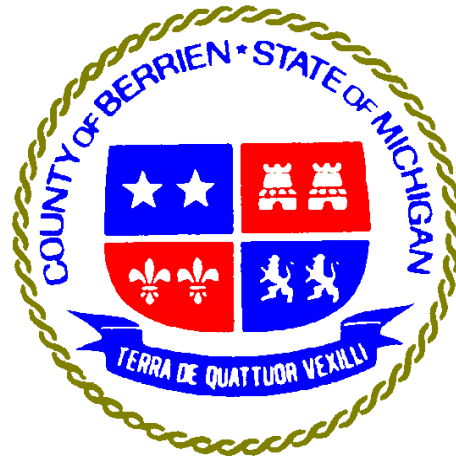


County of Berrien,
Michigan



Year Ended
December 31, 2016

Financial
Statements

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COUNTY OF BERRIEN, MICHIGAN

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INDEPENDENT AUDITORS' REPORT

June 23, 2017

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, 2016, 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 the indicated percentage of total aggregate discretely presented component units assets and deferred outflows of resources, net position, and revenues:

| | Percent of Total Assets and Deferred Outflows | Percent of Total Net Position | Percent of Total Revenues |
|---------------------------------|--|-------------------------------------|------------------------------|
| Berrien County Road Commission | 52.0% | 66.9% | 27.0% |
| Berrien Mental Health Authority | 14.0% | 4.5% | 64.0% |

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. The financial statements of the Berrien County Road Commission were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on 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, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and the major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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 23, 2017 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 Lobson 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, 2016. We encourage readers to consider the information presented here in conjunction with the accompanying audited financial statements.

Financial Highlights

| | |
|---|--------------|
| · Total net position | \$73,815,054 |
| · Change in total net position | (8,814,807) |
| · Fund balances, governmental funds | 38,260,747 |
| · Change in fund balances, governmental funds | 2,947,728 |
| · Unassigned fund balance, general fund | 19,204,130 |
| · Change in fund balance, general fund | 1,747,814 |
| · Installment debt outstanding | 27,450,407 |
| · Change in installment debt | (1,308,517) |

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the County's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference 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.

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.

COUNTY OF BERRIEN, MICHIGAN

Management's Discussion and Analysis

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental 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 numerous 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, drug enforcement public safety fund and senior citizen fund which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The County adopts an annual appropriated budget for its general fund and special revenue funds. Budgetary comparison statements 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.

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.

COUNTY OF BERRIEN, MICHIGAN

Management's Discussion and Analysis

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 and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$73,815,054 at the close of the most recent fiscal year.

| | Net Position | | | | | |
|----------------------------------|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| Current and other assets | \$ 62,202,567 | \$ 60,198,343 | \$ 63,970,706 | \$ 68,146,429 | \$ 126,173,273 | \$ 128,344,772 |
| Capital assets, net | 40,452,949 | 38,207,386 | 59,934 | 68,763 | 40,512,883 | 38,276,149 |
| Total assets | 102,655,516 | 98,405,729 | 64,030,640 | 68,215,192 | 166,686,156 | 166,620,921 |
| Deferred outflows of resources | 47,334,134 | 6,012,490 | - | - | 47,334,134 | 6,012,490 |
| Long-term debt | 2,427,107 | 2,149,846 | 27,317,652 | 28,650,299 | 29,744,759 | 30,800,145 |
| Other liabilities | 98,724,206 | 46,750,130 | 1,225,933 | 1,550,110 | 99,950,139 | 48,300,240 |
| Total liabilities | 101,151,313 | 48,899,976 | 28,543,585 | 30,200,409 | 129,694,898 | 79,100,385 |
| Deferred inflows of resources | 10,510,338 | 10,903,165 | - | - | 10,510,338 | 10,903,165 |
| Net position: | | | | | | |
| Net investment in capital assets | 40,422,466 | 38,207,386 | 59,934 | 68,763 | 40,482,400 | 38,276,149 |
| Restricted | 9,689,605 | 9,422,886 | - | - | 9,689,605 | 9,422,886 |
| Unrestricted (deficit) | (11,784,072) | (3,015,194) | 35,427,121 | 37,946,020 | 23,643,049 | 34,930,826 |
| Total net position | \$ 38,327,999 | \$ 44,615,078 | \$ 35,487,055 | \$ 38,014,783 | \$ 73,815,054 | \$ 82,629,861 |

A portion of the County's net position, \$40,482,400 (54.8 percent) reflects its investment in capital assets (e.g., land, construction in progress, land improvements, building, equipment, and infrastructure), 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 \$9,689,605 (13.1 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 \$23,643,049 (32.1 percent) to meet its ongoing obligations to citizens and creditors.

COUNTY OF BERRIEN, MICHIGAN

Management's Discussion and Analysis

There was a increase of \$266,719 in restricted net position reported in connection with the County's governmental activities. This increase was a result of a net increase in state mandated programs of \$1,134,799 partially offset by a decrease in capital reserve of \$403,651 and animal shelter project fund of \$507,300. The remaining \$42,871 was due to net increases in functional activities.

| | Changes in Net Position | | | | | |
|--|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| Revenues | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 14,061,913 | \$ 13,781,663 | \$ 4,941,433 | \$ 7,026,562 | \$ 19,003,346 | \$ 20,808,225 |
| Operating grants and contributions | 27,709,828 | 25,336,046 | 135,663 | 1,393,433 | 27,845,491 | 26,729,479 |
| General revenues: | | | | | | |
| Property taxes | 44,744,349 | 44,417,882 | - | - | 44,744,349 | 44,417,882 |
| Grants and contributions not restricted to specific programs | 248,405 | 253,057 | - | - | 248,405 | 253,057 |
| Unrestricted investment earnings | 38,353 | 28,740 | - | - | 38,353 | 28,740 |
| Gain on sale of capital assets | - | - | - | - | - | - |
| Total revenues | 86,802,848 | 83,817,388 | 5,077,096 | 8,419,995 | 91,879,944 | 92,237,383 |
| Expenses | | | | | | |
| Legislative | 2,296,727 | 1,633,743 | - | - | 2,296,727 | 1,633,743 |
| Judicial | 13,976,626 | 10,282,136 | - | - | 13,976,626 | 10,282,136 |
| General government | 20,738,494 | 19,480,459 | - | - | 20,738,494 | 19,480,459 |
| Public safety | 30,259,136 | 24,736,581 | - | - | 30,259,136 | 24,736,581 |
| Public works | 699,285 | 565,731 | - | - | 699,285 | 565,731 |
| Health and welfare | 22,848,154 | 20,183,876 | - | - | 22,848,154 | 20,183,876 |
| Recreation and cultural | 2,803,371 | 1,421,903 | - | - | 2,803,371 | 1,421,903 |
| Community development | 1,490,749 | 1,836,439 | - | - | 1,490,749 | 1,836,439 |
| Other governmental activities | 770,691 | 809,668 | - | - | 770,691 | 809,668 |
| Interest on long-term debt | - | 685 | - | - | - | 685 |
| Delinquent tax collections/forfeitures | - | - | 3,180,666 | 1,692,611 | 3,180,666 | 1,692,611 |
| Public works projects | - | - | 1,630,852 | 5,054,537 | 1,630,852 | 5,054,537 |
| Total expenses | 95,883,233 | 80,951,221 | 4,811,518 | 6,747,148 | 100,694,751 | 87,698,369 |
| Change in net position, before transfers | (9,080,385) | 2,866,167 | 265,578 | 1,672,847 | (8,814,807) | 4,539,014 |
| Transfers | 2,793,306 | - | (2,793,306) | - | - | - |
| Change in net position | (6,287,079) | 2,866,167 | (2,527,728) | 1,672,847 | (8,814,807) | 4,539,014 |
| Net position: | | | | | | |
| Beginning of year | 44,615,078 | 81,664,850 | 38,014,783 | 36,341,936 | 82,629,861 | 118,006,786 |
| Restatement for implementation of GASB 68 | - | (39,915,939) | - | - | - | (39,915,939) |
| End of year | \$ 38,327,999 | \$ 44,615,078 | \$ 35,487,055 | \$ 38,014,783 | \$ 73,815,054 | \$ 82,629,861 |

COUNTY OF BERRIEN, MICHIGAN

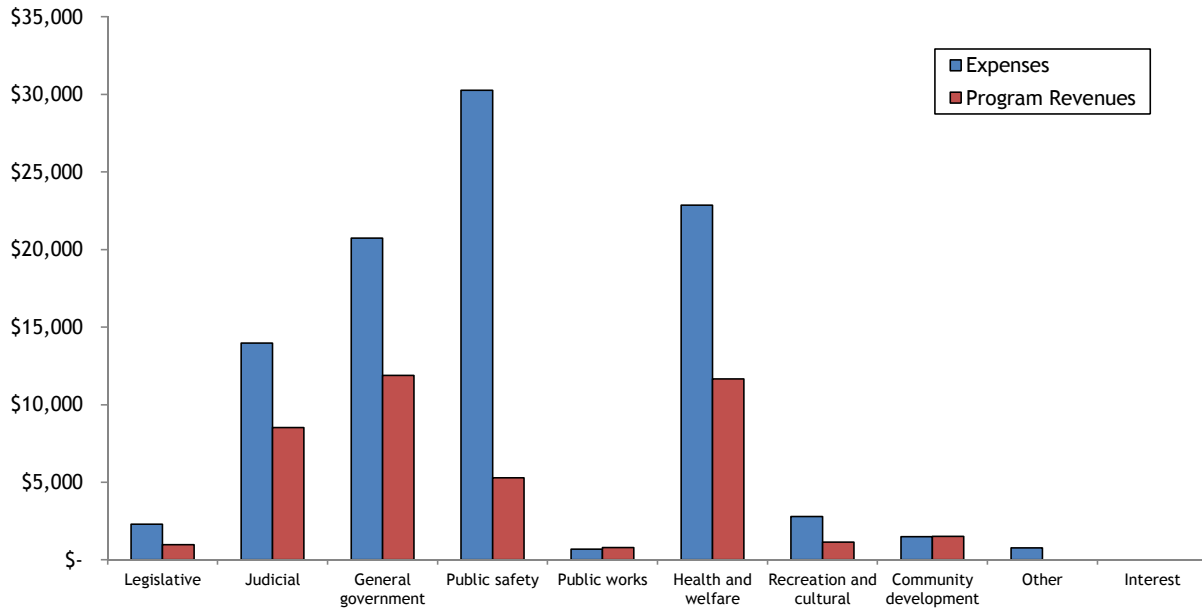
Management's Discussion and Analysis

The County's net position decreased by \$8,814,807 during the current fiscal year. This decrease was driven by a governmental activities decrease of \$6,287,079 and a decrease in business-type activities balances of \$2,527,728.

Governmental Activities. Governmental activities decreased the County's net position by \$6,287,079. Key elements of this decrease are as follows:

- Increased charges for services of \$280,250 (2.0 percent).
- Increased operating grants and contributions of \$2,373,782 (9.4 percent).
- Increase in property taxes of \$326,467 (0.7 percent) driven by a small increase in taxable values.
- Increase in expenses of \$14,932,012 (18.4 percent) driven by increases in numerous functional areas.
- Increase in transfers from the tax revolving fund (business-type activities) \$2,700,000 for a large capital project.

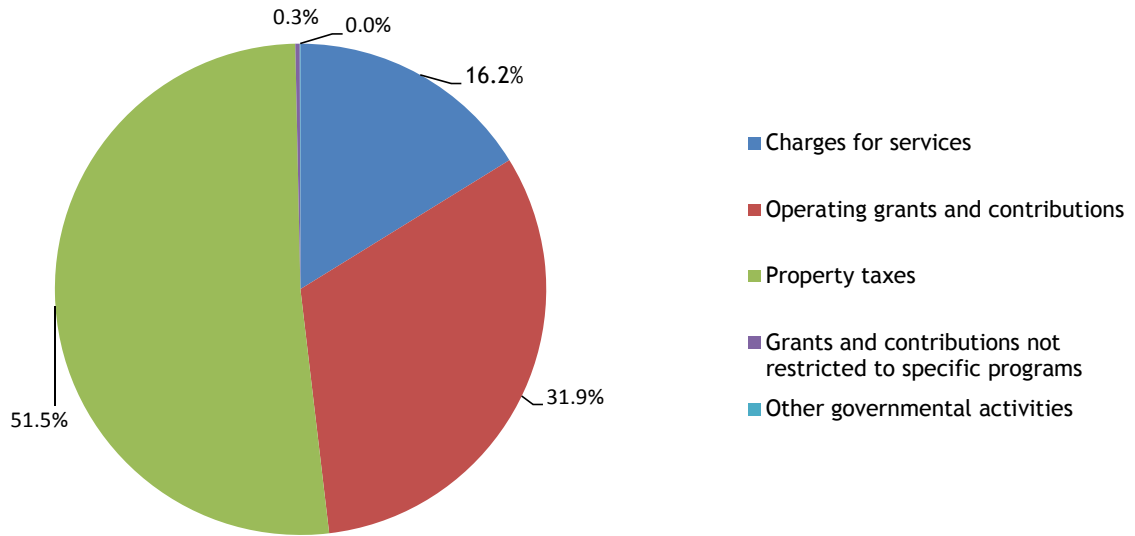
Expenses and Program Revenues - Governmental Activities (in thousands)



COUNTY OF BERRIEN, MICHIGAN

Management's Discussion and Analysis

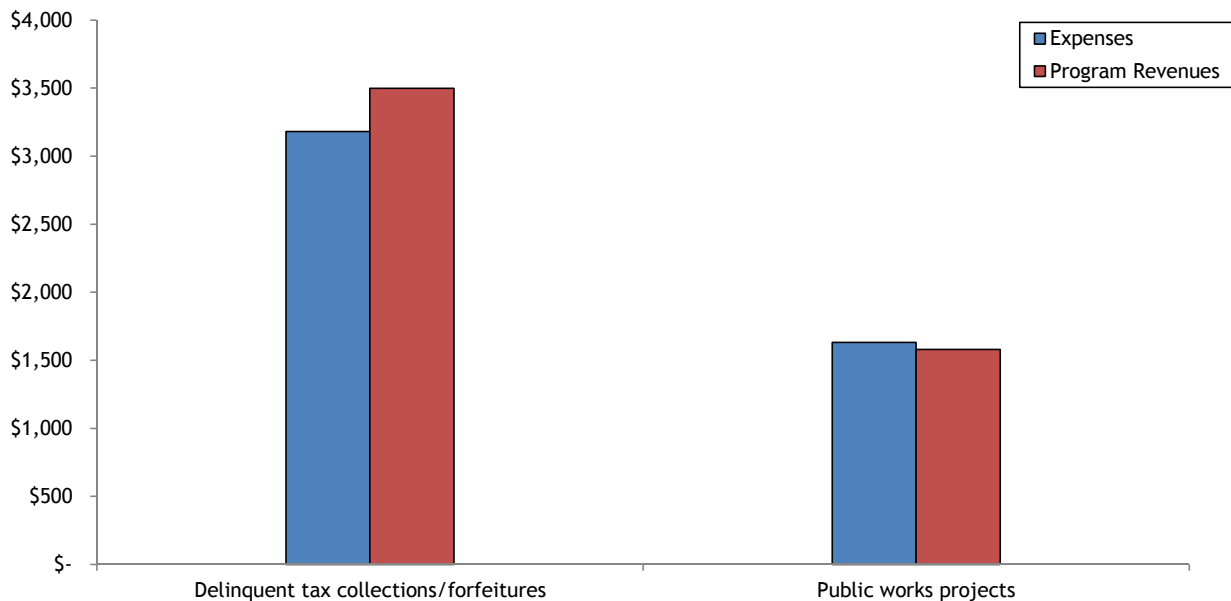
General Revenues by Source - Governmental Activities



Business-type Activities. Business-type activities decreased the County’s net position by \$2,527,728. Key elements of this decrease are as follows:

- A \$2,700,000 transfer to governmental activities for capital projects, primarily the new animal control facility.
- An appropriation by the Delinquent Tax Foreclosure Fund to the Brownfield Component Unit of \$1,646,150 for a remediation project.
- Delinquent Tax Revolving Fund admin and interest revenue continuing to outpace expenditures for normal operations by \$1,841,676.

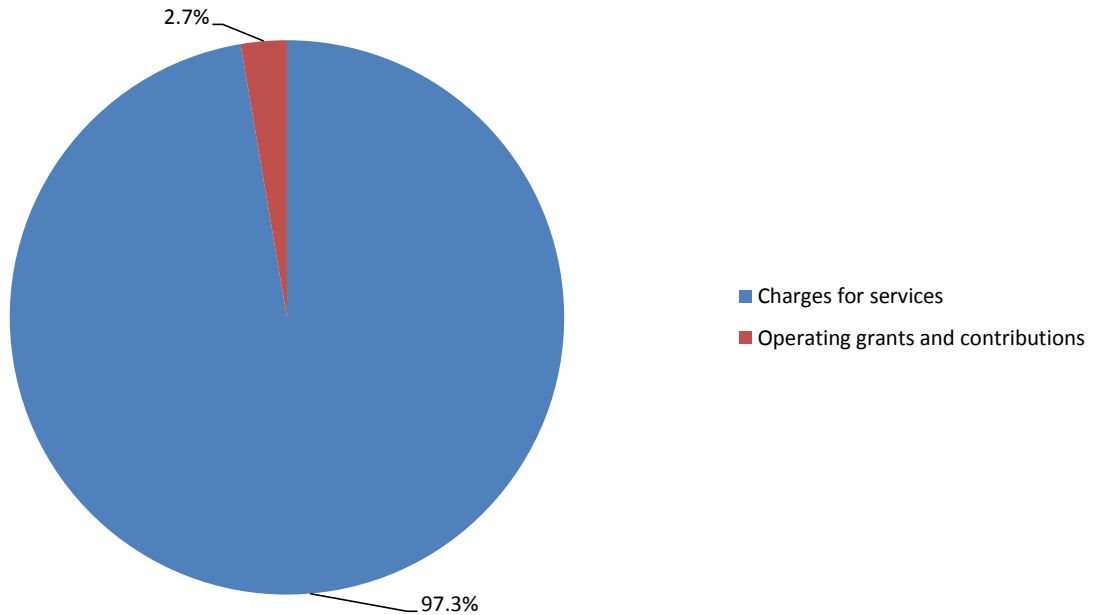
Expenses and Program Revenues - Business-type Activities (in thousands)



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 \$38,260,747, an increase of \$2,947,728 in comparison with the prior year. Approximately half of the total amount (\$19,204,130 or 50.2 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 (\$1,385,000), 2) restricted for various purposes (\$5,694,385) or 3) committed for various projects (\$11,977,232).

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 \$19,204,130, while total fund balance reached \$20,449,130. 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 35.0 percent of total general fund expenditures and transfers out, while total fund balance represents 37.3 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 \$1,747,814 during the current fiscal year. Key factors in this increase are as follows:

- An increase in tax revenues of \$192,602, driven by current taxes real property taxes of \$414,078, created by an increase in taxable values, decreased delinquent tax collections of \$192,893 and industrial/commercial taxes of \$30,176.
- An increase in intergovernmental revenue of \$302,749 created by an increase in personal property reimbursement from the state of \$738,732, state revenue sharing of \$17,078, and state and federal funding and reimbursements of \$189,711, partially offset by decrease in cobo hall revenue sharing of \$641,733.
- An increase in charges for services of \$247,726 driven by an increase register of deeds fees of \$181,389, drain commissioner fees \$110,578, county clerk fees \$40,489, partially offset by a decrease in public safety fees \$39,106, and other functional areas for a net of \$45,724.
- A decrease in licenses and permits revenue of \$28,116.
- A decrease in fines and forfeitures of \$21,957.
- An increase in other revenues and reimbursements of \$699,204 driven by a reimbursement from the State of Michigan of \$889,806.
- An increase in expenditures of \$508,487 (1.2 percent) of which \$483,057 is employee costs for salaries and fringe benefits, decrease in appropriations to outside agencies of \$276,138, and \$301,568 in increase in other non-personnel costs.
- An increase in interfund net transfer expense of \$509,719.
- A decrease in capital lease expenditures of \$54,081.

The fund balance of the 911 county operational fund increased by \$254,761, primarily due to tax collections outpacing required expenditures for the year.

The fund balance of the drug enforcement public safety fund decreased by \$203,585, primarily due to appropriations for public safety activities outpacing tax revenues for the year.

The fund balance of the senior citizen fund decreased by \$3,969, primarily due to distribution of tax collections from the prior year.

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 \$34,825,637. A decrease of \$1,608,324 driven by transfers of funds for capital projects, a governmental activity, of \$2,700,000, and delinquent tax foreclosure activities of \$750,000. This activity was partially offset by normal operations of admin and interest revenue continuing to outpace expenditures by \$1,841,676.

General Fund Budgetary Highlights

The general fund budgeted for no change in fund balance and the actual increase in fund balance was \$1,747,814. Budgetary variances are as follows:

- Tax revenues had an unfavorable budgetary variance of \$92,869, the majority of which is lower than anticipated delinquent tax collections of \$275,289 partially offset by better than anticipated current tax collections of \$191,293.
- Intergovernmental revenue has a favorable budgetary variance of \$878,221 primarily created by a personal property reimbursement from the state of \$738,732.
- Charges for services had a favorable budgetary variance \$226,872. The variance is made up of registrar of deeds fees \$256,533, county clerk fees \$124,415, and drain commissioner fees \$134,664, partially offset by judicial fees \$230,697, public safety \$66,273, and all other functional areas for net favorable \$8,219.
- Other revenue had a favorable budget variance of \$253,964 created reimbursement from the State of Michigan of \$889,806 partially offset by an insurance refund deferred to a future period of \$691,361.
- Lower than projected licenses and permits of \$54,801 and fines and forfeitures of \$68,659.

COUNTY OF BERRIEN, MICHIGAN

Management's Discussion and Analysis

- All other revenue categories net favorable \$40,206.
- Other financing sources unfavorable \$932,311 due to lower than budgeted transfers in from other funds.
- Expenditures had an overall favorable budgetary variance of \$1,497,191 which includes an additional contribution to the retiree healthcare trust fund of \$800,000. All functional areas contributed to a favorable variance compared to the original budget of \$3,376,311.

The general fund amended budget had appropriations to other funds (transfers out) of \$10,747,018. Actual appropriations were \$10,537,898.

During the year, there was a \$1,670,000 increase in appropriations (transfers out) between the original and final amended budget. The key factor in this change was a \$1,500,000 decrease in other governmental activities related to the decrease in contingencies.

Capital Asset and Debt Administration

Capital Assets. The County's capital assets for its governmental and business-type activities as of December 31, 2016 amounted to \$40,512,883 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, buildings, equipment, and infrastructure. The total increase in the County's investment in capital assets for the current fiscal year was 5.8 percent (a 5.9 percent increase for governmental activities and a 12.8 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 \$358,838.
- Acquisition of Next Generation 911 equipment and software at a cost of \$376,363.
- Rocky Gap Park improvements at a cost of \$604,766.
- Construction of Napier Animal Control facility at a cost of \$2,217,802.
- Acquisition of animal control, health department, maintenance, and juvenile center vehicles at a cost of \$130,221.
- Upgrade of juvenile center building and equipment at a cost of \$158,670.
- Improvements to the courthouse building at a cost of \$305,570.
- Upgrades of jail building and equipment at a cost of \$161,513.
- Acquisition and upgrade of parks equipment at a cost of \$100,485.
- Improvements to empire facilities and equipment at a cost of \$170,993.
- Other building and grounds, equipment, software, and hardware at a cost of \$200,933.
- Disposal of assets with a net book value of \$138,879.
- Annual depreciation of assets in the amount of \$2,466,051.

| | Capital Assets (net of depreciation) | | | | | |
|----------------------------------|--------------------------------------|---------------------|--------------------------|------------------|----------------------|----------------------|
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| Land | \$ 5,419,465 | \$ 5,419,465 | \$ - | \$ - | \$ 5,419,465 | \$ 5,419,465 |
| Construction in progress | 624,012 | 1,207,077 | - | - | 624,012 | 1,207,077 |
| Land improvements | 2,165,659 | 1,540,968 | - | - | 2,165,659 | 1,540,968 |
| Buildings | 27,657,493 | 25,125,982 | - | - | 27,657,493 | 25,125,982 |
| Equipment | 4,586,320 | 4,913,894 | 59,934 | 68,763 | 4,646,254 | 4,982,657 |
| Total capital assets, net | \$40,452,949 | \$38,207,386 | \$ 59,934 | \$ 68,763 | \$ 40,512,883 | \$ 38,276,149 |

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 the notes to the financial statements.

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 \$27,348,135 excluding compensated absences, which is fully backed by the full faith and credit of the government.

| | Bonds and Notes | | | | | |
|--------------------------------|-------------------------|-------------|--------------------------|---------------------|----------------------|----------------------|
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| General obligation bonds | \$ - | \$ - | \$27,419,924 | \$28,758,924 | \$ 27,419,924 | \$ 28,758,924 |
| Installment purchase agreement | 30,483 | - | - | - | 30,483 | - |
| Unamortized bond discount | - | - | (102,272) | (108,625) | (102,272) | (108,625) |
| Total | \$ 30,483 | \$ - | \$27,317,652 | \$28,650,299 | \$ 27,348,135 | \$ 28,650,299 |

The County's total installment debt decreased by \$1,302,164 (4.5 percent) during the current fiscal year. The key factor in this decrease was due to payments on all water and sewer bonds of \$1,332,647.

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 \$937,291,782 which is significantly higher than the County's outstanding general obligation debt.

In May 2017, the County issued \$10,500,000 of general obligation limited tax notes to finance the Delinquent Tax Revolving Fund as part of its normal operating process and \$1,755,000 in Village of Michiana Water System No. 32 Improvement Project Bonds.

Additional information on the County's long-term debt can be found in the notes to the financial statements.

Economic Factors and Next Year's Budget and Rates

The following factors were considered in preparing the County's budget for the 2017 fiscal year:

- The average annual unemployment rate for the County for 2016 was 4.5 percent, which is down approximately 0.5 percent from a year ago. This is slightly better than the State's average annual unemployment rate of 4.7 percent and national average of 4.9 percent for 2016. The average unemployment rate for the County for 2017 through April is 5.0 percent.
- Economic developments of a few years ago slowed taxable value growth. Over the last four years taxable values have increased slightly. The 2017 budget assumes taxable values increase from the 2016 taxable valuation by 2.2 percent.
- Interest rates remained somewhat stagnant over the past few years. The 2017 budget assumes a small improvement in these poor rates.
- Each year, the State of Michigan provides guidance on state revenue sharing the County is to receive during the year. The 2017 budget reflects this guidance.
- Defined benefit plan maintenance costs are a large cost to the County. The 2017 employer contribution percentages as determined by actuarial recommendations are up from 2016 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. The employee's percentage share of health insurance cost remained the same 2017 from the 2016 budgeted level.

During the current fiscal year, unassigned fund balance in the general fund was \$19,204,130. 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 2017 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 2017 fiscal year.

