

County of
Kalamazoo,
Michigan



Year Ended
December 31, 2022

Annual
Comprehensive
Financial Report
and Single Audit
Act Compliance

Prepared by:

County Administrator/Controller
Kevin A. Catlin

Finance Director
Ryan Post

Deputy Finance Director
Jenna LeRoy

This page intentionally left blank.

COUNTY OF KALAMAZOO, MICHIGAN

Table of Contents

	<u>Page</u>
INTRODUCTORY SECTION	1
List of Officials	2
Letter of Transmittal	3
Table of Organization	10
GFOA Certificate of Achievement	11
FINANCIAL SECTION	13
Independent Auditors' Report	15
Management's Discussion and Analysis	19
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position	34
Statement of Activities	35
Fund Financial Statements:	
Balance Sheet – Governmental Funds	38
Reconciliation of Fund Balances of Governmental Funds to Net Position of Governmental Activities	41
Statement of Revenues, Expenditures and Change in Fund Balances – Governmental Funds	42
Reconciliation of Net Change in Fund Balances of Governmental Funds to Change in Net Position of Governmental Activities	45
Statement of Revenues, Expenditures and Change in Fund Balances – Budget and Actual:	
General Fund	46
Law Enforcement Fund	47
General Grants Fund	48
Statement of Net Position – Proprietary Funds	50
Reconciliation of Net Position of Enterprise Funds to Net Position of Business-type Activities	51
Statement of Revenues, Expenses and Change in Fund Net Position – Proprietary Funds	52
Reconciliation of Net Change in Fund Net Position of Enterprise Funds to Change in Net Position of Business-type Activities	53
Statement of Cash Flows – Proprietary Funds	54
Statement of Fiduciary Net Position – Fiduciary Funds	56
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	57
Combining Statement of Net Position – Discretely Presented Component Units	58
Combining Statement of Activities – Discretely Presented Component Units	60
Notes to Financial Statements	63

COUNTY OF KALAMAZOO, MICHIGAN

Table of Contents

	<u>Page</u>
Required Supplementary Information	117
Employees' Retirement System:	
Schedule of the County's Proportionate Share of the Net Pension Asset	118
Schedule of Pension Contributions	120
Retiree Medical Benefits Plan:	
Schedule of the County's Proportionate Share of the Net OPEB Liability	122
Schedule of OPEB Contributions	123
Notes to Required Supplementary Information	124
Combining and Individual Fund Financial Statements and Schedules	127
General Fund:	
Detailed Schedule of Revenues, Expenditures and Change in Fund Balance – Budget and Actual	130
Nonmajor Governmental Funds:	
Combining Balance Sheet	138
Combining Statement of Revenues, Expenditures and Change in Fund Balances	142
Schedule of Revenues, Expenditures and Change in Fund Balances – Budget and Actual – Nonmajor Special Revenue Funds	146
Internal Service Funds:	
Combining Statement of Net Position	154
Combining Statement of Revenues, Expenditures and Change in Fund Net Position	156
Combining Statement of Cash Flows	158
Custodial Funds:	
Combining Statement of Fiduciary Net Position	164
Combining Statement of Changes in Fiduciary Net Position	165
Component Unit – Drainage Districts:	
Balance Sheet	168
Reconciliation of Fund Balance of Governmental Fund to Net Position of Component Unit	169
Statement of Revenues, Expenditures and Change in Fund Balance	170
Reconciliation of Net Change in Fund Balance of Governmental Fund to Change in Net Position of Component Unit	171

COUNTY OF KALAMAZOO, MICHIGAN

Table of Contents

Page

Combining and Individual Fund Financial Statements and Schedules (Concluded)

Component Unit – Lake Level Districts:

Balance Sheet 172

Reconciliation of Fund Balance of Governmental Fund to Net Position
of Component Unit 173

Statement of Revenues, Expenditures and Change in Fund Balance 174

Reconciliation of Net Change in Fund Balance of Governmental Fund to
Change in Net Position of Component Unit 175

Component Unit – Brownfield Redevelopment Authority:

Balance Sheet 176

Reconciliation of Fund Balance of Governmental Fund to Net Position
of Component Unit 177

Statement of Revenues, Expenditures and Change in Fund Balance 178

STATISTICAL SECTION (UNAUDITED) 179

TABLE

1	Net Position by Component	182
2	Change in Net Position	184
3	Fund Balances, Governmental Funds	188
4	Change in Fund Balances, Governmental Funds	190
5	Assessed and Estimated Actual Value of Taxable Property	192
6	Property Tax Rates – Direct and Overlapping Governments	194
7	Principal Property Taxpayers	196
8	Property Taxes, Levies and Collections	197
9	Ratios of Outstanding Debt by Type	198
10	Ratios of Net Bonded Debt Outstanding	199
11	Computation of Direct and Overlapping Debt	200
12	Computation of Legal Debt Margin for General Obligation Bonds	212
13	Demographic Statistics	204
14	Principal Employers	205
15	Full-Time Equivalent Government Employees by Function/Program	206
16	Operating Indicators by Function/Program	208
17	Capital Asset Statistics by Function/Program	210

COUNTY OF KALAMAZOO, MICHIGAN

Table of Contents

	<u>Page</u>
SINGLE AUDIT ACT COMPLIANCE	213
Independent Auditors' Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance and the Supplemental Schedule of Expenditures by Service	215
Schedule of Expenditures of Federal Awards	216
Notes to Schedule of Expenditures of Federal Awards	222
Supplemental Schedule of Expenditures by Service - September 30, 2022	224
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	227
Independent Auditors' Report on Compliance for Each Major Federal Program and Internal Control over Compliance Required by the Uniform Guidance	229
Schedule of Findings and Questioned Costs	232
Summary Schedule of Prior Audit Findings	237
Corrective Action Plan	238



