below are not material to the financial statements, either individually or in the aggregate, and do not need to be recorded.

Effect of Passed Adjustment - Over(Under)Statement					
	Assets	Liabilities	Beginning Equity	Revenues	Expenses/ Expenditures
Internal Service Fund					
Excess reserves for incurred-but-not-reported workers' compensation claims - from prior years	\$ -	\$ -	\$ (71,310)	\$ -	\$ (71,310)
911 County Operational Fund					
Unaccrued liability	\$ -	\$ (25,007)	\$ 22,678	\$ -	(2,329)
Governmental activities					
Cumulative effect of items noted above	\$ -	\$ (25,007)	\$ (48,632)	\$ -	\$ (73,639)
Misstatement as a percentage of					
total assets - governmental type activities	0.00%	-0.03%	-0.05%	0.00%	-0.08%
Delinquent Tax Revolving Fund					
Unreconciled variance for delinquent taxes receivable adjustments and chargebacks	\$ -	\$ -	\$ 68,801	\$ (68,801)	\$ -
Overstatement of unpaid delinquent tax adjustments	-	-	(39,200)	-	(39,200)
Total Delinquent Tax Revolving Fund	\$ -	\$ -	\$ 29,601	\$ (68,801)	\$ (39,200)
Misstatement as a percentage of					
total assets - business type activities	0.00%	0.00%	0.05%	-0.11%	-0.06%