COUNTY OF BERRIEN, MICHIGAN

Management's Discussion and Analysis

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, 2016

| | Primary Government | | | Component Units |
|---|----------------------------|-----------------------------|----------------------|-----------------------|
| | Governmental Activities | Business-type Activities | Total | |
| Assets | | | | |
| Cash and cash equivalents | \$ 20,305,099 | \$ 4,871,253 | \$ 25,176,352 | \$ 28,392,287 |
| Investments | 23,450,523 | 22,536,890 | 45,987,413 | 1,185,499 |
| Restricted cash | 2,797,234 | - | 2,797,234 | 1,021,252 |
| Receivables, net | 14,373,004 | 36,074,933 | 50,447,937 | 27,929,303 |
| Internal balances | (450,000) | 450,000 | - | - |
| Prepaid items and other assets | 668,721 | 37,630 | 706,351 | 1,322,823 |
| Net other postemployment benefit asset | 1,057,986 | - | 1,057,986 | - |
| Capital assets not being depreciated | 6,043,477 | - | 6,043,477 | 20,824,646 |
| Capital assets being depreciated, net | 34,409,472 | 59,934 | 34,469,406 | 80,465,271 |
| Total assets | 102,655,516 | 64,030,640 | 166,686,156 | 161,141,081 |
| Deferred outflows of resources | | | | |
| Deferred pension amounts | 47,334,134 | - | 47,334,134 | 10,659,250 |
| Liabilities | | | | |
| Accounts payable and accrued expenses | 4,610,816 | 1,225,933 | 5,836,749 | 15,761,094 |
| Unearned revenue | 489,679 | - | 489,679 | - |
| Long-term liabilities: | | | | |
| Due within one year | 2,402,721 | 1,369,399 | 3,772,120 | 3,023,818 |
| Due in more than one year | 24,386 | 25,948,253 | 25,972,639 | 21,786,852 |
| Net pension liability | 93,623,711 | - | 93,623,711 | 17,241,299 |
| Net other postemployment benefit obligation | - | - | - | 498,731 |
| Total liabilities | 101,151,313 | 28,543,585 | 129,694,898 | 58,311,794 |
| Deferred inflows of resources | | | | |
| Taxes levied for a subsequent period | 8,844,964 | - | 8,844,964 | - |
| Deferred pension amounts | 1,665,374 | - | 1,665,374 | 813,492 |
| Total deferred inflows of resources | 10,510,338 | - | 10,510,338 | 813,492 |
| Net position | | | | |
| Net investment in capital assets | 40,422,466 | 59,934 | 40,482,400 | 82,461,466 |
| Restricted for: | | | | |
| Judicial | 138,230 | - | 138,230 | - |
| Public safety | 2,969,515 | - | 2,969,515 | - |
| Health and welfare | 2,068,736 | - | 2,068,736 | - |
| Recreation and cultural | 208,526 | - | 208,526 | - |
| State mandated programs and other purposes | 4,301,072 | - | 4,301,072 | 25,674,723 |
| Debt service | 3,526 | - | 3,526 | - |
| Unrestricted (deficit) | (11,784,072) | 35,427,121 | 23,643,049 | 4,538,856 |
| Total net position | \$ 38,327,999 | \$ 35,487,055 | \$ 73,815,054 | \$ 112,675,045 |

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

COUNTY OF BERRIEN, MICHIGAN

Statement of Activities

For the Year Ended December 31, 2016

| Functions/Programs | Expenses | Program Revenues | | | Net (Expenses) Revenues |
|--|-----------------------|----------------------|------------------------------------|----------------------------------|-------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | |
| Primary government | | | | | |
| Governmental activities: | | | | | |
| Legislative | \$ 2,296,727 | \$ 1,932 | \$ 966,883 | \$ - | \$ (1,327,912) |
| Judicial | 13,976,626 | 4,169,078 | 4,366,718 | - | (5,440,830) |
| General government | 20,738,494 | 3,368,912 | 8,514,317 | - | (8,855,265) |
| Public safety | 30,259,136 | 3,917,786 | 1,366,441 | - | (24,974,909) |
| Public works | 699,285 | 788,660 | - | - | 89,375 |
| Health and welfare | 22,848,154 | 644,071 | 11,018,306 | - | (11,185,777) |
| Recreation and cultural | 2,803,371 | 683,155 | 459,540 | - | (1,660,676) |
| Community development | 1,490,749 | 488,319 | 1,017,623 | - | 15,193 |
| Other governmental activities | 770,691 | - | - | - | (770,691) |
| Total governmental activities | 95,883,233 | 14,061,913 | 27,709,828 | - | (54,111,492) |
| Business-type activities: | | | | | |
| Delinquent tax collections/forfeitures | 3,180,666 | 3,497,864 | 527 | - | 317,725 |
| Public works projects | 1,630,852 | 1,443,569 | 135,136 | - | (52,147) |
| Total business-type activities | 4,811,518 | 4,941,433 | 135,663 | - | 265,578 |
| Total primary government | \$ 100,694,751 | \$ 19,003,346 | \$ 27,845,491 | \$ - | \$ (53,845,914) |
| Component units | | | | | |
| Road commission | \$ 20,366,887 | \$ - | \$ 18,750,305 | \$ - | \$ (1,616,582) |
| Drain commission | 3,176,437 | 2,800 | 132,693 | 3,005,916 | (35,028) |
| Brownfield redevelopment authority | 1,900,171 | 90 | 1,652,152 | - | (247,929) |
| Economic development corporation | 47,091 | 20,000 | 14,367 | - | (12,724) |
| Land bank authority | 431,365 | 400,509 | 23,280 | - | (7,576) |
| Community mental health authority | 45,210,538 | 41,029,481 | 3,369,257 | - | (811,800) |
| Total component units | \$ 71,132,489 | \$ 41,452,880 | \$ 23,942,054 | \$ 3,005,916 | \$ (2,731,639) |

continued...

COUNTY OF BERRIEN, MICHIGAN

Statement of Activities For the Year Ended December 31, 2016

| | Primary Government | | | Component Units |
|---|----------------------------|-----------------------------|-----------------|--------------------|
| | Governmental Activities | Business-type Activities | Total | |
| Changes in net position | | | | |
| Net (expenses) revenues | \$ (54,111,492) | \$ 265,578 | \$ (53,845,914) | \$ (2,731,639) |
| General revenues: | | | | |
| Property taxes | 44,744,349 | - | 44,744,349 | 995,112 |
| Grants and contributions not restricted to specific programs | 248,405 | - | 248,405 | - |
| Unrestricted investment earnings | 38,353 | - | 38,353 | - |
| Transfers - internal activities | 2,793,306 | (2,793,306) | - | - |
| Total general revenues and transfers | 47,824,413 | (2,793,306) | 45,031,107 | 995,112 |
| Change in net position | (6,287,079) | (2,527,728) | (8,814,807) | (1,736,527) |
| Net position, beginning of year | 44,615,078 | 38,014,783 | 82,629,861 | 114,411,572 |
| Net position, end of year | \$ 38,327,999 | \$ 35,487,055 | \$ 73,815,054 | \$ 112,675,045 |

concluded.

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

COUNTY OF BERRIEN, MICHIGAN

Balance Sheet
 Governmental Funds
 December 31, 2016

| | General (1010) | 911 County Operational (2610) | Drug Enforcement Public Safety (2175/2640) | Senior Citizen (2700) | Nonmajor Governmental Funds | Total |
|---|----------------------|-------------------------------------|---|--------------------------|-----------------------------------|----------------------|
| Assets | | | | | | |
| Cash and cash equivalents | \$ 2,321,164 | \$ 297,089 | \$ 453,555 | \$ 111,176 | \$ 13,232,398 | \$ 16,415,382 |
| Investments | 17,774,049 | 2,358,155 | - | - | 924,742 | 21,056,946 |
| Receivables: | | | | | | |
| Accounts | 23,772 | - | - | - | 94,710 | 118,482 |
| Taxes - current | 1,884,621 | 3,181,302 | 2,474,621 | 2,121,174 | 705,877 | 10,367,595 |
| Due from other governments | 139,623 | - | 108,652 | - | 2,253,652 | 2,501,927 |
| Notes | - | - | - | - | 140,000 | 140,000 |
| Advances to component units | 1,245,000 | - | - | - | - | 1,245,000 |
| Total assets | \$ 23,388,229 | \$ 5,836,546 | \$ 3,036,828 | \$ 2,232,350 | \$ 17,351,379 | \$ 51,845,332 |
| Liabilities | | | | | | |
| Accounts payable | \$ 284,083 | \$ 880 | \$ 16,144 | \$ - | \$ 506,706 | \$ 807,813 |
| Accrued expenses | 697,436 | 70,202 | 5,678 | - | 345,884 | 1,119,200 |
| Due to other governments | - | - | - | - | 49,121 | 49,121 |
| Interfund payable | - | - | - | - | 316,228 | 316,228 |
| Advances from other funds | 450,000 | - | - | - | - | 450,000 |
| Unearned revenue | - | - | 323 | - | 489,356 | 489,679 |
| Total liabilities | 1,431,519 | 71,082 | 22,145 | - | 1,707,295 | 3,232,041 |
| Deferred inflows of resources | | | | | | |
| Unavailable revenue - property taxes | 1,507,580 | - | - | - | - | 1,507,580 |
| Taxes levied for a subsequent period | - | 3,317,056 | 2,580,204 | 2,211,672 | 736,032 | 8,844,964 |
| Total deferred inflows of resources | 1,507,580 | 3,317,056 | 2,580,204 | 2,211,672 | 736,032 | 10,352,544 |
| Fund balances | | | | | | |
| Nonspendable | 1,245,000 | - | - | - | 140,000 | 1,385,000 |
| Restricted | - | 2,448,408 | 434,479 | 20,678 | 2,790,820 | 5,694,385 |
| Committed | - | - | - | - | 11,977,232 | 11,977,232 |
| Unassigned | 19,204,130 | - | - | - | - | 19,204,130 |
| Total fund balances | 20,449,130 | 2,448,408 | 434,479 | 20,678 | 14,908,052 | 38,260,747 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 23,388,229 | \$ 5,836,546 | \$ 3,036,828 | \$ 2,232,350 | \$ 17,351,379 | \$ 51,845,332 |

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

COUNTY OF BERRIEN, MICHIGAN

Reconciliation

Fund Balances of Governmental Funds
to Net Position of Governmental Activities
December 31, 2016

| | |
|--|----------------------|
| Fund balances - total governmental funds | \$ 38,260,747 |
| 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 | 6,043,477 |
| Capital assets being depreciated, net | 34,409,472 |
| Other long-term assets are not available to pay for current-period expenditures and therefore are not recorded in the funds. | |
| Unavailable property taxes | 1,507,580 |
| 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 | 1,057,986 |
| 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 | 7,430,795 |
| Certain liabilities, such as bonds payable, are not due and payable in the current period, and therefore are not reported in the funds. | |
| Installment purchase agreement | (30,483) |
| Compensated absences | (2,396,624) |
| Certain pension-related amounts, such as the net pension liability and deferred amounts are not due and payable in the current period or do not represent current financial resources and therefore are not reported in the funds. | |
| Net pension liability | (93,623,711) |
| Deferred outflows related to the net pension liability | 47,334,134 |
| Deferred inflows related to the net pension liability | (1,665,374) |
| Net position of governmental activities | <u>\$ 38,327,999</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, 2016

| | General (1010) | 911 County Operational (2610) | Drug Enforcement Public Safety (2175/2640) | Senior Citizen (2700) | Nonmajor Governmental Funds | Total |
|---|----------------------|-------------------------------------|---|--------------------------|-----------------------------------|----------------------|
| Revenues | | | | | | |
| Property taxes | \$ 35,953,862 | \$ 3,340,749 | \$ 2,604,134 | \$ 2,224,955 | \$ 800,379 | \$ 44,924,079 |
| Licenses and permits | 208,399 | - | - | - | 386,341 | 594,740 |
| Intergovernmental revenue | 7,447,956 | - | 582,739 | - | 11,833,217 | 19,863,912 |
| Charges for services | 6,905,337 | 1,017,155 | 2,146 | - | 5,096,464 | 13,021,102 |
| Fines and forfeitures | 441,341 | - | - | - | 4,730 | 446,071 |
| Interest revenue | 81,206 | 983 | - | - | 11,669 | 93,858 |
| Other revenue | 3,970,285 | 1,000 | 35,879 | - | 4,031,652 | 8,038,816 |
| Total revenues | 55,008,386 | 4,359,887 | 3,224,898 | 2,224,955 | 22,164,452 | 86,982,578 |
| Expenditures | | | | | | |
| Current expenditures: | | | | | | |
| Legislative | 1,816,051 | - | - | - | - | 1,816,051 |
| Judicial | 7,891,245 | - | 744,741 | - | 3,250,573 | 11,886,559 |
| General government | 15,811,400 | - | - | - | 4,096,132 | 19,907,532 |
| Public safety | 16,510,452 | 4,105,126 | 23,799 | - | 5,714,159 | 26,353,536 |
| Public works | 439,399 | - | - | - | 257,107 | 696,506 |
| Health and welfare | 642,218 | - | - | 2,228,924 | 18,504,951 | 21,376,093 |
| Recreation and cultural | - | - | - | - | 2,164,154 | 2,164,154 |
| Community development | 447,317 | - | - | - | 1,485,601 | 1,932,918 |
| Other governmental activities | 752,230 | - | - | - | - | 752,230 |
| Total expenditures | 44,310,312 | 4,105,126 | 768,540 | 2,228,924 | 35,472,677 | 86,885,579 |
| Revenues over (under) expenditures | 10,698,074 | 254,761 | 2,456,358 | (3,969) | (13,308,225) | 96,999 |
| Other financing sources (uses) | | | | | | |
| Issuance of long-term debt | - | - | - | - | 30,483 | 30,483 |
| Proceeds from sales of capital assets | - | - | - | - | 26,940 | 26,940 |
| Transfers in | 1,587,638 | - | 270,787 | - | 19,947,624 | 21,806,049 |
| Transfers out | (10,537,898) | - | (2,930,730) | - | (5,544,115) | (19,012,743) |
| Total other financing sources (uses) | (8,950,260) | - | (2,659,943) | - | 14,460,932 | 2,850,729 |
| Net change in fund balances | 1,747,814 | 254,761 | (203,585) | (3,969) | 1,152,707 | 2,947,728 |
| Fund balances, beginning of year | 18,701,316 | 2,193,647 | 638,064 | 24,647 | 13,755,345 | 35,313,019 |
| Fund balances, end of year | \$ 20,449,130 | \$ 2,448,408 | \$ 434,479 | \$ 20,678 | \$ 14,908,052 | \$ 38,260,747 |

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

COUNTY OF BERRIEN, MICHIGAN

Reconciliation

Net Changes in Fund Balances of Governmental Funds
to Change in Net Position of Governmental Activities
For the Year Ended December 31, 2016

| | |
|--|-----------------------|
| Net change in fund balances - total governmental funds | \$ 2,947,728 |
| 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 | 4,850,493 |
| Depreciation expense | (2,466,051) |
| Net book value of capital asset disposals | (138,879) |
| 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 | (179,730) |
| 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 | 229,387 |
| 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. | |
| Issuance of long-term debt | (30,483) |
| 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. | |
| Net pension liability and related deferred amounts | (8,979,961) |
| Change in accrued compensated absences | (246,778) |
| 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. | |
| Net operating income from governmental activities accounted for internal service funds | <u>(2,272,805)</u> |
| Change in net position of governmental activities | <u>\$ (6,287,079)</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, 2016

| | Original Budget | Amended Budget | Actual | Over (Under) Budget |
|------------------------------------|--------------------|-------------------|-------------------|------------------------|
| Revenues | | | | |
| Property taxes | \$ 36,046,731 | \$ 36,046,731 | \$ 35,953,862 | \$ (92,869) |
| Licenses and permits | 263,200 | 263,200 | 208,399 | (54,801) |
| Intergovernmental revenues | 6,569,735 | 6,569,735 | 7,447,956 | 878,221 |
| Charges for services | 6,685,519 | 6,678,465 | 6,905,337 | 226,872 |
| Fines and forfeitures | 510,000 | 510,000 | 441,341 | (68,659) |
| Interest revenue | 41,000 | 41,000 | 81,206 | 40,206 |
| Other revenue | 3,709,267 | 3,716,321 | 3,970,285 | 253,964 |
| Total revenues | 53,825,452 | 53,825,452 | 55,008,386 | 1,182,934 |
| Expenditures | | | | |
| Legislative: | | | | |
| Board of Commissioners | 637,416 | 1,442,763 | 1,400,635 | (42,128) |
| Appropriations to outside agencies | 403,221 | 415,416 | 415,416 | - |
| Total legislative | 1,040,637 | 1,858,179 | 1,816,051 | (42,128) |
| Judicial: | | | | |
| Circuit court | 290,601 | 322,682 | 319,720 | (2,962) |
| District court | 2,236,995 | 2,135,325 | 2,116,846 | (18,479) |
| Probate court | 331,279 | 265,339 | 258,341 | (6,998) |
| Jury board | 32,420 | 32,302 | 31,259 | (1,043) |
| Family court intake | 698,145 | 670,549 | 662,124 | (8,425) |
| Tri-court cashiering unit | 870,119 | 830,082 | 821,496 | (8,586) |
| Trial court | 2,327,309 | 2,186,513 | 2,077,236 | (109,277) |
| District court probation | 624,937 | 613,272 | 602,754 | (10,518) |
| Adult probation | 96,437 | 95,038 | 90,433 | (4,605) |
| Juvenile probation | 555,821 | 568,300 | 561,932 | (6,368) |
| Probate court administration | 347,101 | 372,473 | 349,104 | (23,369) |
| Total judicial | 8,411,164 | 8,091,875 | 7,891,245 | (200,630) |

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, 2016

| | Original Budget | Amended Budget | Actual | Over (Under) Budget |
|---------------------------------|--------------------|-------------------|-------------------|------------------------|
| Expenditures (continued) | | | | |
| General government: | | | | |
| Elections | \$ 262,859 | \$ 307,708 | \$ 306,571 | \$ (1,137) |
| County Administrator | 230,007 | 234,245 | 233,453 | (792) |
| Clerk | 1,074,324 | 1,019,387 | 1,011,460 | (7,927) |
| Equalization | 563,271 | 555,169 | 521,801 | (33,368) |
| Personnel | 380,476 | 384,127 | 382,587 | (1,540) |
| Purchasing | 70,105 | 55,165 | 50,972 | (4,193) |
| Corporate counsel | 221,700 | 145,559 | 141,166 | (4,393) |
| Prosecutor | 2,801,578 | 2,793,553 | 2,770,868 | (22,685) |
| Register of deeds | 340,253 | 334,528 | 331,123 | (3,405) |
| Treasurer | 429,091 | 386,951 | 384,261 | (2,690) |
| Courthouse and grounds | 1,455,229 | 1,441,901 | 1,353,340 | (88,561) |
| Building authority | 229 | 229 | 218 | (11) |
| South county building | 449,714 | 435,079 | 380,831 | (54,248) |
| Other county property | 190,908 | 174,899 | 144,587 | (30,312) |
| Administration center | 242,357 | 283,843 | 226,274 | (57,569) |
| 2100 complex | 208,125 | 202,597 | 160,219 | (42,378) |
| HD Buildings and grounds | - | - | (1,673) | (1,673) |
| Surveyor | 75 | 75 | - | (75) |
| Training facility | 18,082 | 18,082 | 8,041 | (10,041) |
| Drain commissioner | 293,804 | 293,664 | 272,063 | (21,601) |
| Building security | 626,333 | 610,337 | 606,584 | (3,753) |
| Financial services | 668,492 | 666,961 | 663,210 | (3,751) |
| Napier building | 286,861 | 277,588 | 136,885 | (140,703) |
| Church street | 113,149 | 103,878 | 103,589 | (289) |
| Telephone switchboard-central | 149,747 | 151,008 | 149,100 | (1,908) |
| Printing and microfilming | 322,758 | 322,419 | 290,605 | (31,814) |
| Mailing services | 401,463 | 303,490 | 295,930 | (7,560) |
| Motor pool | 350,524 | 356,951 | 320,919 | (36,032) |
| Information systems | 2,215,388 | 2,203,442 | 2,146,145 | (57,297) |
| GIS/mapping | 373,230 | 375,794 | 365,211 | (10,583) |
| Automation upgrade | 148,500 | 149,500 | 133,510 | (15,990) |
| Survey and remonumentation | 90,000 | 87,046 | 62,841 | (24,205) |
| Copy center | 6,809 | 6,809 | 5,028 | (1,781) |
| Cooperative extension service | 298,531 | 298,531 | 283,472 | (15,059) |
| Records center | 245,402 | 244,649 | 238,997 | (5,652) |
| Indigent defense | 1,436,852 | 1,353,397 | 1,331,212 | (22,185) |
| Total general government | 16,966,226 | 16,578,561 | 15,811,400 | (767,161) |

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, 2016

| | Original Budget | Amended Budget | Actual | Over (Under) Budget |
|-------------------------------------|--------------------|-------------------|-------------------|------------------------|
| Expenditures (continued) | | | | |
| Public safety: | | | | |
| Sheriff's office and road patrol | \$ 5,154,314 | \$ 5,174,308 | \$ 5,085,359 | \$ (88,949) |
| Jail inmate rehabilitation | 26,168 | 26,668 | 26,657 | (11) |
| Sheriff's department radios | 103,540 | 103,540 | 62,820 | (40,720) |
| Law enforcement training facility | 7,900 | 7,900 | 3,300 | (4,600) |
| Jail division | 9,820,872 | 9,598,442 | 9,468,871 | (129,571) |
| Jail maintenance | 985,893 | 948,306 | 796,567 | (151,739) |
| Emergency management | 441,999 | 418,177 | 405,009 | (13,168) |
| Animal control | 770,849 | 702,917 | 661,869 | (41,048) |
| Total public safety | <u>17,311,535</u> | <u>16,980,258</u> | <u>16,510,452</u> | <u>(469,806)</u> |
| Public works - | | | | |
| Appropriations to outside agencies | <u>439,399</u> | <u>439,399</u> | <u>439,399</u> | <u>-</u> |
| Health and welfare: | | | | |
| Contagious disease | 33,000 | 33,000 | 23,994 | (9,006) |
| Veterans services | 116,227 | 113,315 | 112,224 | (1,091) |
| Veterans burial | 10,000 | 10,000 | 6,000 | (4,000) |
| Appropriations to outside agencies | 500,000 | 500,000 | 500,000 | - |
| Total health and welfare | <u>659,227</u> | <u>656,315</u> | <u>642,218</u> | <u>(14,097)</u> |
| Community development: | | | | |
| Economic development | 511,129 | 448,390 | 445,021 | (3,369) |
| Plat board | 2,363 | 2,296 | 2,296 | - |
| Total community development | <u>513,492</u> | <u>450,686</u> | <u>447,317</u> | <u>(3,369)</u> |
| Other governmental activities: | | | | |
| Contingencies | 1,500,000 | - | - | - |
| Insurance and surety bonds | 844,943 | 752,230 | 752,230 | - |
| Total other governmental activities | <u>2,344,943</u> | <u>752,230</u> | <u>752,230</u> | <u>-</u> |
| Total expenditures | <u>47,686,623</u> | <u>45,807,503</u> | <u>44,310,312</u> | <u>(1,497,191)</u> |
| Revenues over expenditures | <u>6,138,829</u> | <u>8,017,949</u> | <u>10,698,074</u> | <u>2,680,125</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, 2016

| | Original Budget | Amended Budget | Actual | Over (Under) Budget |
|---------------------------------|----------------------|----------------------|----------------------|------------------------|
| Other financing sources (uses) | | | | |
| Transfers in | \$ 2,729,069 | \$ 2,729,069 | \$ 1,587,638 | \$ (1,141,431) |
| Transfers out | (8,867,898) | (10,747,018) | (10,537,898) | (209,120) |
| Total other financing uses | <u>(6,138,829)</u> | <u>(8,017,949)</u> | <u>(8,950,260)</u> | <u>(932,311)</u> |
| Net change in fund balance | - | - | 1,747,814 | 1,747,814 |
| Fund balance, beginning of year | <u>18,701,316</u> | <u>18,701,316</u> | <u>18,701,316</u> | <u>-</u> |
| Fund balance, end of year | <u>\$ 18,701,316</u> | <u>\$ 18,701,316</u> | <u>\$ 20,449,130</u> | <u>\$ 1,747,814</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, 2016

| | Original Budget | Amended Budget | Actual | Over (Under) Budget |
|-----------------------------------|---------------------|---------------------|---------------------|------------------------|
| Revenues | | | | |
| Property taxes | \$ 3,362,216 | \$ 3,362,216 | \$ 3,340,749 | \$ (21,467) |
| Charges for services | 1,198,475 | 1,198,475 | 1,017,155 | (181,320) |
| Interest revenue | - | - | 983 | 983 |
| Other revenue | 51,000 | 51,000 | 1,000 | (50,000) |
| Total revenues | 4,611,691 | 4,611,691 | 4,359,887 | (251,804) |
| Expenditures | | | | |
| Public safety | 3,697,431 | 4,272,250 | 4,105,126 | (167,124) |
| Net change in fund balance | 914,260 | 339,441 | 254,761 | (84,680) |
| Fund balance, beginning of year | 2,193,647 | 2,193,647 | 2,193,647 | - |
| Fund balance, end of year | \$ 3,107,907 | \$ 2,533,088 | \$ 2,448,408 | \$ (84,680) |

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, 2016

| | Original Budget | Amended Budget | Actual | Over (Under) Budget |
|---|--------------------|--------------------|--------------------|------------------------|
| Revenues | | | | |
| Property taxes | \$ 2,616,417 | \$ 2,616,417 | \$ 2,604,134 | \$ (12,283) |
| Intergovernmental revenue | 987,722 | 1,098,073 | 582,739 | (515,334) |
| Charges for services | 2,600 | 2,600 | 2,146 | (454) |
| Other revenue | 36,290 | 37,648 | 35,879 | (1,769) |
| Total revenues | 3,643,029 | 3,754,738 | 3,224,898 | (529,840) |
| Expenditures | | | | |
| Judicial | 1,179,675 | 1,239,857 | 744,741 | (495,116) |
| Public safety | - | 52,884 | 23,799 | (29,085) |
| Total expenditures | 1,179,675 | 1,292,741 | 768,540 | (524,201) |
| Revenues over expenditures | 2,463,354 | 2,461,997 | 2,456,358 | (5,639) |
| Other financing sources (uses) | | | | |
| Transfers in | 153,063 | 275,179 | 270,787 | (4,392) |
| Transfers out | (3,068,616) | (2,982,850) | (2,930,730) | (52,120) |
| Total other financing sources (uses) | (2,915,553) | (2,707,671) | (2,659,943) | 47,728 |
| Net change in fund balance | (452,199) | (245,674) | (203,585) | 42,089 |
| Fund balance, beginning of year | 638,064 | 638,064 | 638,064 | - |
| Fund balance, end of year | \$ 185,865 | \$ 392,390 | \$ 434,479 | \$ 42,089 |

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 - Senior Citizen

For the Year Ended December 31, 2016

| | Original Budget | Amended Budget | Actual | Over (Under) Budget |
|---------------------------------|--------------------|-------------------|------------------|------------------------|
| Revenues | | | | |
| Property taxes | \$ 2,243,587 | \$ 2,248,487 | \$ 2,224,955 | \$ (23,532) |
| Expenditures | | | | |
| Health and welfare | <u>2,243,587</u> | <u>2,248,487</u> | <u>2,228,924</u> | <u>(19,563)</u> |
| Net change in fund balance | - | - | (3,969) | (3,969) |
| Fund balance, beginning of year | <u>24,647</u> | <u>24,647</u> | <u>24,647</u> | <u>-</u> |
| Fund balance, end of year | <u>\$ 24,647</u> | <u>\$ 24,647</u> | <u>\$ 20,678</u> | <u>\$ (3,969)</u> |

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

COUNTY OF BERRIEN, MICHIGAN

Statement of Net Position

Proprietary Funds
December 31, 2016

| | 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 | \$ 3,826,176 | \$ - | \$ 139,872 | \$ 588,977 | \$ 4,555,025 | \$ 4,205,945 |
| Investments | 22,396,076 | - | - | 140,814 | 22,536,890 | 2,393,577 |
| Receivables: | | | | | | |
| Accounts | 532,559 | - | - | 143,716 | 676,275 | - |
| Taxes receivable, delinquent | 6,722,423 | - | - | 297,251 | 7,019,674 | - |
| Interest | 895,131 | - | - | - | 895,131 | - |
| Leases receivable, current | - | 835,000 | 158,876 | 375,523 | 1,369,399 | - |
| Due from other governments | - | - | - | 28,700 | 28,700 | - |
| Interfund receivable | 395,976 | - | - | - | 395,976 | - |
| Prepaid items | - | - | - | - | - | 668,721 |
| Inventories | - | - | - | 37,630 | 37,630 | - |
| Total current assets | 34,768,341 | 835,000 | 298,748 | 1,612,611 | 37,514,700 | 7,268,243 |
| Noncurrent assets: | | | | | | |
| Restricted cash | - | - | - | - | - | 2,797,234 |
| Advance to other funds | 450,000 | - | - | - | 450,000 | - |
| Leases receivable, net of current portion | - | 16,363,274 | 3,316,048 | 6,406,432 | 26,085,754 | - |
| Capital assets being depreciated, net | - | - | - | 59,934 | 59,934 | - |
| Total noncurrent assets | 450,000 | 16,363,274 | 3,316,048 | 6,466,366 | 26,595,688 | 2,797,234 |
| Total assets | 35,218,341 | 17,198,274 | 3,614,796 | 8,078,977 | 64,110,388 | 10,065,477 |
| Liabilities | | | | | | |
| Current liabilities: | | | | | | |
| Accounts payable | - | - | 89,923 | 178,037 | 267,960 | - |
| Accrued expenses | - | 116,529 | 21,735 | 69,222 | 207,486 | 2,634,682 |
| Due to other governments | 392,704 | - | - | 357,783 | 750,487 | - |
| Interfund payable | - | - | - | 79,748 | 79,748 | - |
| Current portion of long-term debt | - | 835,000 | 158,876 | 375,523 | 1,369,399 | - |
| Total current liabilities | 392,704 | 951,529 | 270,534 | 1,060,313 | 2,675,080 | 2,634,682 |
| Noncurrent liabilities - | | | | | | |
| Due in more than one year | - | 16,246,745 | 3,344,262 | 6,357,246 | 25,948,253 | - |
| Total liabilities | 392,704 | 17,198,274 | 3,614,796 | 7,417,559 | 28,623,333 | 2,634,682 |
| Net position | | | | | | |
| Investment in capital assets | - | - | - | 59,934 | 59,934 | - |
| Restricted for self-insurance claims | - | - | - | - | - | 2,797,234 |
| Unrestricted | 34,825,637 | - | - | 601,484 | 35,427,121 | 4,633,561 |
| Total net position | \$ 34,825,637 | \$ - | \$ - | \$ 661,418 | \$ 35,487,055 | \$ 7,430,795 |

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

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COUNTY OF BERRIEN, MICHIGAN

Statement of Revenues, Expenses and Changes in Fund Net Position
 Proprietary Funds
 For the Year Ended December 31, 2016

| | Business-type Activities - Enterprise Funds | | | | Governmental | |
|---|---|--|---|---------------------------------|--------------------|------------------------------|
| | 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 | \$ 1,896,381 | \$ 713,517 | \$ 393,549 | \$ 1,842,680 | \$ 4,846,127 | \$ 13,738,277 |
| Interest on taxes | 95,306 | - | - | - | 95,306 | - |
| Intergovernmental revenue | - | - | - | 134,496 | 134,496 | - |
| Total operating revenues | 1,991,687 | 713,517 | 393,549 | 1,977,176 | 5,075,929 | 13,738,277 |
| Operating expenses | | | | | | |
| Operation and maintenance | 130,928 | - | 261,373 | 3,298,980 | 3,691,281 | 12,585,142 |
| Benefits and claims | - | - | - | - | - | 3,425,940 |
| Depreciation | - | - | - | 8,829 | 8,829 | - |
| Total operating expenses | 130,928 | - | 261,373 | 3,307,809 | 3,700,110 | 16,011,082 |
| Operating income (loss) | 1,860,759 | 713,517 | 132,176 | (1,330,633) | 1,375,819 | (2,272,805) |
| Nonoperating revenues (expenses) | | | | | | |
| Interest income | - | - | 545 | 622 | 1,167 | - |
| Interest and fiscal charges | (19,083) | (713,517) | (132,721) | (246,087) | (1,111,408) | - |
| Total nonoperating revenues (expenses) | (19,083) | (713,517) | (132,176) | (245,465) | (1,110,241) | - |
| Income (loss) before transfers | 1,841,676 | - | - | (1,576,098) | 265,578 | (2,272,805) |
| Transfers in | - | - | - | 750,000 | 750,000 | - |
| Transfers out | (3,450,000) | - | - | (93,306) | (3,543,306) | - |
| Change in net position | (1,608,324) | - | - | (919,404) | (2,527,728) | (2,272,805) |
| Net position, beginning of year | 36,433,961 | - | - | 1,580,822 | 38,014,783 | 9,703,600 |
| Net position, end of year | \$ 34,825,637 | \$ - | \$ - | \$ 661,418 | \$ 35,487,055 | \$ 7,430,795 |

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, 2016

| | 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 | \$ 15,363,825 | \$ 713,517 | \$ 393,549 | \$ 1,969,525 | \$ 18,440,416 | \$ - |
| Cash received from interfund services provided | - | - | - | - | - | 13,738,277 |
| Cash payments to suppliers for goods and services | (130,928) | 904 | (198,227) | (3,152,915) | (3,481,166) | (14,314,457) |
| Cash payments for delinquent tax rolls | (11,389,663) | - | - | - | (11,389,663) | - |
| Cash payments to employees for services | - | - | - | (194,746) | (194,746) | - |
| Net cash provided by (used in) operating activities | 3,843,234 | 714,421 | 195,322 | (1,378,136) | 3,374,841 | (576,180) |
| Cash flows from noncapital financing activities | | | | | | |
| Principal payments | - | (810,000) | (160,000) | (369,000) | (1,339,000) | - |
| Interest payments | (19,083) | (713,517) | (132,721) | (246,087) | (1,111,408) | - |
| Transfers in | - | - | - | 750,000 | 750,000 | - |
| Transfers out | (3,450,000) | - | - | (93,306) | (3,543,306) | - |
| Net cash provided by (used in) noncapital financing activities | (3,469,083) | (1,523,517) | (292,721) | 41,607 | (5,243,714) | - |
| Cash flows from investing activities | | | | | | |
| Purchase of investments | - | - | - | - | - | (4,465) |
| Proceeds from sale of investments | 1,638,982 | - | - | 9,723 | 1,648,705 | - |
| Interest received | - | - | 545 | 622 | 1,167 | - |
| Issuance of leases receivable | - | - | (101,286) | - | (101,286) | - |
| Amounts collected on leases receivable | - | 809,096 | - | 376,512 | 1,185,608 | - |
| Net cash provided by (used in) investing activities | 1,638,982 | 809,096 | (100,741) | 386,857 | 2,734,194 | (4,465) |
| Net change in cash and cash equivalents | 2,013,133 | - | (198,140) | (949,672) | 865,321 | (580,645) |
| Cash and cash equivalents, beginning of year | 1,813,043 | - | 338,012 | 1,538,649 | 3,689,704 | 7,583,824 |
| Cash and cash equivalents, end of year | \$ 3,826,176 | \$ - | \$ 139,872 | \$ 588,977 | \$ 4,555,025 | \$ 7,003,179 |
| Statement of net position classification of cash and investments | | | | | | |
| Cash and cash equivalents | \$ 3,826,176 | \$ - | \$ 139,872 | \$ 588,977 | \$ 4,555,025 | \$ 4,205,945 |
| Restricted cash | - | - | - | - | - | 2,797,234 |
| Total | \$ 3,826,176 | \$ - | \$ 139,872 | \$ 588,977 | \$ 4,555,025 | \$ 7,003,179 |

continued...

COUNTY OF BERRIEN, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended December 31, 2016

| | 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) | \$ 1,860,759 | \$ 713,517 | \$ 132,176 | \$ (1,330,633) | \$ 1,375,819 | \$ (2,272,805) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | | | | |
| Depreciation | - | - | - | 8,829 | 8,829 | - |
| Amortization of bond discounts | - | 4,884 | 992 | 477 | 6,353 | - |
| Changes in: | | | | | | |
| Accounts receivable | (345,562) | - | - | (128,976) | (474,538) | - |
| Taxes receivable, delinquent | 1,597,328 | - | - | (1,144) | 1,596,184 | - |
| Interest receivable | 55,476 | - | - | - | 55,476 | - |
| Due from other governments | - | - | - | 87,804 | 87,804 | - |
| Prepaid items | - | - | - | - | - | 567,152 |
| Inventories | - | - | - | 4,358 | 4,358 | - |
| Interfund receivable | (41,015) | - | - | - | (41,015) | - |
| Advance to other fund | 1,000,000 | - | - | - | 1,000,000 | - |
| Accounts payable | (50,095) | - | 62,688 | (151,689) | (139,096) | - |
| Accrued expenses | - | (3,980) | (534) | (1,499) | (6,013) | 1,129,473 |
| Due to other governments | (233,657) | - | - | 54,589 | (179,068) | - |
| Interfund payable | - | - | - | 79,748 | 79,748 | - |
| Net cash provided by (used in) operating activities | \$ 3,843,234 | \$ 714,421 | \$ 195,322 | \$ (1,378,136) | \$ 3,374,841 | \$ (576,180) |

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, 2016

| | Pension and Other Postemployment Benefit Trust Funds | Agency Funds |
|---|--|---------------------|
| Assets | | |
| Cash and cash equivalents | \$ 2,311,862 | \$ 3,132,927 |
| Investments: | | |
| Equity mutual funds | 112,847,584 | - |
| Fixed income mutual funds | 53,952,026 | - |
| Commodities mutual funds | 5,498,588 | - |
| Real estate mutual funds | 10,306,038 | - |
| Accrued interest receivable | 14,624 | - |
| Total assets | <u>184,930,722</u> | <u>\$ 3,132,927</u> |
| Liabilities | | |
| Accounts payable | 145,137 | \$ - |
| Undistributed receipts | - | 3,132,927 |
| Total liabilities | <u>145,137</u> | <u>\$ 3,132,927</u> |
| Net position | | |
| Restricted for pension and other postemployment benefits | <u>\$ 184,785,585</u> | |

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

COUNTY OF BERRIEN, MICHIGAN

Statement of Changes in Plan Net Position

Pension and Other Postemployment Benefits Trust Funds
For the Year Ended December 31, 2016

Additions

Investment income (loss):

| | |
|---|------------------|
| Net change in fair value of investments | \$ 12,832,738 |
| Interest and dividends | 1,572,085 |
| Less investment expenses | <u>(565,304)</u> |

Net investment income 13,839,519

Contributions:

| | |
|-----------|------------------|
| Employer | 9,758,961 |
| Employees | <u>2,790,452</u> |

Total contributions 12,549,413

Total additions 26,388,932

Deductions

| | |
|----------------------|---------------|
| Benefit payments | 14,658,364 |
| Contribution refunds | 382,538 |
| Administration | <u>67,327</u> |

Total deductions 15,108,229

Change in net position 11,280,703

Net position, beginning of year 173,504,882

Net position, end of year \$ 184,785,585

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

COUNTY OF BERRIEN, MICHIGAN

Combining Statement of Net Position

Component Units
December 31, 2016

| | Road Commission | Drain Commission | Brownfield Redevelopment Authority |
|---|----------------------|----------------------|--|
| Assets | | | |
| Cash and cash equivalents | \$ 4,201,261 | \$ 6,061,130 | \$ 2,549,327 |
| Investments | - | - | - |
| Restricted cash | 472,149 | - | - |
| Receivables, net | 2,539,034 | 22,662,133 | 1,151,706 |
| Prepaid items and other assets | 986,978 | - | - |
| Capital assets not being depreciated | 14,913,267 | 5,783,379 | - |
| Capital assets being depreciated, net | 60,909,018 | 18,024,382 | - |
| Total assets | 84,021,707 | 52,531,024 | 3,701,033 |
| Deferred outflows of resources | | | |
| Deferred pension amounts | 5,368,364 | - | - |
| Liabilities | | | |
| Accounts payable and accrued expenses | 1,836,044 | 1,195,425 | 669,458 |
| Long-term liabilities: | | | |
| Due within one year | 229,433 | 2,506,051 | 168,524 |
| Due in more than one year | 105,300 | 20,078,481 | 983,182 |
| Net pension liability | 10,809,602 | - | - |
| Net other postemployment benefit obligation | 498,731 | - | - |
| Total liabilities | 13,479,110 | 23,779,957 | 1,821,164 |
| Deferred inflows of resources | | | |
| Deferred pension inflows | 487,346 | - | - |
| Net position | | | |
| Net investment in capital assets | 75,573,852 | 5,428,362 | - |
| Restricted for other purposes | 472,149 | 23,322,705 | 1,879,869 |
| Unrestricted (deficit) | (622,386) | - | - |
| Total net position | \$ 75,423,615 | \$ 28,751,067 | \$ 1,879,869 |

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



| Economic Development Corporation | Land Bank Authority | Mental Health Authority | Total |
|----------------------------------|---------------------|-------------------------|-----------------------|
| \$ 79,008 | \$ 119,081 | \$ 15,382,480 | \$ 28,392,287 |
| 1,185,499 | - | - | 1,185,499 |
| - | - | 549,103 | 1,021,252 |
| 657,477 | - | 918,953 | 27,929,303 |
| - | - | 335,845 | 1,322,823 |
| - | - | 128,000 | 20,824,646 |
| - | - | 1,531,871 | 80,465,271 |
| <u>1,921,984</u> | <u>119,081</u> | <u>18,846,252</u> | <u>161,141,081</u> |
| - | - | 5,290,886 | 10,659,250 |
| 400,524 | 52,018 | 11,607,625 | 15,761,094 |
| - | - | 119,810 | 3,023,818 |
| - | - | 619,889 | 21,786,852 |
| - | - | 6,431,697 | 17,241,299 |
| - | - | - | 498,731 |
| <u>400,524</u> | <u>52,018</u> | <u>18,779,021</u> | <u>58,311,794</u> |
| - | - | 326,146 | 813,492 |
| - | - | 1,459,252 | 82,461,466 |
| - | - | - | 25,674,723 |
| <u>1,521,460</u> | <u>67,063</u> | <u>3,572,719</u> | <u>4,538,856</u> |
| <u>\$ 1,521,460</u> | <u>\$ 67,063</u> | <u>\$ 5,031,971</u> | <u>\$ 112,675,045</u> |

COUNTY OF BERRIEN, MICHIGAN

Combining Statement of Activities

Component Units

For the Year Ended December 31, 2016

| | Road Commission | Drain Commission | Brownfield Redevelopment Authority |
|------------------------------------|----------------------|----------------------|--|
| Expenses | | | |
| Road commission | \$ 20,366,887 | \$ - | \$ - |
| Drain commission | - | 3,176,437 | - |
| Brownfield redevelopment authority | - | - | 1,900,171 |
| Economic development corporation | - | - | - |
| Land bank authority | - | - | - |
| Community mental health authority | - | - | - |
| Total expenses | <u>20,366,887</u> | <u>3,176,437</u> | <u>1,900,171</u> |
| Program revenues | | | |
| Charges for services | - | 2,800 | 90 |
| Operating grants and contributions | 18,750,305 | 132,693 | 1,652,152 |
| Capital grants and contributions | - | 3,005,916 | - |
| Total program revenues | <u>18,750,305</u> | <u>3,141,409</u> | <u>1,652,242</u> |
| Net (expenses) revenues | (1,616,582) | (35,028) | (247,929) |
| General revenues | | | |
| Property taxes | - | - | 995,112 |
| Change in net position | (1,616,582) | (35,028) | 747,183 |
| Net position, beginning of year | <u>77,040,197</u> | <u>28,786,095</u> | <u>1,132,686</u> |
| Net position, end of year | <u>\$ 75,423,615</u> | <u>\$ 28,751,067</u> | <u>\$ 1,879,869</u> |

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



| Economic Development Corporation | Land Bank Authority | Mental Health Authority | Total |
|----------------------------------|---------------------|-------------------------|-----------------------|
| \$ - | \$ - | \$ - | \$ 20,366,887 |
| - | - | - | 3,176,437 |
| - | - | - | 1,900,171 |
| 47,091 | - | - | 47,091 |
| - | 431,365 | - | 431,365 |
| - | - | 45,210,538 | 45,210,538 |
| <u>47,091</u> | <u>431,365</u> | <u>45,210,538</u> | <u>71,132,489</u> |
| 20,000 | 400,509 | 41,029,481 | 41,452,880 |
| 14,367 | 23,280 | 3,369,257 | 23,942,054 |
| - | - | - | 3,005,916 |
| <u>34,367</u> | <u>423,789</u> | <u>44,398,738</u> | <u>68,400,850</u> |
| (12,724) | (7,576) | (811,800) | (2,731,639) |
| - | - | - | 995,112 |
| <u>(12,724)</u> | <u>(7,576)</u> | <u>(811,800)</u> | <u>(1,736,527)</u> |
| <u>1,534,184</u> | <u>74,639</u> | <u>5,843,771</u> | <u>114,411,572</u> |
| <u>\$ 1,521,460</u> | <u>\$ 67,063</u> | <u>\$ 5,031,971</u> | <u>\$ 112,675,045</u> |

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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 12 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.

COUNTY OF BERRIEN, MICHIGAN

Notes To Financial Statements

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 and is disclosed as a component unit, accordingly. The Drain Commission has a December 31 year end.

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 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 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 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

COUNTY OF BERRIEN, MICHIGAN

Notes To Financial Statements

Government-wide and Fund Financial Statements

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. 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.

COUNTY OF BERRIEN, MICHIGAN

Notes To Financial Statements

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.

The *senior citizen fund* accounts for the operations of the County's senior centers which are funded through a special millage.

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.

COUNTY OF BERRIEN, MICHIGAN

Notes To Financial Statements

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.

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, Deferred Outflows of Resources, 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.

COUNTY OF BERRIEN, MICHIGAN

Notes To Financial Statements

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.

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 acquisition cost 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.

COUNTY OF BERRIEN, MICHIGAN

Notes To Financial Statements

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 |

Deferred Outflows of Resources

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

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.

COUNTY OF BERRIEN, MICHIGAN

Notes To Financial Statements

Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long term obligations 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 when incurred.

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 future periods and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenues, which arises only under a modified accrual basis of accounting, from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In addition, deferred inflows of resources are reported in the government-wide and governmental fund financial statements for property taxes levied during the year that were intended to finance future periods. The government also reports deferred pension inflows in the statement of net position. A deferred pension inflow results when there is a change in total pension liability due to benefit changes, differences between expected and actual experience, changes in actuarial assumptions, or differences between expected and actual investment returns. The amounts are deferred and amortized.

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 revisions 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 mid-November for the general fund and 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.

The County did not incur any amounts in excess of appropriations.

4. DEPOSITS AND INVESTMENTS

Following is a reconciliation of deposit and investment balances of December 31, 2016:

| | Primary Government | Component Units | Totals |
|--|-----------------------|----------------------|-----------------------|
| Statement of Net Position | | | |
| Cash and cash equivalents | \$ 25,176,352 | \$ 28,392,287 | \$ 53,568,639 |
| Investments | 45,987,413 | 1,185,499 | 47,172,912 |
| Restricted cash | 2,797,234 | 1,021,252 | 3,818,486 |
| Statement of Fiduciary Net Position | | | |
| Cash and cash equivalents | 5,444,789 | - | 5,444,789 |
| Investments | 182,604,236 | - | 182,604,236 |
| Total | \$ 262,010,024 | \$ 30,599,038 | \$ 292,609,062 |

COUNTY OF BERRIEN, MICHIGAN

Notes To Financial Statements

Deposits and investments

| | |
|--|------------------------------|
| Bank deposits: | |
| Checking/savings accounts | \$ 45,419,621 |
| Certificates of deposit - due within one year | 3,753,387 |
| Certificates of deposit - due in one to five years | 5,081,039 |
| Investments in securities and mutual funds: | |
| Treasurer's investment pool | 52,930,970 |
| Pension and OPEB investments | 182,604,235 |
| Cash on deposit with agent | 2,806,650 |
| Cash on hand | <u>13,160</u> |
| Total | <u>\$ 292,609,062</u> |

Restricted cash of the primary government consists of the County's deposits with the Michigan Municipal Risk Management Authority.

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 \$54,254,047. The combined bank balance of these deposits was \$55,412,161 of which \$53,231,915 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.

Custodial Credit Risk - Investments. Following is a summary of the County's investments as of December 31, 2016:

| | |
|--|-----------------------------|
| U.S. treasury notes | \$ 1,808,469 |
| U.S. government agencies | 9,854,936 |
| Repurchase agreements (collateralized by U.S. government securities) | 13,472,714 |
| Money market and cash management funds | <u>27,794,851</u> |
| Total | <u>\$ 52,930,970</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.

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 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, 2016, 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, 2016, the County had greater than 5% of its total investment portfolio concentrated as follows:

| Investment Type | Issuer | % of Portfolio |
|------------------------|---------|----------------|
| Federal Home Loan Bank | Various | 10.87% |

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.

As of December 31, 2016, all of the County's debt securities had the following maturities:

| | < 1 year | 1 - 5 years | 6 - 10 years | Total |
|--------------------------|----------------------|----------------------|--------------|----------------------|
| U.S. treasury notes | \$ - | \$ 1,808,469 | \$ - | \$ 1,808,469 |
| U.S. government agencies | - | 9,854,936 | - | 9,854,936 |
| Repurchase agreements | 13,472,714 | - | - | 13,472,714 |
| | <u>\$ 13,472,714</u> | <u>\$ 11,663,405</u> | <u>\$ -</u> | <u>\$ 25,136,119</u> |

Fair Value Measurements. The County categorizes the fair value measurements of its investments within the fair value hierarchy established by generally accepted accounting principles. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are inputs - other than quoted prices included within Level 1- that are observable for the asset or liability, either directly or indirectly. Finally, Level 3 inputs are unobservable and are based on estimates and assumptions. These levels are determined by the management's review of the type and substance of investments held by the County.

COUNTY OF BERRIEN, MICHIGAN

Notes To Financial Statements

The County had the following recurring fair value measurements as of December 31, 2016:

| | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Fair Value at December 31, 2016 |
|--|--|---|--|---------------------------------------|
| Investments at fair value: | | | | |
| Repurchase agreements (CMH) | \$ - | \$ 13,472,714 | \$ - | \$ 13,472,714 |
| U.S. government agencies | - | 9,854,936 | - | 9,854,936 |
| U.S. treasury notes | 1,808,469 | - | - | 1,808,469 |
| Cash management/mutual funds | 27,794,851 | - | - | 27,794,851 |
| Total investments at fair value | \$ 29,603,320 | \$ 23,327,650 | \$ - | \$ 52,930,970 |

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, 2016:

| | Pension | Other Postemployment Benefit Trust Fund |
|--|-----------------------|--|
| Mutual funds at fair value, as determined by quoted market price: | | |
| Equity funds: | | |
| Russell Large Cap US Eq Fund | \$ 29,394,673 | \$ - |
| Russell 1000 Index Fund Series 1 | 29,787,358 | - |
| Russell Small Cap Fund | 12,819,311 | - |
| Russell International Fund | 20,347,920 | - |
| Russell Emerging Markets Fund | 2,157,164 | - |
| RIC U.S. Defensive Equity | - | 11,435,498 |
| RIC U.S. Small Cap Equity | - | 2,555,646 |
| RIC International developed markets | - | 3,931,994 |
| RIC emerging markets | - | 418,020 |
| Fixed income funds: | | |
| Russell Quantitative Bond Fund | 43,763,745 | - |
| RIC investment grade bond fund | - | 10,188,281 |
| Commodities funds: | | |
| Russell Commodities Fund | 4,591,885 | - |
| RIC commodity strategies fund | - | 906,703 |
| Real estate fund - | | |
| Russell Real Estate Equity Fund | 10,306,038 | - |
| Total investments | \$ 153,168,094 | \$ 29,436,142 |

COUNTY OF BERRIEN, MICHIGAN

Notes To Financial Statements

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.

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. The Trust invests in mutual funds, which is comprised of various securities. The percentages below represent the percent of the mutual fund that is invested in securities with a particular rating. As of December 31, 2016, the Trusts' investments in debt securities were rated by Standard & Poor's as follows:

| Rating | Percentage | |
|-----------|------------|---|
| | Pension | Other Postemployment Benefit Trust Fund |
| AAA | 64.6% | 61.4% |
| AA | 8.1% | 7.8% |
| A | 9.5% | 9.9% |
| BBB | 17.7% | 19.5% |
| BB | 0.0% | 0.8% |
| B | 0.0% | 0.1% |
| not rated | 0.1% | 0.5% |
| | 100.0% | 100.0% |

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, 2016, the Trusts' investment portfolio was not concentrated to a particular issuer due to the only investments being in shares of mutual funds.

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

The Trust invests in mutual funds, which is comprised of various securities. The percentages below represent the percent of the mutual fund that is invested in securities with a particular maturity. As of December 31, 2016, maturities of the Trusts' debt securities, were as follows:

| Maturity (Years) | Percentage | |
|------------------|------------|-----------------------------------|
| | Pension | Other Employee Benefit Trust Fund |
| 0 to 3 | 26.7% | 21.0% |
| 3 to 5 | 17.3% | 23.5% |
| 5 to 7 | 21.7% | 22.5% |
| 7 to 10 | 19.8% | 16.2% |
| 10 to 15 | 1.8% | 3.1% |
| 15 to 20 | 1.6% | 2.1% |
| 20 to 25 | 4.1% | 3.1% |
| 25+ | 7.0% | 8.5% |
| | 100.0% | 100.0% |

Fair Value Measurements - The System categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The System had the following recurring fair value measurements as of December 31, 2016:

| | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Fair Value at December 31, 2016 |
|---------------------------------|--|---|---|---------------------------------|
| Investments at fair value: | | | | |
| Equity mutual funds | \$ 19,247,861 | \$ 93,599,723 | \$ - | \$ 112,847,584 |
| Fixed income mutual funds | 10,188,281 | 43,763,745 | - | 53,952,026 |
| Commodities mutual funds | - | 5,498,588 | - | 5,498,588 |
| Real estate mutual funds | - | - | 10,306,038 | 10,306,038 |
| | | | | |
| Total investments at fair value | \$ 29,436,142 | \$ 142,862,056 | \$ 10,306,038 | \$ 182,604,236 |

COUNTY OF BERRIEN, MICHIGAN

Notes To Financial Statements

5. RECEIVABLES

Receivables at year end consisted of the following:

| | Governmental Activities | Business-type Activities |
|--|----------------------------|-----------------------------|
| Accounts | \$ 118,482 | \$ 676,275 |
| Taxes (current) | 10,367,595 | - |
| Taxes (delinquent) | - | 7,019,674 |
| Interest | - | 973,448 |
| Due from other governments | 2,501,927 | 28,700 |
| Leases, current portion | - | 1,369,399 |
| Leases, long-term portion | - | 26,085,754 |
| Advances to component units (not due within one year) | 1,245,000 | - |
| Notes (not due within one year) | 140,000 | - |
| Less: allowance for uncollectible accounts | - | (78,317) |
| | <u>\$ 14,373,004</u> | <u>\$ 36,074,933</u> |

Of the amounts reported for receivables above, delinquent taxes receivable in the amount of \$5,603,931, advances to component units in the amount of \$1,245,000, notes receivable in the amount of \$140,000, and leases receivable in the amount of \$26,085,754 are not expected to be collected within one year.

COUNTY OF BERRIEN, MICHIGAN

Notes To Financial Statements

6. CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2016 was as follows:

Primary government

| | Beginning Balance | Additions | Disposals | Transfers | Ending Balance |
|---|----------------------|---------------------|---------------------|--------------------|----------------------|
| Governmental activities | | | | | |
| Capital assets not being depreciated: | | | | | |
| Land | \$ 5,419,465 | \$ - | \$ - | \$ - | \$ 5,419,465 |
| Construction in progress | 1,207,077 | 597,612 | - | (1,180,677) | 624,012 |
| | <u>6,626,542</u> | <u>597,612</u> | <u>-</u> | <u>(1,180,677)</u> | <u>6,043,477</u> |
| Capital assets being depreciated: | | | | | |
| Land improvements | 3,073,651 | 541,375 | (49,950) | 211,241 | 3,776,317 |
| Buildings | 42,586,285 | 2,574,606 | (130,000) | 946,263 | 45,977,154 |
| Equipment | 14,018,752 | 1,136,900 | (490,251) | 23,173 | 14,688,574 |
| | <u>59,678,688</u> | <u>4,252,881</u> | <u>(670,201)</u> | <u>1,180,677</u> | <u>64,442,045</u> |
| Less accumulated depreciation for: | | | | | |
| Land improvements | (1,532,683) | (103,158) | 25,183 | - | (1,610,658) |
| Buildings | (17,460,303) | (929,775) | 70,417 | - | (18,319,661) |
| Equipment | (9,104,858) | (1,433,118) | 435,722 | - | (10,102,254) |
| | <u>(28,097,844)</u> | <u>(2,466,051)</u> | <u>531,322</u> | <u>-</u> | <u>(30,032,573)</u> |
| Total capital assets being depreciated, net | <u>31,580,844</u> | <u>1,786,830</u> | <u>(138,879)</u> | <u>1,180,677</u> | <u>34,409,472</u> |
| Governmental activities capital assets, net | <u>\$ 38,207,386</u> | <u>\$ 2,384,442</u> | <u>\$ (138,879)</u> | <u>\$ -</u> | <u>\$ 40,452,949</u> |
| Business-type activities | | | | | |
| Capital assets being depreciated - Equipment | \$ 809,512 | \$ - | \$ - | \$ - | \$ 809,512 |
| Less accumulated depreciation for - Equipment | (740,749) | (8,829) | - | - | (749,578) |
| Business-type activities capital assets, net | <u>\$ 68,763</u> | <u>\$ (8,829)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 59,934</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, 2016, was as follows:

| | Beginning Balance | Additions | Disposals | Ending Balance |
|---|----------------------|--------------------|--------------------|----------------------|
| Component Unit - Road Commission | | | | |
| Capital assets not being depreciated - Land | \$ 14,898,895 | \$ 14,372 | \$ - | \$ 14,913,267 |
| Capital assets being depreciated: | | | | |
| Land improvements | 28,540 | - | - | 28,540 |
| Buildings | 2,793,515 | 21,693 | - | 2,815,208 |
| Road equipment | 11,308,532 | 1,287,508 | (195,519) | 12,400,521 |
| Other equipment | 1,003,865 | 54,021 | (216,540) | 841,346 |
| Infrastructure | 119,654,200 | 5,223,400 | (3,641,991) | 121,235,609 |
| | <u>134,788,652</u> | <u>6,586,622</u> | <u>(4,054,050)</u> | <u>137,321,224</u> |
| Less accumulated depreciation for: | | | | |
| Land improvements | (15,221) | (2,854) | - | (18,075) |
| Buildings | (2,080,162) | (70,904) | - | (2,151,066) |
| Road equipment | (10,258,138) | (432,236) | 191,347 | (10,499,027) |
| Other equipment | (823,978) | (54,031) | 189,366 | (688,643) |
| Infrastructure | (61,326,707) | (5,370,679) | 3,641,991 | (63,055,395) |
| | <u>(74,504,206)</u> | <u>(5,930,704)</u> | <u>4,022,704</u> | <u>(76,412,206)</u> |
| Total capital assets being depreciated, net | <u>60,284,446</u> | <u>655,918</u> | <u>(31,346)</u> | <u>60,909,018</u> |
| Road Commission capital assets, net | <u>\$ 75,183,341</u> | <u>\$ 670,290</u> | <u>\$ (31,346)</u> | <u>\$ 75,822,285</u> |

COUNTY OF BERRIEN, MICHIGAN

Notes To Financial Statements

Capital asset activity for the Drain Commission component unit for the year ended December 31, 2016, was as follows:

| | Beginning Balance | Additions | Disposals | Ending Balance |
|---|----------------------|---------------------|-------------|----------------------|
| Component Unit - Drain Commission | | | | |
| Capital assets not being depreciated - | | | | |
| Construction in progress | \$ 2,129,255 | \$ 3,654,124 | \$ - | \$ 5,783,379 |
| Capital assets being depreciated - | | | | |
| Infrastructure | 24,780,329 | - | - | 24,780,329 |
| Less accumulated depreciation for - | | | | |
| Infrastructure | (5,791,173) | (964,774) | - | (6,755,947) |
| Total capital assets being depreciated, net | 18,989,156 | (964,774) | - | 18,024,382 |
| Drain Commission capital assets, net | \$ 21,118,411 | \$ 2,689,350 | \$ - | \$ 23,807,761 |

Capital asset activity for the Community Mental Health Authority component unit for the year ended September 30, 2016, 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 | 15,317 | - | 1,066,947 |
| Furniture, fixtures and equipment | 3,519,259 | 317,775 | (19,516) | 3,817,518 |
| Vehicles | 404,412 | 30,955 | (56,583) | 378,784 |
| | 4,975,301 | 364,047 | (76,099) | 5,263,249 |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | (404,211) | (50,978) | - | (455,189) |
| Furniture, fixtures and equipment | (2,689,921) | (296,147) | 19,516 | (2,966,552) |
| Vehicles | (341,126) | (25,094) | 56,583 | (309,637) |
| | (3,435,258) | (372,219) | 76,099 | (3,731,378) |
| Total capital assets being depreciated, net | 1,540,043 | (8,172) | - | 1,531,871 |
| Mental Health Authority capital assets, net | \$ 1,668,043 | \$ (8,172) | \$ - | \$ 1,659,871 |

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 | \$ 310,035 |
| Judicial | 57,569 |
| General government | 1,087,164 |
| Public safety | 666,371 |
| Health and welfare | 60,458 |
| Recreation and cultural | 95,640 |
| Community development | 188,814 |
| | <u>2,466,051</u> |
| | <u>\$ 2,466,051</u> |

| | |
|--|--------------|
| Depreciation of business-type activities by function | |
| Public works projects | \$ 8,829 |
| | <u>8,829</u> |

Construction Commitments

The County has active construction projects as of December 31, 2016. The projects include infrastructure improvements for drains. At year end, the County's commitments with contractors are as follows:

| | Construction Commitments |
|-------------------------|-----------------------------|
| County capital projects | \$ 987,232 |
| Drains | <u>72,689</u> |
| Total | <u>\$ 1,059,921</u> |

7. ACCOUNTS PAYABLE

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

| | Governmental Activities | Business-type Activities |
|-------------------------------|----------------------------|-----------------------------|
| Accounts payable | \$ 807,813 | \$ 267,960 |
| Accrued and other liabilities | 3,753,882 | 207,486 |
| Due to other governments | <u>49,121</u> | <u>750,487</u> |
| | <u>\$ 4,610,816</u> | <u>\$ 1,225,933</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 \$800,000, \$400,000, and \$45,000, respectively, and \$450,000 was advanced by the delinquent tax revolving fund to the general fund to provide sufficient resources for these advances.

COUNTY OF BERRIEN, MICHIGAN

Notes To Financial Statements

In addition, the nonmajor governmental funds and nonmajor enterprise funds with negative balances in the County’s pooled cash accounts reported interfund payables of \$316,228 and 79,748, respectively, which is equal to the interfund receivable of \$395,976 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.

For the year ended December 31, 2016, interfund transfers consisted of the following:

| | Transfers in | Transfers out |
|-------------------------------------|----------------------|----------------------|
| General fund | \$ 1,587,638 | \$ 10,537,898 |
| Drug enforcement public safety fund | 270,787 | 2,930,730 |
| Nonmajor governmental funds | 19,947,624 | 5,544,115 |
| Delinquent tax revolving | - | 3,450,000 |
| Nonmajor enterprise funds | 750,000 | 93,306 |
| | <u>\$ 22,556,049</u> | <u>\$ 22,556,049</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. 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.

Installment purchase agreement. During 2016, the County entered into an installment purchase agreement for the purchase of a tractor due in annual installments of \$6,097 through 2021 with 0% interest.

COUNTY OF BERRIEN, MICHIGAN

Notes To Financial Statements

General obligation bonds currently outstanding are as follows:

Business-type Activities

| Bonds | Due | Annual Installments | Interest Rate | Amount |
|--|------|-------------------------|---------------|----------------------|
| 1999 Coloma Township Sewer System No. 24 | 2019 | \$50,000-\$125,000 | 5.00% - 5.70% | \$ 370,000 |
| 2001 Village of Berrien Springs/Oronoko Township Water/Sewer System No. 26 | 2020 | \$15,000-\$35,000 | 4.60% - 5.65% | 125,000 |
| 2010 Benton Charter Township Water System No. 27 | 2031 | \$675,000 - \$1,435,000 | 2.00% - 4.50% | 15,960,000 |
| 2010 Village of Berrien Springs Water and Sewer System No. 29 | 2031 | \$100,000-\$260,000 | 1.45% - 6.00% | 2,645,000 |
| 2010 New Buffalo Water Supply System Bonds | 2030 | \$61,000-\$100,000 | 2.50% | 1,169,924 |
| 2011 Benton Charter Township Water Supply System Bonds System No. 27 | 2031 | \$55,000-\$105,000 | 1.00% - 4.35% | 1,195,000 |
| 2013 City of Coloma Water and Sewer System Bonds System No. 30 | 2033 | \$155,000-\$265,000 | 2.00% - 4.75% | 3,525,000 |
| 2015 Village of Berrien Springs/Oronoko Township Water/Sewer System No. 31 | 2054 | \$40,600-\$54,500 | 3.00% | 2,430,000 |
| Total business-type activities | | | | \$ 27,419,924 |

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

| Year Ended December 31, | Principal | Interest | Total |
|-------------------------|----------------------|----------------------|----------------------|
| 2017 | \$ 1,376,000 | \$ 1,076,199 | \$ 2,452,199 |
| 2018 | 1,441,000 | 1,028,617 | 2,469,617 |
| 2019 | 1,483,000 | 975,609 | 2,458,609 |
| 2020 | 1,403,000 | 921,026 | 2,324,026 |
| 2021 | 1,440,000 | 867,489 | 2,307,489 |
| 2022-2026 | 8,031,000 | 3,441,273 | 11,472,273 |
| 2027-2031 | 9,951,924 | 1,553,046 | 11,504,970 |
| 2032-2036 | 810,000 | 274,238 | 1,084,238 |
| 2037-2041 | 340,000 | 202,800 | 542,800 |
| 2042-2046 | 390,000 | 148,800 | 538,800 |
| 2047-2051 | 454,000 | 86,640 | 540,640 |
| 2052-2054 | 300,000 | 17,940 | 317,940 |
| | \$ 27,419,924 | \$ 10,593,677 | \$ 38,013,601 |

COUNTY OF BERRIEN, MICHIGAN

Notes To Financial Statements

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 \$248,433 at September 30, 2016.

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

| Year Ended September 30, | Principal | Interest | Total |
|-----------------------------|-------------------|------------------|-------------------|
| 2017 | \$ 143,133 | \$ - | \$ 143,133 |
| 2018 | 74,800 | 30,200 | 105,000 |
| 2019 | 25,000 | 13,788 | 38,788 |
| 2020 | 5,500 | - | 5,500 |
| | <u>\$ 248,433</u> | <u>\$ 43,988</u> | <u>\$ 292,421</u> |

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% | \$ 10,000 |
| 2008 Starr & Wellington Drainage District Bonds | 2024 | \$12,000-\$13,000 | 5.95% | 97,000 |
| 2009 Close Drainage District Bonds | 2019 | \$120,000-\$165,000 | 2.50% - 4.00% | 480,000 |
| 2010 Barnes and Hamilton Drain Bonds | 2020 | \$170,000-\$215,000 | 1.90% - 3.50% | 815,000 |
| 2010 Hollywood Road Consolidated Drain Bonds | 2030 | \$100,000-\$190,000 | 2.50% - 4.75% | 2,070,000 |
| 2010 Schwark Drain Bonds | 2030 | \$60,000-\$130,000 | 2.00% - 4.75% | 1,375,000 |
| 2010 Lake Shore Drain Bonds | 2030 | \$140,000-\$280,000 | 0.85% - 4.00% | 3,015,000 |
| 2012 Smith and Strong Drain Bonds | 2032 | \$30,000-\$55,000 | 1.00 - 4.05% | 680,000 |
| 2012 Lakeside Drain Bonds | 2032 | \$25,000-\$40,000 | 0.90 - 4.65% | 505,000 |
| 2012 Estates Drain Bonds | 2032 | \$30,000-\$55,000 | 4.00 - 5.00% | 660,000 |
| 2012 Oak Hills Springs Drain Bonds | 2037 | \$30,000-45,000 | 3.20% | 435,000 |
| 2013 Blue Jay Drain Bonds | 2033 | \$135,000-\$250,000 | 2.00 - 4.50% | 3,175,000 |
| 2013 Hibbard Lake Drain Bonds | 2033 | \$50,000-\$90,000 | 2.00 - 4.00% | 1,155,000 |
| 2015 North Royalton Drainage District Bonds | 2035 | \$248,000-\$285,000 | 2.00 - 3.63% | 3,985,000 |
| Total component unit - Drain Commission | | | | <u>\$ 18,457,000</u> |

COUNTY OF BERRIEN, MICHIGAN

Notes To Financial Statements

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

| Year Ended December 31, | Principal | Interest | Total |
|----------------------------|----------------------|---------------------|----------------------|
| 2017 | \$ 1,202,000 | \$ 521,412 | \$ 1,723,412 |
| 2018 | 1,237,000 | 489,674 | 1,726,674 |
| 2019 | 1,267,000 | 455,464 | 1,722,464 |
| 2020 | 1,132,000 | 422,073 | 1,554,073 |
| 2021 | 957,000 | 393,338 | 1,350,338 |
| 2022-2026 | 5,282,000 | 1,522,822 | 6,804,822 |
| 2027-2031 | 5,535,000 | 611,420 | 6,146,420 |
| 2032-2035 | 1,845,000 | 32,734 | 1,877,734 |
| | <u>\$ 18,457,000</u> | <u>\$ 4,448,937</u> | <u>\$ 22,905,937</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, 2016, amounted to \$4,205,134.

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 | \$91,350-\$108,915 | 2.00% | \$ 599,736 |
| 2007 Michigan Cleanup Initiative Loan | 2022 | \$82,178-\$100,174 | 2.00% | 551,970 |
| Total component unit- Brownfield Redevelopment Authority | | | | <u>\$ 1,151,706</u> |

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

| Year Ended December 31, | Principal | Interest | Total |
|----------------------------|---------------------|------------------|---------------------|
| 2017 | \$ 168,524 | \$ 23,217 | \$ 191,741 |
| 2018 | 171,894 | 19,817 | 191,711 |
| 2019 | 175,333 | 16,350 | 191,683 |
| 2020 | 178,839 | 12,814 | 191,653 |
| 2021 | 160,507 | 9,206 | 169,713 |
| 2022 | 296,609 | 1,964 | 298,573 |
| | <u>\$ 1,151,706</u> | <u>\$ 83,368</u> | <u>\$ 1,235,074</u> |

COUNTY OF BERRIEN, MICHIGAN

Notes To Financial Statements

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% | \$ 44,418 |
| 2007 Real Estate note | 2022 | \$9,481-\$34,320 | 4.99% | <u>156,202</u> |
| Total component unit - Mental Health Authority | | | | <u><u>\$ 200,620</u></u> |

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

| Year Ended September 30, | Principal | Interest | Total |
|-----------------------------|-------------------|------------------|-------------------|
| 2017 | \$ 38,948 | \$ 8,704 | \$ 47,652 |
| 2018 | 40,810 | 6,842 | 47,652 |
| 2019 | 42,762 | 4,890 | 47,652 |
| 2020 | 38,885 | 2,901 | 41,786 |
| 2021 | 33,120 | 1,200 | 34,320 |
| 2022 | 6,095 | 36 | 6,131 |
| | <u>\$ 200,620</u> | <u>\$ 24,573</u> | <u>\$ 225,193</u> |

Changes in long-term debt.

| | Beginning Balance | Additions | Deductions | Ending Balance | Due Within One Year |
|---------------------------------|----------------------|---------------------|-----------------------|----------------------|------------------------|
| Governmental Activities | | | | | |
| Installment purchase agreement | \$ - | \$ 30,483 | \$ - | \$ 30,483 | \$ 6,097 |
| Compensated absences | <u>2,149,846</u> | <u>2,015,440</u> | <u>(1,768,662)</u> | <u>2,396,624</u> | <u>2,396,624</u> |
| | <u>\$ 2,149,846</u> | <u>\$ 2,045,923</u> | <u>\$ (1,768,662)</u> | <u>\$ 2,427,107</u> | <u>\$ 2,402,721</u> |
| Business-type Activities | | | | | |
| General obligation bonds | \$ 28,758,924 | \$ - | \$ (1,339,000) | \$ 27,419,924 | \$ 1,376,000 |
| Unamortized bond discount | <u>(108,625)</u> | <u>-</u> | <u>6,353</u> | <u>(102,272)</u> | <u>(6,601)</u> |
| | <u>\$ 28,650,299</u> | <u>\$ -</u> | <u>\$ (1,332,647)</u> | <u>\$ 27,317,652</u> | <u>\$ 1,369,399</u> |

COUNTY OF BERRIEN, MICHIGAN

Notes To Financial Statements

| | Beginning Balance | Additions | Deductions | Ending Balance | Due Within One Year |
|---------------------------------------|-------------------|-----------------|---------------------|-------------------|---------------------|
| Road Commission Component Unit | | | | | |
| General obligation notes payable | \$ 378,433 | \$ - | \$ (130,000) | \$ 248,433 | \$ 143,133 |
| Compensated absences | 77,100 | 9,200 | - | 86,300 | 86,300 |
| | <u>\$ 455,533</u> | <u>\$ 9,200</u> | <u>\$ (130,000)</u> | <u>\$ 334,733</u> | <u>\$ 229,433</u> |

| | | | | | |
|--|----------------------|---------------------|-----------------------|----------------------|---------------------|
| Drain Commission Component Unit | | | | | |
| Special assessment bonds payable | \$ 19,629,000 | \$ - | \$ (1,172,000) | \$ 18,457,000 | \$ 1,202,000 |
| Drain notes payable | 2,953,390 | 2,171,000 | (919,256) | 4,205,134 | 1,310,000 |
| Unamortized bond discount | (116,476) | - | 7,594 | (108,882) | (7,595) |
| Unamortized bond premium | 32,926 | - | (1,646) | 31,280 | 1,646 |
| | <u>\$ 22,498,840</u> | <u>\$ 2,171,000</u> | <u>\$ (2,085,308)</u> | <u>\$ 22,584,532</u> | <u>\$ 2,506,051</u> |

| | | | | | |
|--|--------------|------|--------------|--------------|------------|
| Brownfield Redevelopment Authority Component Unit | | | | | |
| Loans payable | \$ 1,327,499 | \$ - | \$ (175,793) | \$ 1,151,706 | \$ 168,524 |

| | | | | | |
|---|-------------------|------------------|---------------------|-------------------|-------------------|
| Mental Health Authority Component Unit | | | | | |
| Notes payable | \$ 237,673 | \$ - | \$ (37,053) | \$ 200,620 | \$ 38,948 |
| Compensated absences | 532,735 | 86,255 | (79,911) | 539,079 | 80,862 |
| | <u>\$ 770,408</u> | <u>\$ 86,255</u> | <u>\$ (116,964)</u> | <u>\$ 739,699</u> | <u>\$ 119,810</u> |

For the governmental activities, compensated absences, the net pension liability and the net other postemployment benefit obligation are generally liquidated by the general fund.

10. SHORT-TERM NOTES PAYABLE

During the year, the County issued \$11,000,000 for general obligation limited tax notes. The note carried an interest rate of 0.77% and is due June 16, 2018. The County paid these notes in advance during the year resulting in a zero balance.

Short-term debt activity for the year ended December 31, 2016, was as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|-------------------|---------------|-----------------|----------------|
| Governmental activities limited tax notes | \$ - | \$ 11,000,000 | \$ (11,000,000) | \$ - |

COUNTY OF BERRIEN, MICHIGAN

Notes To Financial Statements

11. INVESTMENT IN CAPITAL ASSETS

As of December 31, 2016, the investment in capital assets was comprised of the following:

| | Governmental activities | Business-type activities |
|---------------------------------------|-------------------------|--------------------------|
| Capital assets: | | |
| Capital assets not being depreciated | \$ 6,043,477 | \$ - |
| Capital assets being depreciated, net | 34,409,472 | 59,934 |
| | <u>40,452,949</u> | <u>59,934</u> |
| Related debt - | | |
| Installment purchase agreement | (30,483) | - |
| | <u>(30,483)</u> | <u>-</u> |
| Total investment in capital assets | <u>\$ 40,422,466</u> | <u>\$ 59,934</u> |

12. FUND BALANCE

GASB Statement No. 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 | Senior Citizen Fund | Nonmajor governmental funds | Total |
|--|----------------------|-----------------------------|-------------------------------------|---------------------|-----------------------------|----------------------|
| Nonspendable: | | | | | | |
| Advance to component unit | \$ 1,245,000 | \$ - | \$ - | \$ - | \$ - | \$ 1,245,000 |
| Long-term notes receivable | - | - | - | - | 140,000 | 140,000 |
| Total nonspendable | <u>1,245,000</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>140,000</u> | <u>1,385,000</u> |
| Restricted: | | | | | | |
| Judicial | - | - | - | - | 138,230 | 138,230 |
| General government | - | - | - | - | 56,973 | 56,973 |
| Public safety | - | 2,448,408 | 434,479 | - | 65,950 | 2,948,837 |
| Health and welfare | - | - | - | - | 2,068,736 | 2,068,736 |
| Recreation and cultural | - | - | - | 20,678 | 68,526 | 89,204 |
| Community development | - | - | - | - | 388,879 | 388,879 |
| Debt service | - | - | - | - | 3,526 | 3,526 |
| Total restricted | <u>-</u> | <u>2,448,408</u> | <u>434,479</u> | <u>20,678</u> | <u>2,790,820</u> | <u>5,694,385</u> |
| Committed: | | | | | | |
| Judicial | - | - | - | - | 303,363 | 303,363 |
| General government | - | - | - | - | 1,314,263 | 1,314,263 |
| Public safety | - | - | - | - | 1,858,239 | 1,858,239 |
| Public works | - | - | - | - | 413,032 | 413,032 |
| Health and welfare | - | - | - | - | 1,264,353 | 1,264,353 |
| Recreation and cultural | - | - | - | - | 665,916 | 665,916 |
| Capital projects | - | - | - | - | 6,158,066 | 6,158,066 |
| Total committed | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>11,977,232</u> | <u>11,977,232</u> |
| Unassigned | <u>19,204,130</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>19,204,130</u> |
| Total fund balances governmental funds | <u>\$ 20,449,130</u> | <u>\$ 2,448,408</u> | <u>\$ 434,479</u> | <u>\$ 20,678</u> | <u>\$ 14,908,052</u> | <u>\$ 38,260,747</u> |

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, 2016, the balance of the County's member retention fund was \$2,797,234.

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 |

COUNTY OF BERRIEN, MICHIGAN

Notes To Financial Statements

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:

| | 2016 | 2015 |
|---|---------------------|---------------------|
| Unpaid claims, beginning of year | \$ 1,027,711 | \$ 1,050,721 |
| Incurred claims (including change in IBNR provisions) | 897,195 | 221,662 |
| Claims payments | <u>(152,784)</u> | <u>(244,672)</u> |
| Unpaid claims, end of year | <u>\$ 1,772,122</u> | <u>\$ 1,027,711</u> |

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.

| | 2016 | 2015 |
|---|--------------------|---------------------|
| Unpaid claims, beginning of year | \$ 464,400 | \$ 866,672 |
| Incurred claims (including change in IBNR provisions) | 2,080,016 | 12,033,788 |
| Claims payments | <u>(1,856,216)</u> | <u>(12,436,060)</u> |
| Unpaid claims, end of year | <u>\$ 688,200</u> | <u>\$ 464,400</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:

| | 2016 | 2015 |
|----------------------------------|-------------|-----------------|
| Unpaid claims, beginning of year | \$ - | \$ - |
| Incurred claims | - | 17,226 |
| Claims payments | <u>-</u> | <u>(17,226)</u> |
| Unpaid claims, end of year | <u>\$ -</u> | <u>\$ -</u> |

COUNTY OF BERRIEN, MICHIGAN

Notes To Financial Statements

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.

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

| | 2016 | 2015 |
|----------------------------------|-------------------|------------------|
| Unpaid claims, beginning of year | \$ 13,098 | \$ 77,561 |
| Incurred claims | 445,435 | 58,035 |
| Claims payments | <u>(284,173)</u> | <u>(122,498)</u> |
| Unpaid claims, end of year | <u>\$ 174,360</u> | <u>\$ 13,098</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, 2016 or 2015, nor were the amount of claims paid or incurred during 2016 or 2015 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 2016 levy was \$7,458,387,643. The general operating tax rate for this levy was 4.7723 mills. The taxable value of real and personal property for the 2015 levy was \$7,403,425,567. 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.

COUNTY OF BERRIEN, MICHIGAN

Notes To Financial Statements

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.

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 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 Plan issues a publicly available financial report that can be obtained at <http://www.berriencounty.org/>.

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.

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 10.49% 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.

COUNTY OF BERRIEN, MICHIGAN

Notes To Financial Statements

| 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% | 10.49% |
| Police Officers Labor Council (POLC) | 2.80% | 8.00% |

Employees Covered by Benefit Terms. At December 31, 2015, the date of the latest actuarial valuation:

| | County | Road Commission | Community Mental Health Authority | Total |
|--|--------------|-----------------|-----------------------------------|--------------|
| Retirees and beneficiaries receiving benefits | 501 | 76 | 76 | 653 |
| Inactive plan members not yet receiving benefits | 40 | 6 | 11 | 57 |
| Active plan members | 619 | 65 | 170 | 854 |
| Total | 1,160 | 147 | 257 | 1,564 |

Net Pension Liability. The County's net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions.

| | |
|---------------------------|--|
| Inflation | 3.25% |
| Salary increases | 3.55% to 6.25% including inflation |
| Investment rate of return | 7.50%, net of investment expense and including inflation |

Assumption changes for the current year include a decrease in the inflation rate used to calculate the discount rate, decrease in the expected salary increases, decrease in expected return on investments and a change in the mortality tables.

COUNTY OF BERRIEN, MICHIGAN

Notes To Financial Statements

Mortality tables were based on fully generational RP-2014 Healthy Annuitant Tables after adjustment to the base year 2006 for males and females with MP-2015 mortality improvement scales. The margin for future mortality improvement is included in the MP-2015 mortality improvement scales.

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 Rate 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% |
| | 100.00% | | 4.09% |
| Inflation | | | 3.25% |
| Risk adjustments | | | 0.16% |
| Investment rate of return | | | 7.50% |

Discount Rate. The discount rate used to measure the total pension liability was 7.50%. 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.

COUNTY OF BERRIEN, MICHIGAN

Notes To Financial Statements

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

| | County | Road Commission | Community Mental Health Authority | Total |
|---|----------------------|-----------------------------|-----------------------------------|---------------------------------|
| Total pension liability | \$ 208,310,259 | \$ 22,111,112 | \$ 26,444,762 | \$ 256,866,133 |
| Plan fiduciary net position | (114,686,548) | (11,301,510) | (20,013,065) | (146,001,123) |
| County's net pension liability | <u>\$ 93,623,711</u> | <u>\$ 10,809,602</u> | <u>\$ 6,431,697</u> | <u>\$ 110,865,010</u> |
| | | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a) - (b) |
| Balances at December 31, 2014 | | <u>\$ 199,695,951</u> | <u>\$ 150,797,924</u> | <u>\$ 48,898,027</u> |
| Changes for the year: | | | | |
| Service cost | | 4,694,759 | - | 4,694,759 |
| Interest | | 15,655,309 | - | 15,655,309 |
| Differences between expected and actual experience | | 694,777 | - | 694,777 |
| Changes in assumptions | | 48,836,330 | - | 48,836,330 |
| Benefit changes | | (7,048) | - | (7,048) |
| Employer contributions | | - | 7,235,958 | (7,235,958) |
| Employee contributions | | - | 2,829,258 | (2,829,258) |
| Net investment income | | - | (1,479,190) | 1,479,190 |
| Benefit payments, including refunds of employee contributions | | (12,703,945) | (12,703,945) | - |
| Administrative expense | | - | (678,882) | 678,882 |
| Net changes | | <u>57,170,182</u> | <u>(4,796,801)</u> | <u>61,966,983</u> |
| Balances at December 31, 2015 | | <u>\$ 256,866,133</u> | <u>\$ 146,001,123</u> | <u>\$ 110,865,010</u> |

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the County, calculated using the discount rate of 7.50%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1% lower (6.50%) or 1% higher (8.50%) than the current rate:

| | 1% Decrease (6.50%) | Current Discount Rate (7.50%) | 1% Increase (8.50%) |
|-----------------------------------|-----------------------|-------------------------------|----------------------|
| County | \$ 120,136,059 | \$ 93,623,711 | \$ 71,535,994 |
| Road commission | 13,418,888 | 10,809,602 | 8,620,561 |
| Community mental health authority | 9,803,513 | 6,431,697 | 3,612,974 |
| County's net pension liability | <u>\$ 143,358,460</u> | <u>\$ 110,865,010</u> | <u>\$ 83,769,529</u> |

COUNTY OF BERRIEN, MICHIGAN

Notes To Financial Statements

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

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions. For the year ended December 31, 2016, the County, Road Commission, and Community Mental Health Authority recognized pension expense of \$15,176,134, \$1,900,108 and \$1,468,400, respectively. At December 31, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources | Net Deferred Outflows (Inflows) of Resources |
|---|--------------------------------------|-------------------------------------|---|
| Difference between expected and actual experience: | | | |
| County | \$ 1,008,483 | \$ 1,665,374 | \$ (656,891) |
| Road commission | - | 487,346 | (487,346) |
| Community mental health authority | 195,084 | 326,146 | (131,062) |
| | <u>1,203,567</u> | <u>2,478,866</u> | <u>(1,275,299)</u> |
| Changes in assumptions: | | | |
| County | 32,198,470 | - | 32,198,470 |
| Road commission | 3,927,792 | - | 3,927,792 |
| Community mental health authority | 3,210,477 | - | 3,210,477 |
| | <u>39,336,739</u> | <u>-</u> | <u>39,336,739</u> |
| Net difference between projected and actual earnings on pension plan investments: | | | |
| County | 8,474,089 | - | 8,474,089 |
| Road commission | 946,881 | - | 946,881 |
| Community mental health authority | 1,522,935 | - | 1,522,935 |
| | <u>10,943,905</u> | <u>-</u> | <u>10,943,905</u> |
| Employer contributions to the plan subsequent to the measurement date: | | | |
| County | 5,653,092 | - | 5,653,092 |
| Road commission | 493,691 | - | 493,691 |
| Community mental health authority | 362,390 | - | 362,390 |
| | <u>6,509,173</u> | <u>-</u> | <u>6,509,173</u> |
| Total | <u>\$ 57,993,384</u> | <u>\$ 2,478,866</u> | <u>\$ 55,514,518</u> |

COUNTY OF BERRIEN, MICHIGAN

Notes To Financial Statements

This amount includes deferred outflows of resources resulting from contributions subsequent to the measurement date of December 31, 2015 that will be recognized as a reduction in the net pension liability for the year ended September 30, 2017 for the Road Commission and the Community Mental Health Authority and the year ended December 31, 2017 for the County's primary government. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

| Year Ended December 31, | County | Road Commission | Community Mental Health Authority |
|----------------------------|----------------------|---------------------|---|
| 2017 | \$ 9,407,148 | \$ 1,287,351 | \$ 990,568 |
| 2018 | 9,407,148 | 1,287,351 | 990,568 |
| 2019 | 9,512,321 | 1,287,351 | 990,568 |
| 2020 | 8,521,774 | 530,385 | 1,083,899 |
| 2021 | 3,167,277 | (1,219) | 546,747 |
| Thereafter | - | (3,892) | - |
| Total | \$ 40,015,668 | \$ 4,387,327 | \$ 4,602,350 |

Payable to the pension plan. At December 31, 2016, the County did not have any outstanding contributions payable to the pension plan for the year then ended.

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 \$986,842 through their required contribution of \$139 - \$410 per month for retiree-only coverage and \$418 - \$1,230 for retiree and spouse coverage, 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 | \$ 2,870,794 |
| Interest on net OPEB asset | (66,288) |
| Adjustment to annual required contribution | <u>56,498</u> |
| Annual OPEB cost | 2,861,004 |
| Contributions made | <u>(3,090,391)</u> |
| Change in net OPEB asset | (229,387) |
| Net OPEB asset, beginning of year | <u>(828,599)</u> |
| Net OPEB asset, end of year | <u><u>\$ (1,057,986)</u></u> |

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB asset for the current 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) |
| 2014 | \$ 2,032,129 | 86% | \$ (1,234,465) |
| 2015 | 2,119,906 | 81% | (828,599) |
| 2016 | 2,861,004 | 108% | (1,057,986) |

Funded status and funding progress. As of December 31, 2016, the date of the most recent actuarial valuation, the Plan was 46 percent funded. The actuarial accrued liability for benefits was \$68,944,128, and the actuarial value of assets was \$31,919,969, resulting in an unfunded actuarial accrued liability (UAAL) of \$37,024,159. The covered payroll (annual payroll of the active employees covered by the Plan) was \$30,310,471 and the ratio of the UAAL to the covered payroll was 122.2 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, 2016 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions includes: (a) a rate of return on investments of 7.5%; (b) projected salary increases of 3.25% attributable to inflation; (c) additional projected salary increases ranging from 0.30% to 3.00%, depending on age, attributable to seniority/merit; and (d) projected healthcare benefit increases of 3.25% 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 \$500 per month for married employees and \$270 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 10 years.

The following table shows the components of the Road Commission's annual OPEB cost for the year ended September 30, 2016, the amount actually contributed to the plan, and the changes in the net OPEB obligation:

| | |
|--|-------------------|
| Annual required contribution | \$ 48,643 |
| Interest on net OPEB obligation | 19,832 |
| Less: adjustment to the annual required contribution | <u>(61,126)</u> |
| Annual OPEB cost | 7,349 |
| Contributions made | <u>(4,405)</u> |
| Change in net OPEB obligation | 2,944 |
| Net OPEB obligation, beginning of year | <u>495,787</u> |
| Net OPEB obligation, end of year | <u>\$ 498,731</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:

| Three-Year Trend Information | | | |
|------------------------------|---------------------|---|------------------------|
| Years Ended September 30, | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
| 2014 | \$ 80,883 | 18.6% | \$ 360,963 |
| 2015 | 144,724 | 6.8% | 495,787 |
| 2016 | 7,349 | 59.9% | 498,731 |

Funded status and funding progress. As of September 30, 2016, the date of the most recent actuarial valuation, the Plan was zero percent funded. The actuarial accrued liability for benefits was \$660,703, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$660,703. The covered payroll (annual payroll of the active employees covered by the Plan) was \$3,690,721 and the ratio of the UAAL to the covered payroll was 17.9 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.

COUNTY OF BERRIEN, MICHIGAN

Notes To Financial Statements

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.

Health Insurance Premiums - Health insurance premiums of \$500 for married participants and \$270 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, 2016 was 10 years.

17. COMBINING FINANCIAL INFORMATION - PENSION AND OTHER POSTEMPLOYMENT TRUST FUNDS

Financial statements for individual pension and employee benefit plans:

| | Pension and Other Postemployment Benefits Net Position | | |
|--|--|---|--------------------|
| | Pension | Other Postemployment Benefit Trust Fund | Totals |
| Assets | | | |
| Cash and cash equivalents | \$ 1,028,505 | \$ 1,283,357 | \$ 2,311,862 |
| Investments: | | | |
| Equity mutual funds | 94,506,426 | 18,341,158 | 112,847,584 |
| Fixed income mutual funds | 43,763,745 | 10,188,281 | 53,952,026 |
| Commodities mutual funds | 4,591,885 | 906,703 | 5,498,588 |
| Real estate mutual funds | 10,306,038 | - | 10,306,038 |
| Accrued interest receivable | 14,624 | - | 14,624 |
| Total assets | 154,211,223 | 30,719,499 | 184,930,722 |
| Liabilities | | | |
| Accounts payable | 145,137 | - | 145,137 |
| Net position | | | |
| Restricted for pension and other postemployment benefits | \$ 154,066,086 | \$ 30,719,499 | \$ 184,785,585 |

COUNTY OF BERRIEN, MICHIGAN

Notes To Financial Statements

| | Changes in Pension and Other Postemployment Benefits Net Position | | |
|---|---|---|----------------|
| | Pension | Other Postemployment Benefit Trust Fund | Totals |
| Additions | | | |
| Investment income (loss): | | | |
| Net change in fair value of investments | \$ 12,296,999 | \$ 535,739 | \$ 12,832,738 |
| Interest and dividends | 446 | 1,571,639 | 1,572,085 |
| Less investment expenses | (565,304) | - | (565,304) |
| Net investment income | 11,732,141 | 2,107,378 | 13,839,519 |
| Contributions: | | | |
| Employer | 6,668,570 | 3,090,391 | 9,758,961 |
| Employees | 2,790,452 | - | 2,790,452 |
| Total contributions | 9,459,022 | 3,090,391 | 12,549,413 |
| Total additions | 21,191,163 | 5,197,769 | 26,388,932 |
| Deductions | | | |
| Benefit payments | 12,676,335 | 1,982,029 | 14,658,364 |
| Contribution refunds | 382,538 | - | 382,538 |
| Administration | 67,327 | - | 67,327 |
| Total deductions | 13,126,200 | 1,982,029 | 15,108,229 |
| Change in net position | 8,064,963 | 3,215,740 | 11,280,703 |
| Net position, beginning of year | 146,001,123 | 27,503,759 | 173,504,882 |
| Net position, end of year | \$ 154,066,086 | \$ 30,719,499 | \$ 184,785,585 |

18. 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. During the year ended December 31, 2016, total expenditures incurred related to this contractor amounted to \$15,003.

COUNTY OF BERRIEN, MICHIGAN

Notes To Financial Statements

19. TAX ABATEMENTS

The County received reduced property tax revenues during 2016 as a result of industrial facilities tax exemptions (IFT's) and brownfield redevelopment agreements entered into by cities, villages, townships, and authorities within the County.

The IFT's were entered into based upon the Plant Rehabilitation and Industrial Development Districts Act, (known as the Industrial Facilities Exemption), PA 198 of 1974, as amended. IFT's provide a tax incentive to manufacturers to enable renovation and expansion of aging facilities, assist in the building of new facilities, and to promote the establishment of high tech facilities. Properties qualifying for IFT status are taxed at 50% of the millage rate applicable to other real and personal property in the County. The abatements amounted to approximately \$112,000 in reduced County tax revenues for 2016.

Brownfield redevelopment agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties. These agreements were entered into based upon the Brownfield Redevelopment Act, PA 381 of 1996, as amended. Under this act, a municipality may create a brownfield redevelopment authority to develop and implement brownfield projects. Tax increment financing may be used as a tool for property redevelopment. The abatements amounted to approximately \$257,000 in reduced County tax revenues for 2016.

20. CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by those agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds.

In January 2017, the County requested that the U.S. Department of Commerce's Economic Development Administration (the "EDA") terminate for convenience its Revolving Loan Fund Program. As a result of this termination, the County was required to repay \$685,000 to the EDA, which represented the federal share of program costs that the EDA had determined were disallowed under the provisions of the grant agreement. As disallowed costs, these amounts will be recorded as expenditures/expenses in the general fund and governmental activities during the year ended December 31, 2017.

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the County's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the County.

COUNTY OF BERRIEN, MICHIGAN

■ Notes To Financial Statements

21. SUBSEQUENT EVENTS

On May 17, 2017, the County issued Lake Shore Drain Drainage District Refunding Bonds, Series 2017 with a face value of \$2,115,000, and Schwark Drain Drainage District Refunding Bonds, Series 2017 with a face value of \$780,000. The Lake Shore Drainage District Bonds, Series 2010, and Schwark Drain Drainage District Bonds, Series 2010 were refunded as of June 1, 2017, in the amount of \$2,850,000 and \$1,305,000 respectively, in part with proceeds from the refunding bonds issued.

On May 30, 2017, the County issued Village of Michiana Water System Improvement Project Bonds, Series 2017 with a face value of \$1,755,000 to finance water system infrastructure improvements.

On May 31, 2017, the County issued General Obligation Limited Tax Notes, Series 2017 with a face value of \$10,500,000 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.



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REQUIRED SUPPLEMENTARY INFORMATION

COUNTY OF BERRIEN, MICHIGAN

Defined Benefit Pension Plan Required Supplementary Information

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

| | Fiscal Year Ended December | |
|---|----------------------------|----------------------|
| | 2016 | 2015 |
| Total pension liability | | |
| Service cost | \$ 4,694,759 | \$ 4,669,602 |
| Interest on total pension liability | 15,655,309 | 15,305,513 |
| Difference between expected and actual experience | 694,777 | (3,197,192) |
| Changes in assumptions | 48,836,330 | - |
| Benefit changes | (7,048) | 112,917 |
| Benefit payments and refunds | (12,703,945) | (12,357,966) |
| Net change in total pension liability | <u>57,170,182</u> | <u>4,532,874</u> |
| Total pension liability, beginning of year | <u>199,695,951</u> | <u>195,163,077</u> |
| Total pension liability, end of year | <u>256,866,133</u> | <u>199,695,951</u> |
| Plan fiduciary net position | | |
| Employer contributions | 7,235,958 | 7,172,058 |
| Employee contributions | 2,829,258 | 2,742,953 |
| Pension plan net investment income | (1,479,190) | 10,630,310 |
| Benefit payments and refunds | (12,703,945) | (12,357,966) |
| Pension plan administrative expense | (678,882) | (20,738) |
| Net change in plan fiduciary net position | <u>(4,796,801)</u> | <u>8,166,617</u> |
| Plan fiduciary net position, beginning of year | <u>150,797,924</u> | <u>142,631,307</u> |
| Plan fiduciary net position, end of year | <u>146,001,123</u> | <u>150,797,924</u> |
| Net pension liability | <u>\$ 110,865,010</u> | <u>\$ 48,898,027</u> |
| Plan fiduciary net position as a percentage of total pension liability | 56.84% | 75.51% |
| Covered employee payroll | <u>\$ 43,865,207</u> | <u>\$ 41,465,482</u> |
| Net pension liability as a percentage of covered employee payroll | 252.74% | 117.92% |

Notes to Schedule

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

Measurement date. The County's net pension liability is measured as of December 31 of the year preceding the County's fiscal year end.

Changes in assumptions - 2016. Changes for the current year include a decrease in the inflation rate used to calculate the discount rate, decrease in the expected salary increases, decrease in expected return on investments and a change in the mortality tables.

COUNTY OF BERRIEN, MICHIGAN

Defined Benefit Pension Plan Required Supplementary Information

Schedule of the Net Pension Liability

| 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 |
|-------------------|-------------------------|------------------|-----------------------|--|-----------------|--|
| 12/31/2015 | \$ 199,695,951 | \$ 150,797,924 | \$48,898,027 | 75.51% | \$ 41,465,482 | 117.92% |
| 12/31/2016 | 256,866,133 | 146,001,123 | 110,865,010 | 56.84% | 43,865,207 | 252.74% |

Notes to Schedule

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

Measurement date. The County's net pension liability is measured as of December 31 of the year preceding the County's fiscal year end.

Changes in assumptions - 2016. Changes for the current year include a decrease in the inflation rate used to calculate the discount rate, decrease in the expected salary increases, decrease in expected return on investments and a change in the mortality tables.

COUNTY OF BERRIEN, MICHIGAN

Defined Benefit Pension Plan

Required Supplementary Information

Schedule of County Contributions

| 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 | 17.3% |
| 12/31/2015 | 7,235,958 | 7,235,958 | - | 43,865,207 | 16.5% |
| 12/31/2016 | 6,668,570 | 6,668,570 | - | 44,052,971 | 15.1% |

Notes to Schedule of Contributions

| | |
|-------------------|--|
| 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-year open in fiscal year 2016; 30-year closed period for 10 years, switching to a 20- year open period thereafter beginning with fiscal year 2017. |
| 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. |

Note: Assumption changes for the December 31, 2015, actuarial report include a decrease in the inflation rate used to calculate the discount rate, decrease in the expected salary increases, decrease in expected return on investments and a change in the mortality tables. These changes will be in effect for contributions in the December 31, 2017 fiscal year.

COUNTY OF BERRIEN, MICHIGAN

Other Postemployment Benefits Plan

General County

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 |
|--------------------------|-------------------------------|---------------------------------|---------------------------|--------------------|---------------------|--------------------------------------|
| 12/31/2014 | \$ 26,760,072 | \$ 48,254,391 | \$ (21,494,319) | 55.46% | \$ 34,314,860 | -62.64% |
| * 12/31/2015 | 28,640,255 | 66,286,999 | (37,646,744) | 43.21% | 33,709,384 | -111.68% |
| 12/31/2016 | 31,919,969 | 68,944,128 | (37,024,159) | 46.30% | 30,310,471 | -122.15% |

Schedule of Employer Contributions

| Year Ended December 31 | Annual Required Contributions | Percentage Contributed |
|------------------------|-------------------------------|------------------------|
| 2014 | \$ 2,032,129 | 85.84% |
| 2015 | 2,138,969 | 80.13% |
| 2016 | 2,870,794 | 107.65% |

* After changes in benefit provisions and actuarial assumptions. Assumption changes for the December 31, 2015, actuarial report include a decrease in the inflation rate used to calculate the discount rate, decrease in the expected salary increases, decrease in expected return on investments and a change in the mortality tables.

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

COUNTY OF BERRIEN, MICHIGAN

Combining Balance Sheet Nonmajor Governmental Funds December 31, 2016

| | Special Revenue Funds | Debt Service Fund | Capital Projects Funds | Total Other Governmental Funds |
|---|--------------------------|---------------------------------|------------------------------|--------------------------------------|
| | | Building Authority (4500) | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 7,001,556 | \$ 3,526 | \$ 6,227,316 | \$ 13,232,398 |
| Investments | 924,742 | - | - | 924,742 |
| Receivables: | | | | |
| Accounts | 94,710 | - | - | 94,710 |
| Taxes - current | 705,877 | - | - | 705,877 |
| Due from other governments | 2,253,652 | - | - | 2,253,652 |
| Notes | 140,000 | - | - | 140,000 |
| Total assets | \$ 11,120,537 | \$ 3,526 | \$ 6,227,316 | \$ 17,351,379 |
| Liabilities | | | | |
| Accounts payable | \$ 437,456 | \$ - | \$ 69,250 | \$ 506,706 |
| Accrued expenses | 345,884 | - | - | 345,884 |
| Due to other governments | 49,121 | - | - | 49,121 |
| Interfund payable | 316,228 | - | - | 316,228 |
| Unearned revenue | 489,356 | - | - | 489,356 |
| Total liabilities | 1,638,045 | - | 69,250 | 1,707,295 |
| Deferred inflows of resources | | | | |
| Taxes levied for a subsequent period | 736,032 | - | - | 736,032 |
| Fund balances | | | | |
| Nonspendable | 140,000 | - | - | 140,000 |
| Restricted | 2,787,294 | 3,526 | - | 2,790,820 |
| Committed | 5,819,166 | - | 6,158,066 | 11,977,232 |
| Total fund balances | 8,746,460 | 3,526 | 6,158,066 | 14,908,052 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 11,120,537 | \$ 3,526 | \$ 6,227,316 | \$ 17,351,379 |

COUNTY OF BERRIEN, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended December 31, 2016

| | Special Revenue Funds | Debt Service Fund | Capital Projects Funds | Total Other Governmental Funds |
|---|--------------------------|---------------------------------|------------------------------|--------------------------------------|
| | | Building Authority (4500) | | |
| Revenues | | | | |
| Property taxes | \$ 800,379 | \$ - | \$ - | \$ 800,379 |
| Licenses and permits | 386,341 | - | - | 386,341 |
| Intergovernmental revenue | 11,833,217 | - | - | 11,833,217 |
| Charges for services | 5,096,464 | - | - | 5,096,464 |
| Fines and forfeitures | 4,730 | - | - | 4,730 |
| Interest revenue | 9,934 | 1 | 1,734 | 11,669 |
| Other revenue | 4,030,125 | - | 1,527 | 4,031,652 |
| Total revenues | 22,161,190 | 1 | 3,261 | 22,164,452 |
| Expenditures | | | | |
| Current expenditures: | | | | |
| Judicial | 3,208,384 | - | 42,189 | 3,250,573 |
| General government | 1,130,993 | - | 2,965,139 | 4,096,132 |
| Public safety | 4,932,522 | - | 781,637 | 5,714,159 |
| Public works | 257,107 | - | - | 257,107 |
| Health and welfare | 18,339,450 | - | 165,501 | 18,504,951 |
| Recreation and cultural | 2,164,154 | - | - | 2,164,154 |
| Community development | 1,485,601 | - | - | 1,485,601 |
| Total expenditures | 31,518,211 | - | 3,954,466 | 35,472,677 |
| Revenues over (under) expenditures | (9,357,021) | 1 | (3,951,205) | (13,308,225) |
| Other financing sources (uses) | | | | |
| Issuance of long-term debt | 30,483 | - | - | 30,483 |
| Proceeds from sales of capital assets | 26,940 | - | - | 26,940 |
| Transfers in | 11,976,011 | - | 7,971,613 | 19,947,624 |
| Transfers out | (3,251,203) | - | (2,292,912) | (5,544,115) |
| Total other financing sources (uses) | 8,782,231 | - | 5,678,701 | 14,460,932 |
| Net change in fund balances | (574,790) | 1 | 1,727,496 | 1,152,707 |
| Fund balances, beginning of year | 9,321,250 | 3,525 | 4,430,570 | 13,755,345 |
| Fund balances, end of year | \$ 8,746,460 | \$ 3,526 | \$ 6,158,066 | \$ 14,908,052 |

COUNTY OF BERRIEN, MICHIGAN

Combining Balance Sheet

Nonmajor Special Revenue Funds

December 31, 2016

| | Parks and Recreation (2080) | Parks Environmental Affairs (2082) | Parks and Recreation Grant (2085) |
|---|-----------------------------------|---|--|
| Assets | | | |
| Cash and cash equivalents | \$ 434,174 | \$ 200,162 | \$ - |
| Investments | - | - | - |
| Receivables: | | | |
| Accounts | - | - | - |
| Taxes - current | - | - | - |
| Due from other governments | - | - | 61,219 |
| Notes | - | - | - |
| Total assets | \$ 434,174 | \$ 200,162 | \$ 61,219 |
| Liabilities | | | |
| Accounts payable | \$ 5,906 | \$ 447 | \$ - |
| Accrued expenses | 11,588 | 1,411 | - |
| Due to other governments | - | - | - |
| Interfund payable | - | - | 61,219 |
| Unearned revenue | - | - | - |
| Total liabilities | 17,494 | 1,858 | 61,219 |
| Deferred inflows of resources | | | |
| Taxes levied for a subsequent period | - | - | - |
| Fund balances | | | |
| Nonspendable | - | - | - |
| Restricted | - | - | - |
| Committed | 416,680 | 198,304 | - |
| Total fund balances | 416,680 | 198,304 | - |
| Total liabilities, deferred inflows of resources and fund balances | \$ 434,174 | \$ 200,162 | \$ 61,219 |



| Parks Millage (2087) | Historical Association Loan Fund (2110) | Berrien Community Foundation (2130) | Friend of the Court (2150) | Family Counseling Services (2155) | Health Department (2210) |
|----------------------|---|-------------------------------------|----------------------------|-----------------------------------|--------------------------|
| \$ 42,606 | \$ 10,000 | \$ 51,637 | \$ - | \$ 158,297 | \$ 783,812 |
| - | - | - | - | - | - |
| - | - | - | - | - | 3,920 |
| 705,877 | - | - | - | - | - |
| - | - | 20,878 | 559,724 | - | - |
| - | 140,000 | - | - | - | - |
| <u>\$ 748,483</u> | <u>\$ 150,000</u> | <u>\$ 72,515</u> | <u>\$ 559,724</u> | <u>\$ 158,297</u> | <u>\$ 787,732</u> |
| \$ - | \$ - | \$ 21,583 | \$ 21,021 | \$ 20,067 | \$ 11,433 |
| - | - | - | 47,638 | - | 59,273 |
| - | - | - | 7,421 | - | - |
| - | - | - | 222,811 | - | - |
| - | - | - | - | - | - |
| - | - | 21,583 | 298,891 | 20,067 | 70,706 |
| 736,032 | - | - | - | - | - |
| - | 140,000 | - | - | - | - |
| 12,451 | 10,000 | - | - | 138,230 | - |
| - | - | 50,932 | 260,833 | - | 717,026 |
| <u>12,451</u> | <u>150,000</u> | <u>50,932</u> | <u>260,833</u> | <u>138,230</u> | <u>717,026</u> |
| <u>\$ 748,483</u> | <u>\$ 150,000</u> | <u>\$ 72,515</u> | <u>\$ 559,724</u> | <u>\$ 158,297</u> | <u>\$ 787,732</u> |

continued...

COUNTY OF BERRIEN, MICHIGAN

Combining Balance Sheet

Nonmajor Special Revenue Funds

December 31, 2016

| | Drug Court Treatment (2211) | Health Department Grants (2215) | Berrien County Landfill Use (2270) |
|---|-----------------------------------|--|--|
| Assets | | | |
| Cash and cash equivalents | \$ - | \$ 626,752 | \$ 190 |
| Investments | - | - | 315,036 |
| Receivables: | | | |
| Accounts | - | - | - |
| Taxes - current | - | - | - |
| Due from other governments | - | 239,606 | - |
| Notes | - | - | - |
| Total assets | \$ - | \$ 866,358 | \$ 315,226 |
| Liabilities | | | |
| Accounts payable | \$ - | \$ 10,713 | \$ - |
| Accrued expenses | - | 45,502 | - |
| Due to other governments | - | 27,146 | - |
| Interfund payable | - | - | - |
| Unearned revenue | - | 235,670 | - |
| Total liabilities | - | 319,031 | - |
| Deferred inflows of resources | | | |
| Taxes levied for a subsequent period | - | - | - |
| Fund balances | | | |
| Nonspendable | - | - | - |
| Restricted | - | - | - |
| Committed | - | 547,327 | 315,226 |
| Total fund balances | - | 547,327 | 315,226 |
| Total liabilities, deferred inflows of resources and fund balances | \$ - | \$ 866,358 | \$ 315,226 |



| EDC Grants and Programs (2445) | Register of Deeds Automation (2560) | Register of Deeds Tax Foreclosure Search Fund (2561) | Homestead Audit Administration (2590) | Law Enforcement Funds (various #s) | Concealed Pistol Licensing Fund (2630) |
|--------------------------------|-------------------------------------|--|---------------------------------------|------------------------------------|--|
| \$ - | \$ 58,369 | \$ 14,182 | \$ 2,637 | \$ 1,394,366 | \$ 73,554 |
| - | - | - | 308,676 | 110,017 | - |
| - | - | - | - | 90,790 | - |
| - | - | - | - | - | - |
| 65,275 | - | - | - | 314,171 | - |
| - | - | - | - | - | - |
| <u>\$ 65,275</u> | <u>\$ 58,369</u> | <u>\$ 14,182</u> | <u>\$ 311,313</u> | <u>\$ 1,909,344</u> | <u>\$ 73,554</u> |
| \$ 19,939 | \$ 104 | \$ 872 | \$ - | \$ 14,072 | \$ - |
| - | 1,292 | 311 | 1,016 | 95,637 | - |
| - | - | - | - | 14,554 | - |
| 32,198 | - | - | - | - | - |
| - | - | - | - | 396 | - |
| <u>52,137</u> | <u>1,396</u> | <u>1,183</u> | <u>1,016</u> | <u>124,659</u> | <u>-</u> |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 13,138 | 56,973 | - | - | - | - |
| - | - | 12,999 | 310,297 | 1,784,685 | 73,554 |
| <u>13,138</u> | <u>56,973</u> | <u>12,999</u> | <u>310,297</u> | <u>1,784,685</u> | <u>73,554</u> |
| <u>\$ 65,275</u> | <u>\$ 58,369</u> | <u>\$ 14,182</u> | <u>\$ 311,313</u> | <u>\$ 1,909,344</u> | <u>\$ 73,554</u> |

continued...

COUNTY OF BERRIEN, MICHIGAN

Combining Balance Sheet

Nonmajor Special Revenue Funds

December 31, 2016

| | Public Safety Cigarette Tax (2665) | Animal Control Grant and Program (2675) | County Law Library (2690) |
|---|--|--|---------------------------------|
| Assets | | | |
| Cash and cash equivalents | \$ 158,226 | \$ 21,643 | \$ 42,894 |
| Investments | - | - | - |
| Receivables: | | | |
| Accounts | - | - | - |
| Taxes - current | - | - | - |
| Due from other governments | - | - | - |
| Notes | - | - | - |
| Total assets | \$ 158,226 | \$ 21,643 | \$ 42,894 |
| Liabilities | | | |
| Accounts payable | \$ 1,100 | \$ 940 | \$ 364 |
| Accrued expenses | - | - | - |
| Due to other governments | - | - | - |
| Interfund payable | - | - | - |
| Unearned revenue | 91,201 | - | - |
| Total liabilities | 92,301 | 940 | 364 |
| Deferred inflows of resources | | | |
| Taxes levied for a subsequent period | - | - | - |
| Fund balances | | | |
| Nonspendable | - | - | - |
| Restricted | 65,925 | 20,703 | - |
| Committed | - | - | 42,530 |
| Total fund balances | 65,925 | 20,703 | 42,530 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 158,226 | \$ 21,643 | \$ 42,894 |



| 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) | Social Services (2900) |
|--------------------------|--------------------------------------|--|---------------------------------|--|------------------------|
| \$ 307,436 | \$ 53,458 | \$ 980,885 | \$ - | \$ 10,082 | \$ 111,094 |
| 191,013 | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 59,884 | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>\$ 558,333</u> | <u>\$ 53,458</u> | <u>\$ 980,885</u> | <u>\$ -</u> | <u>\$ 10,082</u> | <u>\$ 111,094</u> |
| \$ 73,961 | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 108,631 | 53,458 | - | - | - | - |
| <u>182,592</u> | <u>53,458</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 375,741 | - | - | - | - | 111,094 |
| - | - | 980,885 | - | 10,082 | - |
| <u>375,741</u> | <u>-</u> | <u>980,885</u> | <u>-</u> | <u>10,082</u> | <u>111,094</u> |
| <u>\$ 558,333</u> | <u>\$ 53,458</u> | <u>\$ 980,885</u> | <u>\$ -</u> | <u>\$ 10,082</u> | <u>\$ 111,094</u> |

continued...

COUNTY OF BERRIEN, MICHIGAN

Combining Balance Sheet

Nonmajor Special Revenue Funds

December 31, 2016

| | Child Care Probate (2920) | Child Care Social Services (2921) | Generous Juror Program (2925) |
|---|---------------------------------|---|-------------------------------------|
| Assets | | | |
| Cash and cash equivalents | \$ 567,868 | \$ 770,609 | \$ 25,397 |
| Investments | - | - | - |
| Receivables: | | | |
| Accounts | - | - | - |
| Taxes - current | - | - | - |
| Due from other governments | 784,091 | 148,804 | - |
| Notes | - | - | - |
| Total assets | \$ 1,351,959 | \$ 919,413 | \$ 25,397 |
| Liabilities | | | |
| Accounts payable | \$ 202,112 | \$ 32,789 | \$ - |
| Accrued expenses | 81,958 | - | - |
| Due to other governments | - | - | - |
| Interfund payable | - | - | - |
| Unearned revenue | - | - | - |
| Total liabilities | 284,070 | 32,789 | - |
| Deferred inflows of resources | | | |
| Taxes levied for a subsequent period | - | - | - |
| Fund balances | | | |
| Nonspendable | - | - | - |
| Restricted | 1,067,889 | 886,624 | 25,397 |
| Committed | - | - | - |
| Total fund balances | 1,067,889 | 886,624 | 25,397 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 1,351,959 | \$ 919,413 | \$ 25,397 |



| Soldiers and Sailors Relief (2930) | Veteran's Trust (2940) | Board of Public Works (2960) | Total |
|------------------------------------|------------------------|------------------------------|----------------------|
| \$ 1,082 | \$ 2,080 | \$ 98,064 | \$ 7,001,556 |
| - | - | - | 924,742 |
| - | - | - | 94,710 |
| - | - | - | 705,877 |
| - | - | - | 2,253,652 |
| - | - | - | 140,000 |
| <u>\$ 1,082</u> | <u>\$ 2,080</u> | <u>\$ 98,064</u> | <u>\$ 11,120,537</u> |
| \$ - | \$ 33 | \$ - | \$ 437,456 |
| - | - | 258 | 345,884 |
| - | - | - | 49,121 |
| - | - | - | 316,228 |
| - | - | - | 489,356 |
| <u>-</u> | <u>33</u> | <u>258</u> | <u>1,638,045</u> |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>736,032</u> |
| - | - | - | 140,000 |
| 1,082 | 2,047 | - | 2,787,294 |
| - | - | 97,806 | 5,819,166 |
| <u>1,082</u> | <u>2,047</u> | <u>97,806</u> | <u>8,746,460</u> |
| <u>\$ 1,082</u> | <u>\$ 2,080</u> | <u>\$ 98,064</u> | <u>\$ 11,120,537</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, 2016

| | Parks and Recreation (2080) | Parks Environmental Affairs (2082) | Parks and Recreation Grant (2085) |
|---|-----------------------------------|---|--|
| Revenues | | | |
| Property taxes | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - |
| Intergovernmental revenue | - | - | 313,682 |
| Charges for services | 676,942 | 6,213 | - |
| Fines and forfeitures | - | - | - |
| Interest revenue | - | - | - |
| Other revenue | 145,858 | - | - |
| Total revenues | 822,800 | 6,213 | 313,682 |
| Expenditures | | | |
| Judicial | - | - | - |
| General government | - | - | - |
| Public safety | - | - | - |
| Public works | - | - | - |
| Health and welfare | - | - | - |
| Recreation and cultural | 1,369,049 | 198,157 | 594,448 |
| Community development | - | - | - |
| Total expenditures | 1,369,049 | 198,157 | 594,448 |
| Revenue over (under) expenditures | (546,249) | (191,944) | (280,766) |
| Other financing sources (uses) | | | |
| Issuance of long-term debt | 30,483 | - | - |
| Proceeds from sales of capital assets | 26,940 | - | - |
| Transfers in | 895,374 | - | 280,766 |
| Transfers out | (289,866) | (87,996) | - |
| Total other financing sources (uses) | 662,931 | (87,996) | 280,766 |
| Net change in fund balances | 116,682 | (279,940) | - |
| Fund balances, beginning of year | 299,998 | 478,244 | - |
| Fund balances, end of year | \$ 416,680 | \$ 198,304 | \$ - |

| Parks Millage (2087) | Historical Association Loan Fund (2110) | Berrien Community Foundation (2130) | Friend of the Court (2150) | Family Counseling Services (2155) | Health Department (2210) |
|----------------------|---|-------------------------------------|----------------------------|-----------------------------------|--------------------------|
| \$ 747,810 | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | 19,695 | 305,410 |
| - | - | - | 1,947,161 | - | 397,828 |
| - | - | - | 217,700 | - | 46,147 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | 74,329 | 107,322 | 225 | 2,421,213 |
| <u>747,810</u> | <u>-</u> | <u>74,329</u> | <u>2,272,183</u> | <u>19,920</u> | <u>3,170,598</u> |
| - | - | - | 3,103,738 | 32,624 | - |
| - | - | - | - | - | - |
| - | - | 43,491 | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | 4,006,426 |
| - | - | 2,500 | - | - | - |
| - | - | - | - | - | - |
| - | - | 45,991 | 3,103,738 | 32,624 | 4,006,426 |
| <u>747,810</u> | <u>-</u> | <u>28,338</u> | <u>(831,555)</u> | <u>(12,704)</u> | <u>(835,828)</u> |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | 909,888 | - | 1,098,650 |
| (895,374) | - | - | (24,080) | - | (151,622) |
| <u>(895,374)</u> | <u>-</u> | <u>-</u> | <u>885,808</u> | <u>-</u> | <u>947,028</u> |
| (147,564) | - | 28,338 | 54,253 | (12,704) | 111,200 |
| <u>160,015</u> | <u>150,000</u> | <u>22,594</u> | <u>206,580</u> | <u>150,934</u> | <u>605,826</u> |
| <u>\$ 12,451</u> | <u>\$ 150,000</u> | <u>\$ 50,932</u> | <u>\$ 260,833</u> | <u>\$ 138,230</u> | <u>\$ 717,026</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, 2016

| | Drug Court Treatment (2211) | Health Department Grants (2215) | Berrien County Landfill Use (2270) |
|---|-----------------------------------|--|--|
| Revenues | | | |
| Property taxes | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - |
| Intergovernmental revenue | - | 3,482,929 | - |
| Charges for services | - | 291,058 | 788,660 |
| Fines and forfeitures | - | - | - |
| Interest revenue | - | - | - |
| Other revenue | - | 495,240 | - |
| Total revenues | - | 4,269,227 | 788,660 |
| Expenditures | | | |
| Judicial | - | - | - |
| General government | - | - | - |
| Public safety | - | - | - |
| Public works | - | - | 243,796 |
| Health and welfare | - | 5,266,866 | - |
| Recreation and cultural | - | - | - |
| Community development | - | - | - |
| Total expenditures | - | 5,266,866 | 243,796 |
| Revenue over (under) expenditures | - | (997,639) | 544,864 |
| Other financing sources (uses) | | | |
| Issuance of long-term debt | - | - | - |
| Proceeds from sales of capital assets | - | - | - |
| Transfers in | - | 1,100,604 | - |
| Transfers out | (120,759) | - | (1,426,700) |
| Total other financing sources (uses) | (120,759) | 1,100,604 | (1,426,700) |
| Net change in fund balances | (120,759) | 102,965 | (881,836) |
| Fund balances, beginning of year | 120,759 | 444,362 | 1,197,062 |
| Fund balances, end of year | \$ - | \$ 547,327 | \$ 315,226 |

| EDC Grants and Programs (2445) | Register of Deeds Automation (2560) | Register of Deeds Tax Foreclosure Search Fund (2561) | Homestead Audit Administration (2590) | Law Enforcement Funds (various #s) | Concealed Pistol Licensing Fund (2630) |
|--------------------------------|-------------------------------------|--|---------------------------------------|------------------------------------|--|
| \$ - | \$ - | \$ - | \$ 52,569 | \$ - | \$ - |
| - | - | - | - | - | 61,236 |
| 278,735 | - | - | - | 855,633 | - |
| - | 189,493 | 215,250 | - | 2,227,690 | - |
| - | - | - | - | 4,730 | - |
| - | - | - | 1,785 | 238 | - |
| 9,746 | - | - | - | 244,143 | - |
| <u>288,481</u> | <u>189,493</u> | <u>215,250</u> | <u>54,354</u> | <u>3,332,434</u> | <u>61,236</u> |
| - | - | - | - | - | - |
| - | 216,882 | 39,906 | 58,787 | 804,506 | 7,809 |
| - | - | - | - | 4,858,177 | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 358,791 | - | - | - | - | - |
| <u>358,791</u> | <u>216,882</u> | <u>39,906</u> | <u>58,787</u> | <u>5,662,683</u> | <u>7,809</u> |
| <u>(70,310)</u> | <u>(27,389)</u> | <u>175,344</u> | <u>(4,433)</u> | <u>(2,330,249)</u> | <u>53,427</u> |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 80,056 | - | - | - | 2,544,382 | - |
| - | - | (175,345) | (10,000) | (17,073) | - |
| <u>80,056</u> | <u>-</u> | <u>(175,345)</u> | <u>(10,000)</u> | <u>2,527,309</u> | <u>-</u> |
| 9,746 | (27,389) | (1) | (14,433) | 197,060 | 53,427 |
| <u>3,392</u> | <u>84,362</u> | <u>13,000</u> | <u>324,730</u> | <u>1,587,625</u> | <u>20,127</u> |
| <u>\$ 13,138</u> | <u>\$ 56,973</u> | <u>\$ 12,999</u> | <u>\$ 310,297</u> | <u>\$ 1,784,685</u> | <u>\$ 73,554</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, 2016

| | Public Safety Cigarette Tax (2665) | Animal Control Grant and Program (2675) | County Law Library (2690) |
|---|--|--|---------------------------------|
| Revenues | | | |
| Property taxes | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - |
| Intergovernmental revenue | 22,985 | - | - |
| Charges for services | - | - | - |
| Fines and forfeitures | - | - | - |
| Interest revenue | - | - | - |
| Other revenue | - | 26,166 | 6,500 |
| Total revenues | 22,985 | 26,166 | 6,500 |
| Expenditures | | | |
| Judicial | - | - | 72,022 |
| General government | - | - | - |
| Public safety | 12,985 | 17,869 | - |
| Public works | - | - | - |
| Health and welfare | - | - | - |
| Recreation and cultural | - | - | - |
| Community development | - | - | - |
| Total expenditures | 12,985 | 17,869 | 72,022 |
| Revenue over (under) expenditures | 10,000 | 8,297 | (65,522) |
| Other financing sources (uses) | | | |
| Issuance of long-term debt | - | - | - |
| Proceeds from sales of capital assets | - | - | - |
| Transfers in | - | - | 83,508 |
| Transfers out | - | - | - |
| Total other financing sources (uses) | - | - | 83,508 |
| Net change in fund balances | 10,000 | 8,297 | 17,986 |
| Fund balances, beginning of year | 55,925 | 12,406 | 24,544 |
| Fund balances, end of year | \$ 65,925 | \$ 20,703 | \$ 42,530 |

| Small Bus Program (2810) | Berrien Bus Grant and Program (2815) | Four Winds Casino Sharing (2851) | Three Oaks Land Purchase (2860) | Campaign Finance Administration (2870) | Social Services (2900) |
|--------------------------|--------------------------------------|----------------------------------|---------------------------------|--|------------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - | - |
| 548,412 | - | - | - | - | - |
| 432,669 | - | - | - | 4,446 | - |
| - | - | - | - | - | - |
| 149 | - | - | 7,762 | - | - |
| 43,387 | - | 221,271 | - | - | - |
| <u>1,024,617</u> | <u>-</u> | <u>221,271</u> | <u>7,762</u> | <u>4,446</u> | <u>-</u> |
| - | - | - | - | - | - |
| - | - | - | - | 3,103 | - |
| - | - | - | - | - | - |
| - | - | - | - | - | 16,641 |
| - | - | - | - | - | - |
| 1,126,810 | - | - | - | - | - |
| <u>1,126,810</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>3,103</u> | <u>16,641</u> |
| (102,193) | - | 221,271 | 7,762 | 1,343 | (16,641) |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | 22,056 |
| - | - | (10,000) | (42,388) | - | - |
| <u>-</u> | <u>-</u> | <u>(10,000)</u> | <u>(42,388)</u> | <u>-</u> | <u>22,056</u> |
| (102,193) | - | 211,271 | (34,626) | 1,343 | 5,415 |
| 477,934 | - | 769,614 | 34,626 | 8,739 | 105,679 |
| <u>\$ 375,741</u> | <u>\$ -</u> | <u>\$ 980,885</u> | <u>\$ -</u> | <u>\$ 10,082</u> | <u>\$ 111,094</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, 2016

| | Child Care Probate (2920) | Child Care Social Services (2921) | Generous Juror Program (2925) |
|---|---------------------------------|---|-------------------------------------|
| Revenues | | | |
| Property taxes | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - |
| Intergovernmental revenue | 3,581,324 | 388,164 | - |
| Charges for services | 196 | - | - |
| Fines and forfeitures | - | - | - |
| Interest revenue | - | - | - |
| Other revenue | 184,474 | 41,341 | 8,910 |
| Total revenues | 3,765,994 | 429,505 | 8,910 |
| Expenditures | | | |
| Judicial | - | - | - |
| General government | - | - | - |
| Public safety | - | - | - |
| Public works | - | - | - |
| Health and welfare | 8,211,712 | 819,108 | 1,088 |
| Recreation and cultural | - | - | - |
| Community development | - | - | - |
| Total expenditures | 8,211,712 | 819,108 | 1,088 |
| Revenue over (under) expenditures | (4,445,718) | (389,603) | 7,822 |
| Other financing sources (uses) | | | |
| Issuance of long-term debt | - | - | - |
| Proceeds from sales of capital assets | - | - | - |
| Transfers in | 4,314,519 | 646,208 | - |
| Transfers out | - | - | - |
| Total other financing sources (uses) | 4,314,519 | 646,208 | - |
| Net change in fund balances | (131,199) | 256,605 | 7,822 |
| Fund balances, beginning of year | 1,199,088 | 630,019 | 17,575 |
| Fund balances, end of year | \$ 1,067,889 | \$ 886,624 | \$ 25,397 |



| Soldiers and Sailors Relief (2930) | Veteran's Trust (2940) | Board of Public Works (2960) | Total |
|------------------------------------|------------------------|------------------------------|--------------|
| \$ - | \$ - | \$ - | \$ 800,379 |
| - | - | - | 386,341 |
| - | 16,364 | - | 11,833,217 |
| - | - | - | 5,096,464 |
| - | - | - | 4,730 |
| - | - | - | 9,934 |
| - | - | - | 4,030,125 |
| - | 16,364 | - | 22,161,190 |
| - | - | - | 3,208,384 |
| - | - | - | 1,130,993 |
| - | - | - | 4,932,522 |
| - | - | 13,311 | 257,107 |
| 1,074 | 16,535 | - | 18,339,450 |
| - | - | - | 2,164,154 |
| - | - | - | 1,485,601 |
| 1,074 | 16,535 | 13,311 | 31,518,211 |
| (1,074) | (171) | (13,311) | (9,357,021) |
| - | - | - | 30,483 |
| - | - | - | 26,940 |
| - | - | - | 11,976,011 |
| - | - | - | (3,251,203) |
| - | - | - | 8,782,231 |
| (1,074) | (171) | (13,311) | (574,790) |
| 2,156 | 2,218 | 111,117 | 9,321,250 |
| \$ 1,082 | \$ 2,047 | \$ 97,806 | \$ 8,746,460 |

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, 2016

| | Parks and Recreation (2080) | | |
|---|-----------------------------|-------------------|---------------------|
| | Amended Budget | Actual | Over (Under) Budget |
| Revenues | | | |
| Property taxes | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - |
| Intergovernmental revenue | - | - | - |
| Charges for services | 474,904 | 676,942 | 202,038 |
| Fines and forfeitures | - | - | - |
| Interest revenue | - | - | - |
| Other revenue | 141,635 | 145,858 | 4,223 |
| Total revenues | 616,539 | 822,800 | 206,261 |
| Expenditures | | | |
| Judicial | - | - | - |
| General government | - | - | - |
| Public safety | - | - | - |
| Public works | - | - | - |
| Health and welfare | - | - | - |
| Recreation and cultural | 1,459,226 | 1,369,049 | (90,177) |
| Community development | - | - | - |
| Total expenditures | 1,459,226 | 1,369,049 | (90,177) |
| Revenues over (under) expenditures | (842,687) | (546,249) | 296,438 |
| Other financing sources (uses) | | | |
| Issuance of long-term debt | 30,484 | 30,483 | (1) |
| Proceeds from sales of capital assets | 26,940 | 26,940 | - |
| Transfers in | 839,340 | 895,374 | 56,034 |
| Transfers out | (289,867) | (289,866) | (1) |
| Total other financing sources (uses) | 606,897 | 662,931 | 56,034 |
| Net change in fund balances | (235,790) | 116,682 | 352,472 |
| Fund balances, beginning of year | 299,998 | 299,998 | - |
| Fund balances, end of year | \$ 64,208 | \$ 416,680 | \$ 352,472 |

| Parks Environmental Affairs (2082) | | | Parks and Recreation Grant (2085) | | |
|------------------------------------|-------------------|---------------------|-----------------------------------|------------------|---------------------|
| Amended Budget | Actual | Over (Under) Budget | Amended Budget | Actual | Over (Under) Budget |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - | - |
| - | - | - | 46,600 | 313,682 | 267,082 |
| 4,000 | 6,213 | 2,213 | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | 276,000 | - | (276,000) |
| <u>4,000</u> | <u>6,213</u> | <u>2,213</u> | <u>322,600</u> | <u>313,682</u> | <u>(8,918)</u> |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 213,509 | 198,157 | (15,352) | 603,367 | 594,448 | (8,919) |
| - | - | - | - | - | - |
| <u>213,509</u> | <u>198,157</u> | <u>(15,352)</u> | <u>603,367</u> | <u>594,448</u> | <u>(8,919)</u> |
| <u>(209,509)</u> | <u>(191,944)</u> | <u>17,565</u> | <u>(280,767)</u> | <u>(280,766)</u> | <u>1</u> |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | 280,767 | 280,766 | (1) |
| <u>(88,000)</u> | <u>(87,996)</u> | <u>(4)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>(88,000)</u> | <u>(87,996)</u> | <u>4</u> | <u>280,767</u> | <u>280,766</u> | <u>(1)</u> |
| (297,509) | (279,940) | 17,569 | - | - | - |
| <u>478,244</u> | <u>478,244</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>\$ 180,735</u> | <u>\$ 198,304</u> | <u>\$ 17,569</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, 2016

| | Parks Millage (2087) | | |
|---|----------------------|------------------|---------------------|
| | Amended Budget | Actual | Over (Under) Budget |
| Revenues | | | |
| Property taxes | \$ 807,468 | \$ 747,810 | \$ (59,658) |
| Licenses and permits | - | - | - |
| Intergovernmental revenue | - | - | - |
| Charges for services | - | - | - |
| Fines and forfeitures | - | - | - |
| Interest revenue | - | - | - |
| Other revenue | - | - | - |
| Total revenues | 807,468 | 747,810 | (59,658) |
| Expenditures | | | |
| Judicial | - | - | - |
| General government | - | - | - |
| Public safety | - | - | - |
| Public works | - | - | - |
| Health and welfare | - | - | - |
| Recreation and cultural | - | - | - |
| Community development | - | - | - |
| Total expenditures | - | - | - |
| Revenues over (under) expenditures | 807,468 | 747,810 | (59,658) |
| Other financing sources (uses) | | | |
| Issuance of long-term debt | - | - | - |
| Proceeds from sales of capital assets | - | - | - |
| Transfers in | - | - | - |
| Transfers out | (895,375) | (895,374) | (1) |
| Total other financing sources (uses) | (895,375) | (895,374) | 1 |
| Net change in fund balances | (87,907) | (147,564) | (59,657) |
| Fund balances, beginning of year | 160,015 | 160,015 | - |
| Fund balances, end of year | \$ 72,108 | \$ 12,451 | \$ (59,657) |



| Historical Association Loan Fund (2110) | | | Berrien Community Foundation (2130) | | |
|---|------------|---------------------|-------------------------------------|-----------|---------------------|
| Amended Budget | Actual | Over (Under) Budget | Amended Budget | Actual | Over (Under) Budget |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | 80,548 | 74,329 | (6,219) |
| - | - | - | 80,548 | 74,329 | (6,219) |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | 79,548 | 43,491 | (36,057) |
| - | - | - | - | - | - |
| - | - | - | 2,500 | 2,500 | - |
| - | - | - | - | - | - |
| - | - | - | 82,048 | 45,991 | (36,057) |
| - | - | - | (1,500) | 28,338 | 29,838 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | (5,767) | - | (5,767) |
| - | - | - | (5,767) | - | 5,767 |
| - | - | - | (7,267) | 28,338 | 35,605 |
| 150,000 | 150,000 | - | 22,594 | 22,594 | - |
| \$ 150,000 | \$ 150,000 | \$ - | \$ 15,327 | \$ 50,932 | \$ 35,605 |

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, 2016

| | Friend of the Court (2150) | | |
|---|----------------------------|-------------------|---------------------|
| | Amended Budget | Actual | Over (Under) Budget |
| Revenues | | | |
| Property taxes | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - |
| Intergovernmental revenue | 2,042,875 | 1,947,161 | (95,714) |
| Charges for services | 263,000 | 217,700 | (45,300) |
| Fines and forfeitures | - | - | - |
| Interest revenue | - | - | - |
| Other revenue | 76,000 | 107,322 | 31,322 |
| Total revenues | 2,381,875 | 2,272,183 | (109,692) |
| Expenditures | | | |
| Judicial | 3,264,258 | 3,103,738 | (160,520) |
| General government | - | - | - |
| Public safety | - | - | - |
| Public works | - | - | - |
| Health and welfare | - | - | - |
| Recreation and cultural | - | - | - |
| Community development | - | - | - |
| Total expenditures | 3,264,258 | 3,103,738 | (160,520) |
| Revenues over (under) expenditures | (882,383) | (831,555) | 50,828 |
| Other financing sources (uses) | | | |
| Issuance of long-term debt | - | - | - |
| Proceeds from sales of capital assets | - | - | - |
| Transfers in | 909,883 | 909,888 | 5 |
| Transfers out | (27,500) | (24,080) | (3,420) |
| Total other financing sources (uses) | 882,383 | 885,808 | 3,425 |
| Net change in fund balances | - | 54,253 | 54,253 |
| Fund balances, beginning of year | 206,580 | 206,580 | - |
| Fund balances, end of year | \$ 206,580 | \$ 260,833 | \$ 54,253 |

| Family Counseling Services (2155) | | | Health Department (2210) | | |
|-----------------------------------|------------|---------------------|--------------------------|------------|---------------------|
| Amended Budget | Actual | Over (Under) Budget | Amended Budget | Actual | Over (Under) Budget |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 20,000 | 19,695 | (305) | 292,500 | 305,410 | 12,910 |
| - | - | - | 395,178 | 397,828 | 2,650 |
| - | - | - | 54,584 | 46,147 | (8,437) |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | 225 | 225 | 2,706,976 | 2,421,213 | (285,763) |
| 20,000 | 19,920 | (80) | 3,449,238 | 3,170,598 | (278,640) |
| 45,000 | 32,624 | (12,376) | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | 4,451,505 | 4,006,426 | (445,079) |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 45,000 | 32,624 | (12,376) | 4,451,505 | 4,006,426 | (445,079) |
| (25,000) | (12,704) | 12,296 | (1,002,267) | (835,828) | 166,439 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | 1,468,366 | 1,098,650 | (369,716) |
| - | - | - | (1,125,440) | (151,622) | (973,818) |
| - | - | - | 342,926 | 947,028 | 604,102 |
| (25,000) | (12,704) | 12,296 | (659,341) | 111,200 | 770,541 |
| 150,934 | 150,934 | - | 605,826 | 605,826 | - |
| \$ 125,934 | \$ 138,230 | \$ 12,296 | \$ (53,515) | \$ 717,026 | \$ 770,541 |

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, 2016

| | 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 | <u>-</u> | <u>-</u> | <u>-</u> |
| Expenditures | | | |
| Judicial | - | - | - |
| General government | - | - | - |
| Public safety | - | - | - |
| Public works | - | - | - |
| Health and welfare | - | - | - |
| Recreation and cultural | - | - | - |
| Community development | - | - | - |
| Total expenditures | <u>-</u> | <u>-</u> | <u>-</u> |
| Revenues over (under) expenditures | <u>-</u> | <u>-</u> | <u>-</u> |
| Other financing sources (uses) | | | |
| Issuance of long-term debt | - | - | - |
| Proceeds from sales of capital assets | - | - | - |
| Transfers in | - | - | - |
| Transfers out | (120,759) | (120,759) | - |
| Total other financing sources (uses) | <u>(120,759)</u> | <u>(120,759)</u> | <u>-</u> |
| Net change in fund balances | <u>(120,759)</u> | <u>(120,759)</u> | <u>-</u> |
| Fund balances, beginning of year | <u>120,759</u> | <u>120,759</u> | <u>-</u> |
| Fund balances, end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

| Health Department Grants (2215) | | | Berrien County Landfill Use (2270) | | |
|---------------------------------|-------------------|---------------------|------------------------------------|--------------------|---------------------|
| Amended Budget | Actual | Over (Under) Budget | Amended Budget | Actual | Over (Under) Budget |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - | - |
| 3,672,104 | 3,482,929 | (189,175) | - | - | - |
| 302,746 | 291,058 | (11,688) | 291,795 | 788,660 | 496,865 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 635,630 | 495,240 | (140,390) | - | - | - |
| <u>4,610,480</u> | <u>4,269,227</u> | <u>(341,253)</u> | <u>291,795</u> | <u>788,660</u> | <u>496,865</u> |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | 243,795 | 243,796 | 1 |
| 6,340,994 | 5,266,866 | (1,074,128) | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>6,340,994</u> | <u>5,266,866</u> | <u>(1,074,128)</u> | <u>243,795</u> | <u>243,796</u> | <u>1</u> |
| <u>(1,730,514)</u> | <u>(997,639)</u> | <u>732,875</u> | <u>48,000</u> | <u>544,864</u> | <u>496,864</u> |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 1,722,903 | 1,100,604 | (622,299) | - | - | - |
| - | - | - | (1,426,701) | (1,426,700) | (1) |
| <u>1,722,903</u> | <u>1,100,604</u> | <u>(622,299)</u> | <u>(1,426,701)</u> | <u>(1,426,700)</u> | <u>1</u> |
| (7,611) | 102,965 | 110,576 | (1,378,701) | (881,836) | 496,865 |
| <u>444,362</u> | <u>444,362</u> | <u>-</u> | <u>1,197,062</u> | <u>1,197,062</u> | <u>-</u> |
| <u>\$ 436,751</u> | <u>\$ 547,327</u> | <u>\$ 110,576</u> | <u>\$ (181,639)</u> | <u>\$ 315,226</u> | <u>\$ 496,865</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, 2016

| | EDC Grants and Programs (2445) | | |
|---|--------------------------------|------------------|------------------------|
| | Amended Budget | Actual | Over (Under) Budget |
| Revenues | | | |
| Property taxes | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - |
| Intergovernmental revenue | 503,914 | 278,735 | (225,179) |
| Charges for services | - | - | - |
| Fines and forfeitures | - | - | - |
| Interest revenue | - | - | - |
| Other revenue | 9,700 | 9,746 | 46 |
| Total revenues | 513,614 | 288,481 | (225,133) |
| Expenditures | | | |
| Judicial | - | - | - |
| General government | - | - | - |
| Public safety | - | - | - |
| Public works | - | - | - |
| Health and welfare | - | - | - |
| Recreation and cultural | - | - | - |
| Community development | 592,260 | 358,791 | (233,469) |
| Total expenditures | 592,260 | 358,791 | (233,469) |
| Revenues over (under) expenditures | (78,646) | (70,310) | 8,336 |
| Other financing sources (uses) | | | |
| Issuance of long-term debt | - | - | - |
| Proceeds from sales of capital assets | - | - | - |
| Transfers in | 78,646 | 80,056 | 1,410 |
| Transfers out | - | - | - |
| Total other financing sources (uses) | 78,646 | 80,056 | 1,410 |
| Net change in fund balances | - | 9,746 | 9,746 |
| Fund balances, beginning of year | 3,392 | 3,392 | - |
| Fund balances, end of year | \$ 3,392 | \$ 13,138 | \$ 9,746 |

| 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 |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 152,000 | 189,493 | 37,493 | 215,255 | 215,250 | (5) |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>152,000</u> | <u>189,493</u> | <u>37,493</u> | <u>215,255</u> | <u>215,250</u> | <u>(5)</u> |
| - | - | - | - | - | - |
| 236,360 | 216,882 | (19,478) | 39,909 | 39,906 | (3) |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>236,360</u> | <u>216,882</u> | <u>(19,478)</u> | <u>39,909</u> | <u>39,906</u> | <u>(3)</u> |
| <u>(84,360)</u> | <u>(27,389)</u> | <u>56,971</u> | <u>175,346</u> | <u>175,344</u> | <u>(2)</u> |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | (175,346) | (175,345) | (1) |
| - | - | - | (175,346) | (175,345) | 1 |
| (84,360) | (27,389) | 56,971 | - | (1) | (1) |
| <u>84,362</u> | <u>84,362</u> | <u>-</u> | <u>13,000</u> | <u>13,000</u> | <u>-</u> |
| <u>\$ 2</u> | <u>\$ 56,973</u> | <u>\$ 56,971</u> | <u>\$ 13,000</u> | <u>\$ 12,999</u> | <u>\$ (1)</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, 2016

| | Homestead Audit Administration (2590) | | |
|---|---------------------------------------|-------------------|---------------------|
| | Amended Budget | Actual | Over (Under) Budget |
| Revenues | | | |
| Property taxes | \$ 87,350 | \$ 52,569 | \$ (34,781) |
| Licenses and permits | - | - | - |
| Intergovernmental revenue | - | - | - |
| Charges for services | - | - | - |
| Fines and forfeitures | - | - | - |
| Interest revenue | 1,800 | 1,785 | (15) |
| Other revenue | - | - | - |
| Total revenues | 89,150 | 54,354 | (34,796) |
| Expenditures | | | |
| Judicial | - | - | - |
| General government | 59,976 | 58,787 | (1,189) |
| Public safety | - | - | - |
| Public works | - | - | - |
| Health and welfare | - | - | - |
| Recreation and cultural | - | - | - |
| Community development | - | - | - |
| Total expenditures | 59,976 | 58,787 | (1,189) |
| Revenues over (under) expenditures | 29,174 | (4,433) | (33,607) |
| Other financing sources (uses) | | | |
| Issuance of long-term debt | - | - | - |
| Proceeds from sales of capital assets | - | - | - |
| Transfers in | - | - | - |
| Transfers out | (10,000) | (10,000) | - |
| Total other financing sources (uses) | (10,000) | (10,000) | - |
| Net change in fund balances | 19,174 | (14,433) | (33,607) |
| Fund balances, beginning of year | 324,730 | 324,730 | - |
| Fund balances, end of year | \$ 343,904 | \$ 310,297 | \$ (33,607) |

| Law Enforcement Funds (various #s) | | | Concealed Pistol Licensing (2630) | | |
|------------------------------------|---------------------|---------------------|-----------------------------------|------------------|---------------------|
| Amended Budget | Actual | Over (Under) Budget | Amended Budget | Actual | Over (Under) Budget |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | 39,000 | 61,236 | 22,236 |
| 894,189 | 855,633 | (38,556) | - | - | - |
| 2,255,710 | 2,227,690 | (28,020) | - | - | - |
| 9,600 | 4,730 | (4,870) | - | - | - |
| - | 238 | 238 | - | - | - |
| 227,222 | 244,143 | 16,921 | - | - | - |
| <u>3,386,721</u> | <u>3,332,434</u> | <u>(54,287)</u> | <u>39,000</u> | <u>61,236</u> | <u>22,236</u> |
| - | - | - | - | - | - |
| 820,679 | 804,506 | (16,173) | 9,135 | 7,809 | (1,326) |
| 5,364,554 | 4,858,177 | (506,377) | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>6,185,233</u> | <u>5,662,683</u> | <u>(522,550)</u> | <u>9,135</u> | <u>7,809</u> | <u>(1,326)</u> |
| <u>(2,798,512)</u> | <u>(2,330,249)</u> | <u>468,263</u> | <u>29,865</u> | <u>53,427</u> | <u>23,562</u> |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 2,605,530 | 2,544,382 | (61,148) | - | - | - |
| (19,894) | (17,073) | (2,821) | - | - | - |
| <u>2,585,636</u> | <u>2,527,309</u> | <u>(58,327)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| (212,876) | 197,060 | 409,936 | 29,865 | 53,427 | 23,562 |
| <u>1,587,625</u> | <u>1,587,625</u> | <u>-</u> | <u>20,127</u> | <u>20,127</u> | <u>-</u> |
| <u>\$ 1,374,749</u> | <u>\$ 1,784,685</u> | <u>\$ 409,936</u> | <u>\$ 49,992</u> | <u>\$ 73,554</u> | <u>\$ 23,562</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, 2016

| | Public Safety Cigarette Tax (2665) | | |
|---|------------------------------------|---------------|------------------------|
| | Amended Budget | Actual | Over (Under) Budget |
| Revenues | | | |
| Property taxes | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - |
| Intergovernmental revenue | 15,837 | 22,985 | 7,148 |
| Charges for services | - | - | - |
| Fines and forfeitures | - | - | - |
| Interest revenue | - | - | - |
| Other revenue | - | - | - |
| Total revenues | 15,837 | 22,985 | 7,148 |
| Expenditures | | | |
| Judicial | - | - | - |
| General government | - | - | - |
| Public safety | 15,837 | 12,985 | (2,852) |
| Public works | - | - | - |
| Health and welfare | - | - | - |
| Recreation and cultural | - | - | - |
| Community development | - | - | - |
| Total expenditures | 15,837 | 12,985 | (2,852) |
| Revenues over (under) expenditures | - | 10,000 | 10,000 |
| Other financing sources (uses) | | | |
| Issuance of long-term debt | - | - | - |
| Proceeds from sales of capital assets | - | - | - |
| Transfers in | - | - | - |
| Transfers out | - | - | - |
| Total other financing sources (uses) | - | - | - |
| Net change in fund balances | - | 10,000 | 10,000 |
| Fund balances, beginning of year | 55,925 | 55,925 | - |
| Fund balances, end of year | \$ 55,925 | \$ 65,925 | \$ 10,000 |

| Animal Control Grant and Program (2675) | | | County Law Library (2690) | | |
|---|-----------|---------------------|---------------------------|-----------|---------------------|
| Amended Budget | Actual | Over (Under) Budget | Amended Budget | Actual | Over (Under) Budget |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 19,435 | 26,166 | 6,731 | - | 6,500 | 6,500 |
| 19,435 | 26,166 | 6,731 | - | 6,500 | 6,500 |
| - | - | - | 83,510 | 72,022 | (11,488) |
| - | - | - | - | - | - |
| 25,200 | 17,869 | (7,331) | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 25,200 | 17,869 | (7,331) | 83,510 | 72,022 | (11,488) |
| (5,765) | 8,297 | 14,062 | (83,510) | (65,522) | 17,988 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | 83,510 | 83,508 | (2) |
| - | - | - | - | - | - |
| - | - | - | 83,510 | 83,508 | (2) |
| (5,765) | 8,297 | 14,062 | - | 17,986 | 17,986 |
| 12,406 | 12,406 | - | 24,544 | 24,544 | - |
| \$ 6,641 | \$ 20,703 | \$ 14,062 | \$ 24,544 | \$ 42,530 | \$ 17,986 |

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, 2016

| | Small Bus Program (2810) | | |
|---|--------------------------|-------------------|---------------------|
| | Amended Budget | Actual | Over (Under) Budget |
| Revenues | | | |
| Property taxes | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - |
| Intergovernmental revenue | 609,879 | 548,412 | (61,467) |
| Charges for services | 353,600 | 432,669 | 79,069 |
| Fines and forfeitures | - | - | - |
| Interest revenue | 2,000 | 149 | (1,851) |
| Other revenue | 38,330 | 43,387 | 5,057 |
| Total revenues | 1,003,809 | 1,024,617 | 20,808 |
| Expenditures | | | |
| Judicial | - | - | - |
| General government | - | - | - |
| Public safety | - | - | - |
| Public works | - | - | - |
| Health and welfare | - | - | - |
| Recreation and cultural | - | - | - |
| Community development | 1,203,320 | 1,126,810 | (76,510) |
| Total expenditures | 1,203,320 | 1,126,810 | (76,510) |
| Revenues over (under) expenditures | (199,511) | (102,193) | 97,318 |
| Other financing sources (uses) | | | |
| Issuance of long-term debt | - | - | - |
| Proceeds from sales of capital assets | - | - | - |
| Transfers in | - | - | - |
| Transfers out | - | - | - |
| Total other financing sources (uses) | - | - | - |
| Net change in fund balances | (199,511) | (102,193) | 97,318 |
| Fund balances, beginning of year | 477,934 | 477,934 | - |
| Fund balances, end of year | \$ 278,423 | \$ 375,741 | \$ 97,318 |

| Berrien Bus Grant and Program (2815) | | | Four Winds Casino Revenue Sharing (2851) | | |
|--------------------------------------|--------|---------------------|--|------------|---------------------|
| Amended Budget | Actual | Over (Under) Budget | Amended Budget | Actual | Over (Under) Budget |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | 245,000 | 221,271 | (23,729) |
| - | - | - | 245,000 | 221,271 | (23,729) |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | 245,000 | 221,271 | (23,729) |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | (20,000) | (10,000) | (10,000) |
| - | - | - | (20,000) | (10,000) | 10,000 |
| - | - | - | 225,000 | 211,271 | (13,729) |
| - | - | - | 769,614 | 769,614 | - |
| \$ - | \$ - | \$ - | \$ 994,614 | \$ 980,885 | \$ (13,729) |

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, 2016

| | Three Oaks Land Purchase (2860) | | |
|---|---------------------------------|-----------------|---------------------|
| | Amended Budget | Actual | Over (Under) Budget |
| Revenues | | | |
| Property taxes | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - |
| Intergovernmental revenue | - | - | - |
| Charges for services | - | - | - |
| Fines and forfeitures | - | - | - |
| Interest revenue | - | 7,762 | 7,762 |
| Other revenue | - | - | - |
| Total revenues | <u>-</u> | <u>7,762</u> | <u>7,762</u> |
| Expenditures | | | |
| Judicial | - | - | - |
| General government | - | - | - |
| Public safety | - | - | - |
| Public works | - | - | - |
| Health and welfare | - | - | - |
| Recreation and cultural | - | - | - |
| Community development | - | - | - |
| Total expenditures | <u>-</u> | <u>-</u> | <u>-</u> |
| Revenues over (under) expenditures | <u>-</u> | <u>7,762</u> | <u>7,762</u> |
| Other financing sources (uses) | | | |
| Issuance of long-term debt | - | - | - |
| Proceeds from sales of capital assets | - | - | - |
| Transfers in | - | - | - |
| Transfers out | (42,388) | (42,388) | - |
| Total other financing sources (uses) | <u>(42,388)</u> | <u>(42,388)</u> | <u>-</u> |
| Net change in fund balances | <u>(42,388)</u> | <u>(34,626)</u> | <u>7,762</u> |
| Fund balances, beginning of year | <u>34,626</u> | <u>34,626</u> | <u>-</u> |
| Fund balances, end of year | <u>\$ (7,762)</u> | <u>\$ -</u> | <u>\$ 7,762</u> |

| Campaign Finance Administration (2870) | | | Social Services (2900) | | |
|--|------------------|---------------------|------------------------|-------------------|---------------------|
| Amended Budget | Actual | Over (Under) Budget | Amended Budget | Actual | Over (Under) Budget |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 500 | 4,446 | 3,946 | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>500</u> | <u>4,446</u> | <u>3,946</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| - | - | - | - | - | - |
| 3,152 | 3,103 | (49) | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | 22,187 | 16,641 | (5,546) |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>3,152</u> | <u>3,103</u> | <u>(49)</u> | <u>22,187</u> | <u>16,641</u> | <u>(5,546)</u> |
| <u>(2,652)</u> | <u>1,343</u> | <u>3,995</u> | <u>(22,187)</u> | <u>(16,641)</u> | <u>5,546</u> |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | 22,055 | 22,056 | 1 |
| - | - | - | - | - | - |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>22,055</u> | <u>22,056</u> | <u>1</u> |
| (2,652) | 1,343 | 3,995 | (132) | 5,415 | 5,547 |
| <u>8,739</u> | <u>8,739</u> | <u>-</u> | <u>105,679</u> | <u>105,679</u> | <u>-</u> |
| <u>\$ 6,087</u> | <u>\$ 10,082</u> | <u>\$ 3,995</u> | <u>\$ 105,547</u> | <u>\$ 111,094</u> | <u>\$ 5,547</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, 2016

| | Child Care Probate (2920) | | |
|---|---------------------------|---------------------|---------------------|
| | Amended Budget | Actual | Over (Under) Budget |
| Revenues | | | |
| Property taxes | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - |
| Intergovernmental revenue | 3,970,070 | 3,581,324 | (388,746) |
| Charges for services | 253 | 196 | (57) |
| Fines and forfeitures | - | - | - |
| Interest revenue | - | - | - |
| Other revenue | 189,093 | 184,474 | (4,619) |
| Total revenues | 4,159,416 | 3,765,994 | (393,422) |
| Expenditures | | | |
| Judicial | - | - | - |
| General government | - | - | - |
| Public safety | - | - | - |
| Public works | - | - | - |
| Health and welfare | 9,155,861 | 8,211,712 | (944,149) |
| Recreation and cultural | - | - | - |
| Community development | - | - | - |
| Total expenditures | 9,155,861 | 8,211,712 | (944,149) |
| Revenues over (under) expenditures | (4,996,445) | (4,445,718) | 550,727 |
| Other financing sources (uses) | | | |
| Issuance of long-term debt | - | - | - |
| Proceeds from sales of capital assets | - | - | - |
| Transfers in | 4,314,519 | 4,314,519 | - |
| Transfers out | - | - | - |
| Total other financing sources (uses) | 4,314,519 | 4,314,519 | - |
| Net change in fund balances | (681,926) | (131,199) | 550,727 |
| Fund balances, beginning of year | 1,199,088 | 1,199,088 | - |
| Fund balances, end of year | \$ 517,162 | \$ 1,067,889 | \$ 550,727 |

| Child Care Social Services (2921) | | | Generous Juror Program (2925) | | |
|-----------------------------------|-------------------|---------------------|-------------------------------|------------------|---------------------|
| Amended Budget | Actual | Over (Under) Budget | Amended Budget | Actual | Over (Under) Budget |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - | - |
| 646,207 | 388,164 | (258,043) | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 52,200 | 41,341 | (10,859) | 6,000 | 8,910 | 2,910 |
| <u>698,407</u> | <u>429,505</u> | <u>(268,902)</u> | <u>6,000</u> | <u>8,910</u> | <u>2,910</u> |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 1,344,615 | 819,108 | (525,507) | 6,000 | 1,088 | (4,912) |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>1,344,615</u> | <u>819,108</u> | <u>(525,507)</u> | <u>6,000</u> | <u>1,088</u> | <u>(4,912)</u> |
| <u>(646,208)</u> | <u>(389,603)</u> | <u>256,605</u> | <u>-</u> | <u>7,822</u> | <u>7,822</u> |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 646,208 | 646,208 | - | - | - | - |
| - | - | - | - | - | - |
| <u>646,208</u> | <u>646,208</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| - | 256,605 | 256,605 | - | 7,822 | 7,822 |
| <u>630,019</u> | <u>630,019</u> | <u>-</u> | <u>17,575</u> | <u>17,575</u> | <u>-</u> |
| <u>\$ 630,019</u> | <u>\$ 886,624</u> | <u>\$ 256,605</u> | <u>\$ 17,575</u> | <u>\$ 25,397</u> | <u>\$ 7,822</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, 2016

| | Soldiers and Sailors Relief (2930) | | |
|---|------------------------------------|-----------------|---------------------|
| | 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 | 1,080 | 1,074 | (6) |
| Recreation and cultural | - | - | - |
| Community development | - | - | - |
| Total expenditures | 1,080 | 1,074 | (6) |
| Revenues over (under) expenditures | (1,080) | (1,074) | 6 |
| Other financing sources (uses) | | | |
| Issuance of long-term debt | - | - | - |
| Proceeds from sales of capital assets | - | - | - |
| Transfers in | - | - | - |
| Transfers out | - | - | - |
| Total other financing sources (uses) | - | - | - |
| Net change in fund balances | (1,080) | (1,074) | 6 |
| Fund balances, beginning of year | 2,156 | 2,156 | - |
| Fund balances, end of year | \$ 1,076 | \$ 1,082 | \$ 6 |

| Veteran's Trust (2940) | | | Board of Public Works (2960) | | |
|------------------------|-----------------|---------------------|------------------------------|------------------|---------------------|
| Amended Budget | Actual | Over (Under) Budget | Amended Budget | Actual | Over (Under) Budget |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - | - |
| 35,327 | 16,364 | (18,963) | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>35,327</u> | <u>16,364</u> | <u>(18,963)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 35,327 | 16,535 | (18,792) | 13,314 | 13,311 | (3) |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>35,327</u> | <u>16,535</u> | <u>(18,792)</u> | <u>13,314</u> | <u>13,311</u> | <u>(3)</u> |
| - | (171) | (171) | (13,314) | (13,311) | 3 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | (171) | (171) | (13,314) | (13,311) | 3 |
| <u>2,218</u> | <u>2,218</u> | <u>-</u> | <u>111,117</u> | <u>111,117</u> | <u>-</u> |
| <u>\$ 2,218</u> | <u>\$ 2,047</u> | <u>\$ (171)</u> | <u>\$ 97,803</u> | <u>\$ 97,806</u> | <u>\$ 3</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, 2016

| | Total Nonmajor Special Revenue Funds | | |
|---|--------------------------------------|---------------------|---------------------|
| | Amended Budget | Actual | Over (Under) Budget |
| Revenues | | | |
| Property taxes | \$ 894,818 | \$ 800,379 | \$ (94,439) |
| Licenses and permits | 351,500 | 386,341 | 34,841 |
| Intergovernmental revenue | 12,832,180 | 11,833,217 | (998,963) |
| Charges for services | 4,368,347 | 5,096,464 | 728,117 |
| Fines and forfeitures | 9,600 | 4,730 | (4,870) |
| Interest revenue | 3,800 | 9,934 | 6,134 |
| Other revenue | 4,703,769 | 4,030,125 | (673,644) |
| Total revenues | <u>23,164,014</u> | <u>22,161,190</u> | <u>(1,002,824)</u> |
| Expenditures | | | |
| Judicial | 3,392,768 | 3,208,384 | (184,384) |
| General government | 1,169,211 | 1,130,993 | (38,218) |
| Public safety | 5,485,139 | 4,932,522 | (552,617) |
| Public works | 257,109 | 257,107 | (2) |
| Health and welfare | 21,357,569 | 18,339,450 | (3,018,119) |
| Recreation and cultural | 2,278,602 | 2,164,154 | (114,448) |
| Community development | 1,795,580 | 1,485,601 | (309,979) |
| Total expenditures | <u>35,735,978</u> | <u>31,518,211</u> | <u>(4,217,767)</u> |
| Revenues over (under) expenditures | <u>(12,571,964)</u> | <u>(9,357,021)</u> | <u>3,214,943</u> |
| Other financing sources (uses) | | | |
| Issuance of long-term debt | 30,484 | 30,483 | (1) |
| Proceeds from sales of capital assets | 26,940 | 26,940 | - |
| Transfers in | 12,971,727 | 11,976,011 | (995,716) |
| Transfers out | (4,247,037) | (3,251,203) | (995,834) |
| Total other financing sources (uses) | <u>8,782,114</u> | <u>8,782,231</u> | <u>117</u> |
| Net change in fund balances | <u>(3,789,850)</u> | <u>(574,790)</u> | <u>3,215,060</u> |
| Fund balances, beginning of year | <u>9,207,915</u> | <u>9,321,250</u> | <u>113,335</u> |
| Fund balances, end of year | <u>\$ 5,418,065</u> | <u>\$ 8,746,460</u> | <u>\$ 3,328,395</u> |

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COUNTY OF BERRIEN, MICHIGAN

Combining Balance Sheet

Nonmajor Capital Projects Funds

December 31, 2016

| | Capital Improvement (2450) & (4010) | Vehicle / Equipment Replacement (4020) | Capital Reserve (4030) |
|--|--|---|---------------------------|
| Assets | | | |
| Cash and cash equivalents | \$ 5,701,602 | \$ 525,714 | \$ - |
| Liabilities | | | |
| Accounts payable | \$ 69,250 | \$ - | \$ - |
| Fund balances | | | |
| Committed | 5,632,352 | 525,714 | - |
| Total liabilities and fund balances | \$ 5,701,602 | \$ 525,714 | \$ - |



| Animal Shelter (4130) | Total |
|--------------------------|---------------------|
| <u>\$ -</u> | <u>\$ 6,227,316</u> |
| \$ - | \$ 69,250 |
| <u>-</u> | <u>6,158,066</u> |
| <u>\$ -</u> | <u>\$ 6,227,316</u> |

COUNTY OF BERRIEN, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Capital Projects Funds

For the Year Ended December 31, 2016

| | Capital Improvement (2450) & (4010) | Vehicle / Equipment Replacement (4020) | Capital Reserve (4030) |
|---|--|---|---------------------------|
| Revenues | | | |
| Interest revenue | \$ - | \$ - | \$ - |
| Other revenue | - | - | - |
| Total revenues | <u>-</u> | <u>-</u> | <u>-</u> |
| Expenditures | | | |
| Current expenditures: | | | |
| Judicial | 42,189 | - | - |
| General government | 2,940,251 | 24,888 | - |
| Public safety | 475,720 | 305,917 | - |
| Health and welfare | 143,078 | 22,423 | - |
| Total expenditures | <u>3,601,238</u> | <u>353,228</u> | <u>-</u> |
| Revenues over (under) expenditures | <u>(3,601,238)</u> | <u>(353,228)</u> | <u>-</u> |
| Other financing sources (uses) | | | |
| Transfers in | 5,992,913 | 600,000 | 1,378,700 |
| Transfers out | - | - | (1,782,351) |
| Total other financing sources (uses) | <u>5,992,913</u> | <u>600,000</u> | <u>(403,651)</u> |
| Net change in fund balances | 2,391,675 | 246,772 | (403,651) |
| Fund balances, beginning of year | <u>3,240,677</u> | <u>278,942</u> | <u>403,651</u> |
| Fund balances, end of year | <u>\$ 5,632,352</u> | <u>\$ 525,714</u> | <u>\$ -</u> |



| Animal Shelter (4130) | Total |
|--------------------------|---------------------|
| \$ 1,734 | \$ 1,734 |
| 1,527 | 1,527 |
| <u>3,261</u> | <u>3,261</u> |
| - | 42,189 |
| - | 2,965,139 |
| - | 781,637 |
| - | 165,501 |
| <u>-</u> | <u>3,954,466</u> |
| <u>3,261</u> | <u>(3,951,205)</u> |
| - | 7,971,613 |
| <u>(510,561)</u> | <u>(2,292,912)</u> |
| <u>(510,561)</u> | <u>5,678,701</u> |
| (507,300) | 1,727,496 |
| <u>507,300</u> | <u>4,430,570</u> |
| <u>\$ -</u> | <u>\$ 6,158,066</u> |

COUNTY OF BERRIEN, MICHIGAN

Combining Statement of Net Position

Nonmajor Enterprise Funds

December 31, 2016

| | Delinquent Tax Foreclosure (5180) | Delinquent Personal Property Tax (5190) | Drain Working Capital (6390) |
|---|---|--|------------------------------------|
| Assets | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 216,393 | \$ - | \$ 348,815 |
| Investments | - | 140,814 | - |
| Receivables: | | | |
| Accounts receivable | - | 143,716 | - |
| Taxes receivable, delinquent | - | 297,251 | - |
| Leases receivable, current | - | - | - |
| Due from other governments | - | - | - |
| Inventories | - | - | 37,630 |
| Total current assets | <u>216,393</u> | <u>581,781</u> | <u>386,445</u> |
| Noncurrent assets: | | | |
| Leases receivable, net of current portion | - | - | - |
| Capital assets being depreciated, net | - | - | 59,934 |
| Total noncurrent assets | <u>-</u> | <u>-</u> | <u>59,934</u> |
| Total assets | <u>216,393</u> | <u>581,781</u> | <u>446,379</u> |
| Liabilities | | | |
| Current liabilities: | | | |
| Accounts payable | 141,690 | - | - |
| Accrued expenses | 3,376 | 540 | - |
| Due to other governments | - | 357,781 | - |
| Interfund payable | - | 79,748 | - |
| Current portion of long-term debt | - | - | - |
| Total current liabilities | <u>145,066</u> | <u>438,069</u> | <u>-</u> |
| Long-term liabilities - | | | |
| Due in more than one year | <u>-</u> | <u>-</u> | <u>-</u> |
| Total liabilities | <u>145,066</u> | <u>438,069</u> | <u>-</u> |
| Net position | | | |
| Investment in capital assets | - | - | 59,934 |
| Unrestricted | <u>71,327</u> | <u>143,712</u> | <u>386,445</u> |
| Total net position | <u>\$ 71,327</u> | <u>\$ 143,712</u> | <u>\$ 446,379</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) | Oronoko Township Water / Sewer System No. 31 (5763) | Total |
|--|--|--|---|---|---|-------------------|
| \$ 7,673 | \$ 2 | \$ 8,838 | \$ 1,535 | \$ 50 | \$ 5,671 | \$ 588,977 |
| - | - | - | - | - | - | 140,814 |
| - | - | - | - | - | - | 143,716 |
| - | - | - | - | - | - | 297,251 |
| - | 125,000 | 30,000 | 70,000 | 114,523 | 36,000 | 375,523 |
| - | - | - | - | - | 28,700 | 28,700 |
| - | - | - | - | - | - | 37,630 |
| <u>7,673</u> | <u>125,002</u> | <u>38,838</u> | <u>71,535</u> | <u>114,573</u> | <u>70,371</u> | <u>1,612,611</u> |
| - | 248,513 | 87,324 | 1,105,701 | 2,546,214 | 2,418,680 | 6,406,432 |
| - | - | - | - | - | - | 59,934 |
| - | <u>248,513</u> | <u>87,324</u> | <u>1,105,701</u> | <u>2,546,214</u> | <u>2,418,680</u> | <u>6,466,366</u> |
| <u>7,673</u> | <u>373,515</u> | <u>126,162</u> | <u>1,177,236</u> | <u>2,660,787</u> | <u>2,489,051</u> | <u>8,078,977</u> |
| 7,671 | - | - | - | - | 28,676 | 178,037 |
| - | 3,515 | 1,162 | 7,312 | 22,942 | 30,375 | 69,222 |
| 2 | - | - | - | - | - | 357,783 |
| - | - | - | - | - | - | 79,748 |
| - | 125,000 | 30,000 | 70,000 | 114,523 | 36,000 | 375,523 |
| <u>7,673</u> | <u>128,515</u> | <u>31,162</u> | <u>77,312</u> | <u>137,465</u> | <u>95,051</u> | <u>1,060,313</u> |
| - | 245,000 | 95,000 | 1,099,924 | 2,523,322 | 2,394,000 | 6,357,246 |
| <u>7,673</u> | <u>373,515</u> | <u>126,162</u> | <u>1,177,236</u> | <u>2,660,787</u> | <u>2,489,051</u> | <u>7,417,559</u> |
| - | - | - | - | - | - | 59,934 |
| - | - | - | - | - | - | 601,484 |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 661,418</u> |

COUNTY OF BERRIEN, MICHIGAN

Combining Statement of Revenues, Expenses and Changes in Fund Net Position
 Nonmajor Enterprise Funds
 For the Year Ended December 31, 2016

| | Delinquent Tax Foreclosure (5180) | Delinquent Personal Property Tax (5190) | Drain Working Capital (6390) |
|---|---|--|------------------------------------|
| Operating revenues | | | |
| Charges for services | \$ 1,481,891 | \$ 24,286 | \$ 64,944 |
| Intergovernmental revenue | - | - | - |
| Total operating revenue | 1,481,891 | 24,286 | 64,944 |
| Operating expense | | | |
| Operation and maintenance | 2,997,742 | 32,913 | 108,262 |
| Depreciation | - | - | 8,829 |
| Total operating expense | 2,997,742 | 32,913 | 117,091 |
| Operating income (loss) | (1,515,851) | (8,627) | (52,147) |
| Nonoperating revenues (expenses) | | | |
| Interest income | - | 527 | - |
| Interest and fiscal charges | - | - | - |
| Total nonoperating revenues (expenses) | - | 527 | - |
| Loss before transfers | (1,515,851) | (8,100) | (52,147) |
| Transfers in | 750,000 | - | - |
| Transfers out | (80,056) | - | (13,250) |
| Change in net position | (845,907) | (8,100) | (65,397) |
| Net position, beginning of year | 917,234 | 151,812 | 511,776 |
| Net position, end of year | \$ 71,327 | \$ 143,712 | \$ 446,379 |

| 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) | Oronoko Township Water / Sewer System No. 31 (5763) | Total |
|--|--|--|---|---|---|--------------|
| \$ - | \$ 24,171 | \$ 8,149 | \$ 30,557 | \$ 140,349 | \$ 68,333 | \$ 1,842,680 |
| - | - | - | - | - | 134,496 | 134,496 |
| - | 24,171 | 8,149 | 30,557 | 140,349 | 202,829 | 1,977,176 |
| - | - | - | - | 30,701 | 129,362 | 3,298,980 |
| - | - | - | - | - | - | 8,829 |
| - | - | - | - | 30,701 | 129,362 | 3,307,809 |
| - | 24,171 | 8,149 | 30,557 | 109,648 | 73,467 | (1,330,633) |
| - | 2 | 27 | 4 | 50 | 12 | 622 |
| - | (24,173) | (8,176) | (30,561) | (109,698) | (73,479) | (246,087) |
| - | (24,171) | (8,149) | (30,557) | (109,648) | (73,467) | (245,465) |
| - | - | - | - | - | - | (1,576,098) |
| - | - | - | - | - | - | 750,000 |
| - | - | - | - | - | - | (93,306) |
| - | - | - | - | - | - | (919,404) |
| - | - | - | - | - | - | 1,580,822 |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 661,418 |

COUNTY OF BERRIEN, MICHIGAN

Combining Statement of Cash Flows Nonmajor Enterprise Funds For the Year Ended December 31, 2016

| | Delinquent Tax Foreclosure (5180) | Delinquent Personal Property Tax (5190) | Drain Working Capital (6390) |
|---|---|--|------------------------------------|
| Cash flows from operating activities | | | |
| Cash received from customers | \$ 1,481,891 | \$ 24,286 | \$ 64,944 |
| Cash payments to suppliers for goods and services | (2,884,122) | (5,048) | (109,046) |
| Cash payments to employees for services | (162,578) | (32,168) | - |
| Net cash provided by (used in) operating activities | <u>(1,564,809)</u> | <u>(12,930)</u> | <u>(44,102)</u> |
| Cash flows from noncapital financing activities | | | |
| Principal payments | - | - | - |
| Interest payments | - | - | - |
| Transfers in | 750,000 | - | - |
| Transfers out | (80,056) | - | (13,250) |
| Net cash provided by (used in) noncapital financing activities | <u>669,944</u> | <u>-</u> | <u>(13,250)</u> |
| Cash flows from investing activities | | | |
| Proceeds from sale of investments | - | 9,723 | - |
| Interest received | - | 527 | - |
| Amounts collected on leases receivable | - | - | - |
| Net cash provided by investing activities | <u>-</u> | <u>10,250</u> | <u>-</u> |
| Net change in cash and cash equivalents | <u>(894,865)</u> | <u>(2,680)</u> | <u>(57,352)</u> |
| Cash and cash equivalents, beginning of year | <u>1,111,258</u> | <u>2,680</u> | <u>406,167</u> |
| Cash and cash equivalents, end of year | <u>\$ 216,393</u> | <u>\$ -</u> | <u>\$ 348,815</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) | Oronoko Township Water / Sewer System No. 31 (5763) | Total |
|--|--|--|---|---|---|--|
| \$ (7,651) 7,671 - | \$ 24,171 (1,167) - | \$ 8,149 (227) - | \$ 30,557 (438) - | \$ 140,349 (30,809) - | \$ 202,829 (129,729) - | \$ 1,969,525 (3,152,915) (194,746) |
| 20 | 23,004 | 7,922 | 30,119 | 109,540 | 73,100 | (1,378,136) |
| - | (125,000) | (25,000) | (70,000) | (115,000) | (34,000) | (369,000) |
| - | (24,173) | (8,176) | (30,561) | (109,698) | (73,479) | (246,087) |
| - | - | - | - | - | - | 750,000 |
| - | - | - | - | - | - | (93,306) |
| - | (149,173) | (33,176) | (100,561) | (224,698) | (107,479) | 41,607 |
| - | - | - | - | - | - | 9,723 |
| - | 2 | 27 | 4 | 50 | 12 | 622 |
| - | 126,169 | 25,255 | 70,442 | 115,158 | 39,488 | 376,512 |
| - | 126,171 | 25,282 | 70,446 | 115,208 | 39,500 | 386,857 |
| 20 | 2 | 28 | 4 | 50 | 5,121 | (949,672) |
| 7,653 | - | 8,810 | 1,531 | - | 550 | 1,538,649 |
| \$ 7,673 | \$ 2 | \$ 8,838 | \$ 1,535 | \$ 50 | \$ 5,671 | \$ 588,977 |

continued...

COUNTY OF BERRIEN, MICHIGAN

Combining Statement of Cash Flows
 Nonmajor Enterprise Funds
 For the Year Ended December 31, 2016

| | 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) | \$ (1,515,851) | \$ (8,627) | \$ (52,147) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | |
| Depreciation | - | - | 8,829 |
| Amortization of bond discounts | - | - | - |
| Changes in: | | | |
| Accounts receivable | - | (128,976) | - |
| Taxes receivable, delinquent | - | (1,144) | - |
| Due from other governments | - | - | - |
| Inventories | - | - | 4,358 |
| Accounts payable | (50,850) | (15,540) | (5,142) |
| Accrued expenses | 1,892 | (631) | - |
| Due to other governments | - | 62,240 | - |
| Interfund payable | - | 79,748 | - |
| | <u>\$ (1,564,809)</u> | <u>\$ (12,930)</u> | <u>\$ (44,102)</u> |
| Net cash provided by (used in) operating activities | | | |

| 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) | Oronoko Township Water / Sewer System No. 31 (5763) | Total |
|--|--|--|---|---|---|-----------------------|
| \$ - | \$ 24,171 | \$ 8,149 | \$ 30,557 | \$ 109,648 | \$ 73,467 | \$ (1,330,633) |
| - | - | - | - | - | - | 8,829 |
| - | - | - | - | 477 | - | 477 |
| - | - | - | - | - | - | (128,976) |
| - | - | - | - | - | - | (1,144) |
| - | - | - | - | - | 87,804 | 87,804 |
| - | - | - | - | - | - | 4,358 |
| 7,671 | - | - | - | - | (87,828) | (151,689) |
| - | (1,167) | (227) | (438) | (585) | (343) | (1,499) |
| (7,651) | - | - | - | - | - | 54,589 |
| - | - | - | - | - | - | 79,748 |
| <u>\$ 20</u> | <u>\$ 23,004</u> | <u>\$ 7,922</u> | <u>\$ 30,119</u> | <u>\$ 109,540</u> | <u>\$ 73,100</u> | <u>\$ (1,378,136)</u> |

concluded.

COUNTY OF BERRIEN, MICHIGAN

Combining Statement of Net Position

Internal Service Funds

December 31, 2016

| | Property / Liability Insurance (6774) | Workers' Compensation Insurance (6771) | Healthcare Insurance (6772) | Unemployment Insurance (6773) | Total |
|--------------------------------------|--|---|-----------------------------------|-------------------------------------|----------------------------|
| Assets | | | | | |
| Current assets: | | | | | |
| Cash and cash equivalents | \$ 124,042 | \$ 667,182 | \$ 3,260,659 | \$ 154,062 | \$ 4,205,945 |
| Investments | 2,393,577 | - | - | - | 2,393,577 |
| Prepaid items | - | - | 668,721 | - | 668,721 |
| Total current assets | <u>2,517,619</u> | <u>667,182</u> | <u>3,929,380</u> | <u>154,062</u> | <u>7,268,243</u> |
| Noncurrent assets - | | | | | |
| Restricted cash | <u>2,797,234</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,797,234</u> |
| Total assets | 5,314,853 | 667,182 | 3,929,380 | 154,062 | 10,065,477 |
| Liabilities | | | | | |
| Current liabilities - | | | | | |
| Accrued expenses | <u>1,772,122</u> | <u>174,360</u> | <u>688,200</u> | <u>-</u> | <u>2,634,682</u> |
| Net position | | | | | |
| Restricted for self-insurance claims | 2,797,234 | - | - | - | 2,797,234 |
| Unrestricted | <u>745,497</u> | <u>492,822</u> | <u>3,241,180</u> | <u>154,062</u> | <u>4,633,561</u> |
| Total net position | <u>\$ 3,542,731</u> | <u>\$ 492,822</u> | <u>\$ 3,241,180</u> | <u>\$ 154,062</u> | <u>\$ 7,430,795</u> |

COUNTY OF BERRIEN, MICHIGAN

Combining Statement of Revenues, Expenses and Changes in Fund Net Position
 Internal Service Funds
 For the Year Ended December 31, 2016

| | Property / Liability Insurance (6774) | Workers' Compensation Insurance (6771) | Healthcare Insurance (6772) | Unemployment Insurance (6773) | Total |
|---------------------------------|--|---|-----------------------------------|-------------------------------------|---------------|
| Operating revenues | | | | | |
| Charges for services | \$ 1,201,087 | \$ 29,755 | \$ 12,457,180 | \$ 50,255 | \$ 13,738,277 |
| Operating expenses | | | | | |
| Operation and maintenance | - | - | 12,570,798 | 14,344 | 12,585,142 |
| Benefits and claims | 900,489 | 445,435 | 2,080,016 | - | 3,425,940 |
| Total operating expenses | 900,489 | 445,435 | 14,650,814 | 14,344 | 16,011,082 |
| Change in net position | 300,598 | (415,680) | (2,193,634) | 35,911 | (2,272,805) |
| Net position, beginning of year | 3,242,133 | 908,502 | 5,434,814 | 118,151 | 9,703,600 |
| Net position, end of year | \$ 3,542,731 | \$ 492,822 | \$ 3,241,180 | \$ 154,062 | \$ 7,430,795 |

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COUNTY OF BERRIEN, MICHIGAN

Combining Statement of Cash Flows
 Internal Service Funds
 For the Year Ended December 31, 2016

| | 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 | \$ 1,201,087 | \$ 29,755 | \$ 12,457,180 | \$ 50,255 | \$ 13,738,277 |
| Cash payments to suppliers for services | (156,078) | (284,173) | (13,859,862) | (14,344) | (14,314,457) |
| Net cash provided by (used in) operating activities | 1,045,009 | (254,418) | (1,402,682) | 35,911 | (576,180) |
| Cash flows from investing activities | | | | | |
| Purchase of investments | (4,465) | - | - | - | (4,465) |
| Net change in cash and cash equivalents | 1,040,544 | (254,418) | (1,402,682) | 35,911 | (580,645) |
| Cash and cash equivalents, beginning of year | 1,880,732 | 921,600 | 4,663,341 | 118,151 | 7,583,824 |
| Cash and cash equivalents, end of year | \$ 2,921,276 | \$ 667,182 | \$ 3,260,659 | \$ 154,062 | \$ 7,003,179 |
| Statement of net position classification of cash and investments | | | | | |
| Cash and cash equivalents | \$ 124,042 | \$ 667,182 | \$ 3,260,659 | \$ 154,062 | \$ 4,205,945 |
| Restricted cash | 2,797,234 | - | - | - | 2,797,234 |
| | \$ 2,921,276 | \$ 667,182 | \$ 3,260,659 | \$ 154,062 | \$ 7,003,179 |
| Reconciliation of operating income (loss) to net cash provided by (used in) operating activities: | | | | | |
| Operating income (loss) | \$ 300,598 | \$ (415,680) | \$ (2,193,634) | \$ 35,911 | \$ (2,272,805) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities - | | | | | |
| Changes in: | | | | | |
| Prepaid items | - | - | 567,152 | - | 567,152 |
| Accrued expenses | 744,411 | 161,262 | 223,800 | - | 1,129,473 |
| Net cash provided by (used in) operating activities | \$ 1,045,009 | \$ (254,418) | \$ (1,402,682) | \$ 35,911 | \$ (576,180) |

COUNTY OF BERRIEN, MICHIGAN

Combining Statement of Fiduciary Assets and Liabilities

All Agency Funds
December 31, 2016

| | Trust and Agency (7010) | Court Orders Payable (7020) | Imprest Payroll (7040) | Library Trust (7210) |
|---------------------------|----------------------------|--------------------------------|---------------------------|-------------------------|
| Assets | | | | |
| Cash and cash equivalents | \$ 1,480,097 | \$ 92,574 | \$ 483,666 | \$ 639,949 |
| Liabilities | | | | |
| Undistributed receipts | \$ 1,480,097 | \$ 92,574 | \$ 483,666 | \$ 639,949 |



| District Court Trust (7600) | Jail Inmate Trust (7640) | Total |
|-----------------------------|--------------------------|-------|
|-----------------------------|--------------------------|-------|

| | | |
|-------------------|------------------|---------------------|
| <u>\$ 426,088</u> | <u>\$ 10,553</u> | <u>\$ 3,132,927</u> |
|-------------------|------------------|---------------------|

| | | |
|-------------------|------------------|---------------------|
| <u>\$ 426,088</u> | <u>\$ 10,553</u> | <u>\$ 3,132,927</u> |
|-------------------|------------------|---------------------|

COUNTY OF BERRIEN, MICHIGAN

Combining Statement of Changes in Fiduciary Assets and Liabilities

All Agency Funds

For the Year Ended December 31, 2016

| | Beginning Balance | Additions | Deductions | Ending Balance |
|----------------------------------|---------------------|----------------------|----------------------|---------------------|
| Trust and Agency Fund | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 1,254,585 | \$ 97,299,320 | \$ 97,073,808 | \$ 1,480,097 |
| Other assets | 39,122 | 738,732 | 777,854 | - |
| Total assets | \$ 1,293,707 | \$ 98,038,052 | \$ 97,851,662 | \$ 1,480,097 |
| Liabilities | | | | |
| Undistributed receipts | \$ 1,293,707 | \$ 98,038,052 | \$ 97,851,662 | \$ 1,480,097 |
| Court Orders Payable Fund | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 89,556 | \$ 598,751 | \$ 595,733 | \$ 92,574 |
| Other assets | - | 1,349 | 1,349 | - |
| Total assets | \$ 89,556 | \$ 600,100 | \$ 597,082 | \$ 92,574 |
| Liabilities | | | | |
| Undistributed receipts | \$ 89,556 | \$ 600,100 | \$ 597,082 | \$ 92,574 |
| Imprest Payroll Fund | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 457,320 | \$ 156,754,373 | \$ 156,728,027 | \$ 483,666 |
| Liabilities | | | | |
| Undistributed receipts | \$ 457,320 | \$ 156,754,373 | \$ 156,728,027 | \$ 483,666 |
| Library Trust Fund | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 712,743 | \$ 6,739,479 | \$ 6,812,273 | \$ 639,949 |
| Liabilities | | | | |
| Undistributed receipts | \$ 712,743 | \$ 6,739,479 | \$ 6,812,273 | \$ 639,949 |

continued...

COUNTY OF BERRIEN, MICHIGAN

Combining Statement of Changes in Fiduciary Assets and Liabilities

All Agency Funds

For the Year Ended December 31, 2016

| | Beginning Balance | Additions | Deductions | Ending Balance |
|----------------------------------|----------------------|-----------------------|-----------------------|---------------------|
| District Court Trust Fund | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 455,426 | \$ 426,088 | \$ 455,426 | \$ 426,088 |
| Liabilities | | | | |
| Undistributed receipts | \$ 455,426 | \$ 426,088 | \$ 455,426 | \$ 426,088 |
| | | | | |
| Jail Inmate Trust Fund | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 10,388 | \$ 10,553 | \$ 10,388 | \$ 10,553 |
| Liabilities | | | | |
| Undistributed receipts | \$ 10,388 | \$ 10,553 | \$ 10,388 | \$ 10,553 |
| | | | | |
| Total - All Agency Funds | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 2,980,018 | \$ 261,828,564 | \$ 261,675,655 | \$ 3,132,927 |
| Other assets | 39,122 | 740,081 | 779,203 | - |
| Total assets | \$ 3,019,140 | \$ 262,568,645 | \$ 262,454,858 | \$ 3,132,927 |
| Liabilities | | | | |
| Undistributed receipts | \$ 3,019,140 | \$ 262,568,645 | \$ 262,454,858 | \$ 3,132,927 |

concluded.

COUNTY OF BERRIEN, MICHIGAN

Statement of Net Position and Governmental Funds Balance Sheet

Drain Commission Component Unit

December 31, 2016

| | Capital Projects Funds | | |
|---|------------------------|------------------------------|--|
| | Drain (8010) | Drain Revolving (8020) | Hollywood Road Detention Bonds (8053) |
| Assets | | | |
| Cash and cash equivalents | \$ 2,681,952 | \$ 28,210 | \$ 11,440 |
| Special assessments receivable | 4,205,133 | - | 10,000 |
| Due from other funds | - | 786,737 | - |
| Capital assets not being depreciated | - | - | - |
| Capital assets being depreciated, net | - | - | - |
| Total assets | \$ 6,887,085 | \$ 814,947 | \$ 21,440 |
| Liabilities | | | |
| Accounts payable | \$ 284,476 | \$ - | \$ - |
| Accrued expenses | - | - | - |
| Due to other funds | 786,737 | - | - |
| Advances from primary government | - | 800,000 | - |
| Long-term liabilities: | | | |
| Due within one year | - | - | - |
| Due in more than one year | - | - | - |
| Total liabilities | 1,071,213 | 800,000 | - |
| Deferred inflows of resources | | | |
| Unavailable revenue - special assessments | 4,205,133 | - | 10,000 |
| Fund balances | | | |
| Restricted | 1,610,739 | 14,947 | 11,440 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 6,887,085 | \$ 814,947 | \$ 21,440 |
| Net position | | | |
| Net investment in capital assets | | | |
| Restricted | | | |
| 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) |
|---------------------------------|--------------------|--|--|--|--|
| \$ 41,379 | \$ 160,125 | \$ 370,043 | \$ 100,554 | \$ 554,154 | \$ 917,507 |
| 97,000 | 480,000 | 1,375,000 | 2,070,000 | 815,000 | 3,015,000 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>\$ 138,379</u> | <u>\$ 640,125</u> | <u>\$ 1,745,043</u> | <u>\$ 2,170,554</u> | <u>\$ 1,369,154</u> | <u>\$ 3,932,507</u> |
| \$ - | \$ 670 | \$ - | \$ - | \$ 195 | \$ 535 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | 670 | - | - | 195 | 535 |
| 97,000 | 480,000 | 1,375,000 | 2,070,000 | 815,000 | 3,015,000 |
| 41,379 | 159,455 | 370,043 | 100,554 | 553,959 | 916,972 |
| <u>\$ 138,379</u> | <u>\$ 640,125</u> | <u>\$ 1,745,043</u> | <u>\$ 2,170,554</u> | <u>\$ 1,369,154</u> | <u>\$ 3,932,507</u> |

continued...

COUNTY OF BERRIEN, MICHIGAN

Statement of Net Position and Governmental Funds Balance Sheet
 Drain Commission Component Unit
 December 31, 2016

| | Smith & Strong Drain Drainage District (8060) | Lakeside Drain Drainage District (8061) | Estates Drain Drainage District (8062) |
|---|---|--|---|
| Assets | | | |
| Cash and cash equivalents | \$ 39,329 | \$ 38,359 | \$ 119,183 |
| Special assessments receivable | 680,000 | 505,000 | 660,000 |
| Due from other funds | - | - | - |
| Capital assets not being depreciated | - | - | - |
| Capital assets being depreciated, net | - | - | - |
| Total assets | <u>\$ 719,329</u> | <u>\$ 543,359</u> | <u>\$ 779,183</u> |
| Liabilities | | | |
| Accounts payable | \$ 458 | \$ 3,694 | \$ - |
| 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 | 458 | 3,694 | - |
| Deferred inflows of resources | | | |
| Unavailable revenue - special assessments | 680,000 | 505,000 | 660,000 |
| Fund balances | | | |
| Restricted | <u>38,871</u> | <u>34,665</u> | <u>119,183</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 719,329</u> | <u>\$ 543,359</u> | <u>\$ 779,183</u> |
| Net position | | | |
| Net investment in capital assets | | | |
| Restricted | | | |
| Total net position | | | |

| Oak Hill Springs Drain Drainage District (8063) | Blue Jay Drain Drainage District (8064) | Hibbard Lake Drain Drainage District (8065) | North Royalton Drain Drainage District (8066) | Total Capital Projects Funds | Adjustments | Statement of Net Position |
|---|--|---|---|------------------------------------|----------------------|------------------------------|
| \$ 163,626 | \$ 48,045 | \$ 106,621 | \$ 680,603 | \$ 6,061,130 | \$ - | \$ 6,061,130 |
| 435,000 | 3,175,000 | 1,155,000 | 3,985,000 | 22,662,133 | - | 22,662,133 |
| - | - | - | - | 786,737 | (786,737) | - |
| - | - | - | - | - | 5,783,379 | 5,783,379 |
| - | - | - | - | - | 18,024,382 | 18,024,382 |
| <u>\$ 598,626</u> | <u>\$ 3,223,045</u> | <u>\$ 1,261,621</u> | <u>\$ 4,665,603</u> | <u>\$ 29,510,000</u> | 23,021,024 | 52,531,024 |
| \$ - | \$ - | \$ 2,859 | \$ 10,395 | \$ 303,282 | - | 303,282 |
| - | - | - | - | - | 92,143 | 92,143 |
| - | - | - | - | 786,737 | (786,737) | - |
| - | - | - | - | 800,000 | - | 800,000 |
| - | - | - | - | - | 2,506,051 | 2,506,051 |
| - | - | - | - | - | 20,078,481 | 20,078,481 |
| - | - | 2,859 | 10,395 | 1,890,019 | 21,889,938 | 23,779,957 |
| 435,000 | 3,175,000 | 1,155,000 | 3,985,000 | 22,662,133 | (22,662,133) | - |
| 163,626 | 48,045 | 103,762 | 670,208 | 4,957,848 | (4,957,848) | - |
| <u>\$ 598,626</u> | <u>\$ 3,223,045</u> | <u>\$ 1,261,621</u> | <u>\$ 4,665,603</u> | <u>\$ 29,510,000</u> | | |
| | | | | | 5,428,362 | 5,428,362 |
| | | | | | 23,322,705 | 23,322,705 |
| | | | | | <u>\$ 28,751,067</u> | <u>\$ 28,751,067</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, 2016

| | Capital Projects Funds | | |
|--|------------------------|------------------------------|--|
| | Drain (8010) | Drain Revolving (8020) | Hollywood Road Detention Bonds (8053) |
| Expenditures / expenses | | | |
| Public works | \$ 2,449,793 | \$ - | \$ (1) |
| Debt service: | | | |
| Principal | 919,256 | - | 20,000 |
| Interest | 60,334 | - | 1,660 |
| Total expenditures / expenses | <u>3,429,383</u> | <u>-</u> | <u>21,659</u> |
| Program revenues | | | |
| Charges for services | 2,800 | - | - |
| Operating grants and contributions | 45,676 | - | - |
| Interest revenue | 30 | - | 23 |
| Special assessments / capital grants and contributions | 1,052,617 | - | 15,014 |
| Total program revenues | <u>1,101,123</u> | <u>-</u> | <u>15,037</u> |
| Net (expense) revenue | <u>(2,328,260)</u> | <u>-</u> | <u>(6,622)</u> |
| Other financing sources | | | |
| Issuance of long-term debt | 2,171,000 | - | - |
| Transfers in | - | - | - |
| Transfers out | (295,841) | - | - |
| Total other financing sources | <u>1,875,159</u> | <u>-</u> | <u>-</u> |
| Change in fund balance / change in net position | (453,101) | - | (6,622) |
| Fund balances / net position, beginning of year | <u>2,063,840</u> | <u>14,947</u> | <u>18,062</u> |
| Fund balances / net position, end of year | <u>\$ 1,610,739</u> | <u>\$ 14,947</u> | <u>\$ 11,440</u> |

| 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) |
|---------------------------------|--------------------|--|--|--|--|
| \$ - | \$ 15,656 | \$ 2,471 | \$ 12,579 | \$ 6,378 | \$ 4,132 |
| 12,000 | 150,000 | 70,000 | 110,000 | 185,000 | 155,000 |
| 6,490 | 21,438 | 58,864 | 89,238 | 30,313 | 103,815 |
| <u>18,490</u> | <u>187,094</u> | <u>131,335</u> | <u>211,817</u> | <u>221,691</u> | <u>262,947</u> |
| - | - | - | - | - | - |
| - | - | - | 1 | - | 300 |
| - | 148 | 328 | 93 | 482 | 768 |
| <u>17,004</u> | <u>169,490</u> | <u>119,853</u> | <u>213,478</u> | <u>202,457</u> | <u>289,808</u> |
| <u>17,004</u> | <u>169,638</u> | <u>120,181</u> | <u>213,572</u> | <u>202,939</u> | <u>290,876</u> |
| <u>(1,486)</u> | <u>(17,456)</u> | <u>(11,154)</u> | <u>1,755</u> | <u>(18,752)</u> | <u>27,929</u> |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>(1,486)</u> | <u>(17,456)</u> | <u>(11,154)</u> | <u>1,755</u> | <u>(18,752)</u> | <u>27,929</u> |
| <u>42,865</u> | <u>176,911</u> | <u>381,197</u> | <u>98,799</u> | <u>572,711</u> | <u>889,043</u> |
| <u>\$ 41,379</u> | <u>\$ 159,455</u> | <u>\$ 370,043</u> | <u>\$ 100,554</u> | <u>\$ 553,959</u> | <u>\$ 916,972</u> |

continued...

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, 2016

| | Smith & Strong Drain Drainage District (8060) | Lakeside Drain Drainage District (8061) | Estates Drain Drainage District (8062) |
|--|---|--|---|
| Expenditures / expenses | | | |
| Public works | \$ 9,958 | \$ 6,888 | \$ 16,235 |
| Debt service: | | | |
| Principal | 30,000 | 25,000 | 30,000 |
| Interest | 23,145 | 18,590 | 31,253 |
| Total expenditures / expenses | 63,103 | 50,478 | 77,488 |
| Program revenues | | | |
| Charges for services | - | - | - |
| Operating grants and contributions | - | - | - |
| Interest revenue | 90 | 75 | 247 |
| Special assessments / capital grants and contributions | 57,354 | 47,635 | 73,404 |
| Total program revenues | 57,444 | 47,710 | 73,651 |
| Net (expense) revenue | (5,659) | (2,768) | (3,837) |
| Other financing sources | | | |
| Issuance of long-term debt | - | - | - |
| Transfers in | - | - | - |
| Transfers out | - | - | - |
| Total other financing sources | - | - | - |
| Change in fund balance / change in net position | (5,659) | (2,768) | (3,837) |
| Fund balances / net position, beginning of year | 44,530 | 37,433 | 123,020 |
| Fund balances / net position, end of year | \$ 38,871 | \$ 34,665 | \$ 119,183 |

| Oak Hill Springs Drain Drainage District (8063) | Blue Jay Drain Drainage District (8064) | Hibbard Lake Drain Drainage District (8065) | North Royalton Drain Drainage District (8066) | Total Capital Projects Funds | Adjustments | Statement of Activities |
|---|--|---|---|------------------------------------|----------------------|----------------------------|
| \$ (1) | \$ 48,173 | \$ 90,097 | \$ 2,482,636 | \$ 5,144,994 | \$ (2,689,350) | \$ 2,455,644 |
| 35,000 | 140,000 | 50,000 | 160,000 | 2,091,256 | (2,091,256) | - |
| 14,480 | 109,408 | 43,500 | 145,283 | 757,811 | (37,018) | 720,793 |
| <u>49,479</u> | <u>297,581</u> | <u>183,597</u> | <u>2,787,919</u> | <u>7,994,061</u> | <u>(4,817,624)</u> | <u>3,176,437</u> |
| - | - | - | - | 2,800 | - | 2,800 |
| 550 | 95 | - | 200 | 46,822 | - | 46,822 |
| 312 | 111 | 333 | 3,087 | 6,127 | - | 6,127 |
| 57,371 | 248,503 | 99,966 | 341,962 | 3,005,916 | 79,744 | 3,085,660 |
| <u>58,233</u> | <u>248,709</u> | <u>100,299</u> | <u>345,249</u> | <u>3,061,665</u> | <u>79,744</u> | <u>3,141,409</u> |
| <u>8,754</u> | <u>(48,872)</u> | <u>(83,298)</u> | <u>(2,442,670)</u> | <u>(4,932,396)</u> | <u>4,897,368</u> | <u>(35,028)</u> |
| - | - | - | - | 2,171,000 | (2,171,000) | - |
| - | 28,871 | - | 266,970 | 295,841 | (295,841) | - |
| - | - | - | - | (295,841) | 295,841 | - |
| <u>-</u> | <u>28,871</u> | <u>-</u> | <u>266,970</u> | <u>2,171,000</u> | <u>(2,171,000)</u> | <u>-</u> |
| 8,754 | (20,001) | (83,298) | (2,175,700) | (2,761,396) | 2,726,368 | (35,028) |
| 154,872 | 68,046 | 187,060 | 2,845,908 | 7,719,244 | 21,066,851 | 28,786,095 |
| <u>\$ 163,626</u> | <u>\$ 48,045</u> | <u>\$ 103,762</u> | <u>\$ 670,208</u> | <u>\$ 4,957,848</u> | <u>\$ 23,793,219</u> | <u>\$ 28,751,067</u> |

concluded.

COUNTY OF BERRIEN, MICHIGAN

Statement of Net Position

Economic Development Corporation Component Unit

December 31, 2016

| | Governmental Activities | Business-type Activities | |
|----------------------------------|---|-----------------------------|---------------------|
| | Supplemental Services Special Revenue Fund (2440) | Enterprise Funds | Total |
| Assets | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 1,634 | \$ 77,374 | \$ 79,008 |
| Investments | 220,487 | 965,012 | 1,185,499 |
| Accounts receivable | 10,000 | - | 10,000 |
| Total current assets | <u>232,121</u> | <u>1,042,386</u> | <u>1,274,507</u> |
| Noncurrent assets: | | | |
| Notes receivable | - | 247,477 | 247,477 |
| Advance to other component unit | - | 400,000 | 400,000 |
| Total noncurrent assets | <u>-</u> | <u>647,477</u> | <u>647,477</u> |
| Total assets | <u>232,121</u> | <u>1,689,863</u> | <u>1,921,984</u> |
| Liabilities | | | |
| Current liabilities - | | | |
| Accrued expenses | 524 | - | 524 |
| Long-term liabilities - | | | |
| Advances from primary government | - | 400,000 | 400,000 |
| Total liabilities | <u>524</u> | <u>400,000</u> | <u>400,524</u> |
| Net position | | | |
| Unrestricted | <u>\$ 231,597</u> | <u>\$ 1,289,863</u> | <u>\$ 1,521,460</u> |

COUNTY OF BERRIEN, MICHIGAN

Statement of Activities

Economic Development Corporation Component Unit

For the Year Ended December 31, 2016

| | Governmental Activities | Business-type Activities | |
|---------------------------------|---|-----------------------------|--------------|
| | Supplemental Services Special Revenue Fund (2440) | Enterprise Funds | Total |
| Expenses | | | |
| Economic development | \$ 47,091 | \$ - | \$ 47,091 |
| Program revenues | | | |
| Charges for services | 20,000 | - | 20,000 |
| Interest revenue | 663 | 13,704 | 14,367 |
| Total program revenues | 20,663 | 13,704 | 34,367 |
| Change in net position | (26,428) | 13,704 | (12,724) |
| Net position, beginning of year | 258,025 | 1,276,159 | 1,534,184 |
| Net position, end of year | \$ 231,597 | \$ 1,289,863 | \$ 1,521,460 |

COUNTY OF BERRIEN, MICHIGAN

Combining Statement of Net Position

Economic Development Corporation Component Unit

Enterprise Funds

December 31, 2016

| | Small Cities Block Grant (5441) | Brownfield Redevelopment Authority Loan Fund (2447) | Revolving Loan Fund (5442) | Total |
|----------------------------------|---------------------------------------|---|----------------------------------|---------------------|
| Assets | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | \$ 38,303 | \$ - | \$ 39,071 | \$ 77,374 |
| Investments | 965,012 | - | - | 965,012 |
| Total current assets | <u>1,003,315</u> | <u>-</u> | <u>39,071</u> | <u>1,042,386</u> |
| Noncurrent assets: | | | | |
| Notes receivable | 247,477 | - | - | 247,477 |
| Advance to other component unit | - | 400,000 | - | 400,000 |
| Total noncurrent assets | <u>247,477</u> | <u>400,000</u> | <u>-</u> | <u>647,477</u> |
| Total assets | 1,250,792 | 400,000 | 39,071 | 1,689,863 |
| Liabilities | | | | |
| Advances from primary government | - | 400,000 | - | 400,000 |
| Net position, unrestricted | <u>\$ 1,250,792</u> | <u>\$ -</u> | <u>\$ 39,071</u> | <u>\$ 1,289,863</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, 2016

| | Small Cities Block Grant (5441) | Brownfield Redevelopment Authority Loan Fund (2447) | Revolving Loan Fund (5442) | Total |
|---------------------------------|---------------------------------------|---|----------------------------------|---------------------|
| Nonoperating revenues | | | | |
| Interest revenue | \$ 13,704 | \$ - | \$ - | \$ 13,704 |
| Change in net position | 13,704 | - | - | 13,704 |
| Net position, beginning of year | 1,237,088 | - | 39,071 | 1,276,159 |
| Net position, end of year | <u>\$ 1,250,792</u> | <u>\$ -</u> | <u>\$ 39,071</u> | <u>\$ 1,289,863</u> |

COUNTY OF BERRIEN, MICHIGAN

Combining Statement of Cash Flows

Economic Development Corporation Component Unit

Enterprise Funds

For the Year Ended December 31, 2016

| | 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 | \$ 34,272 | \$ - | \$ - | \$ 34,272 |
| Cash flows from investing activities | | | | |
| Purchase of investments | (74,899) | - | - | (74,899) |
| Interest received | 13,704 | - | - | 13,704 |
| Total cash flows used in investing activities | (61,195) | - | - | (61,195) |
| Net change in cash and cash equivalents | (26,923) | - | - | (26,923) |
| Cash and cash equivalents, beginning of year | 65,226 | - | 39,071 | 104,297 |
| Cash and cash equivalents, end of year | \$ 38,303 | \$ - | \$ 39,071 | \$ 77,374 |
| Reconciliation of operating income to net cash provided by operating activities | | | | |
| Operating income | \$ - | \$ - | \$ - | \$ - |
| Adjustments to reconcile operating income to net cash provided by operating activities - | | | | |
| Changes in - | | | | |
| Notes receivable | 34,272 | - | - | 34,272 |
| Net cash provided by operating activities | \$ 34,272 | \$ - | \$ - | \$ 34,272 |