INTRODUCTORY SECTION

COUNTY OF KALAMAZOO, MICHIGAN

LIST OF OFFICIALS

For the Year Ended December 31, 2022

COUNTY BOARD OF COMMISSIONERS

Mike Quinn - Chairperson
Monteze Morales - Vice Chairperson
Fran Bruder Melgar
John Gisler
Tracy Hall
Jeff Heppler
Veronica McKissack
Tami Rey
Dale Shugars
Jen Strebs
Roger Tuinier

CIRCUIT COURT JUDGES

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

DISTRICT COURT JUDGES

Christopher T. Haenicke - Chief Judge
Richard A. Santoni
Alisa Parker-LaGrone
Kathleen P. Hemingway
Namita Sharma - serving in Circuit Court
Vincent C. Westra

PROBATE JUDGES

Curtis J. Bell
G. Scott Pierangeli
Tiffany A. Ankley - Chief Judge Pro Tempore, serving in District Court

OTHERS

Prosecutor - Jeffrey Getting
Sheriff - Richard Fuller
County Clerk/Register of Deeds - Meredith Place
Treasurer - Thomas Whitener
Drain Commissioner - Jason Weirsma
Surveyor - Gary Hahn



June 26, 2023

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

Members of the County Board of Commissioners:

We are pleased to submit the Annual Comprehensive Financial Report of the County of Kalamazoo, Michigan (the County), for the year ended December 31, 2022. The basic financial statements included in this report have been audited by Rehmann Robson LLC, an independent firm of licensed certified public accountants. This report is prepared for the purpose of disclosing the County's financial condition to its electorate, elected officials, and other interested parties.

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

One of the goals of the County's audited financial statements is to provide reasonable assurance that the financial statements for the year ended December 31, 2022, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures reported in the financial statements; assessing the accounting principles used and any significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion and that the County's financial statements for the year ended December 31, 2022, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

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

Profile of the Government

The County of Kalamazoo, Michigan, the ninth most populous county in the state of Michigan, encompasses an area of approximately 576 square miles with the 2020 estimated census population of 261,670 and is located in the southwest portion of Michigan's Lower Peninsula. It is approximately 75 miles southwest of Lansing, the state capital. The County is empowered by the state to levy a property tax on real and personal properties located within the County.

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

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

The County is governed by the County Board of Commissioners (the County Board), which in 2022, consists of 11 members. The County Board is responsible for establishing policies, adopting the budget, appointing committee memberships, and hiring the County Administrator/Controller and Corporation Counsel. The Administrator/Controller is responsible for carrying out the policies set forth by the County Board and overseeing the day-to-day operations of the County. The County Board is elected on a partisan basis every two years from districts of approximately the same size. The other five elected officers of the County are elected on a partisan basis serving four-year terms.

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

The annual budget serves as the foundation for the County's financial planning and control. All departments of the County are required to submit requests for appropriations to the Administrator/Controller. These requests form the basis for the development of a proposed budget. The Administrator/Controller will present to the County Board a recommended budget for consideration and deliberation. After the review is completed, a public hearing will be held at an annual meeting and the budget will be adopted. The budget is appropriated at the departmental level. The budget is prepared at the fund, department, and account level. Department directors may request transfers within fund appropriations under their administrative control. Transfers of appropriations between departments or funds require approval of the board. Appropriation increases also require approval by the County Board. Budget-to-actual comparisons are provided in this report for each individual special revenue fund for which an appropriated annual budget has been adopted. The General Fund, Law Enforcement Fund, and

General Grants Fund are found on pages 46-48 as part of the basic financial statements for the governmental funds. For special revenue funds, other than the General Fund, Law Enforcement Fund, and General Grants Fund, this comparison is found starting on page 146.

Financial Condition Factors

Short Term Factors Affecting Budget

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

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

The COVID-19 pandemic continued to create some uncertainty in 2022. While many operations were restored to their pre-pandemic levels as the year progressed, the 8th District Court and 9th Circuit Court efforts to address case backlogs were slowed by ever changing COVID-19 mitigation requirements. The Office of the Sheriff has recognized reduced inmate populations; however, the number of violent offenses and the average length of stay has significantly increased. Across the County, departments are experiencing staffing retention and recruitment concerns.

As we participated in mitigation efforts of the COVID-19 pandemic, the important work of County staff over the last three years has positioned the County to continue to improve business continuity functions and service enhancements.

Long Term Financial Planning

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

Capital Improvement

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

Relevant Financial Policies

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

To solidify the Board of Commissioner's commitment to financial responsibility, a Fund Balance Policy was adopted. Recognizing Governmental Accounting Standards Board Statement No. 54, the target of unassigned General Fund balance to General Operating Revenues will be 25%. It is the intent that should the General Fund Balance fluctuate above or below this target by 5% or more, Administration will make recommendations to the County Board to adhere to the policy objective.

The 2022 unrestricted, uncommitted and unassigned fund balance in comparison to revenues for the County's operating funds (General Fund, Law Enforcement Fund, and certain special revenue funds that receive significant appropriation from the General Fund or have expenditures that are paid through the General Fund) was 40.48%.

Major Initiatives

Budgetary pressures have continued to be placed on the County. Long-term pressures resulted from revenue streams which do not grow at the pace of expenditure needs and long-term facility needs. To remain committed to providing essential services, a strategic initiative has been outlined and utilized. The County has created a strategic plan that is reviewed to emphasize framework in the following areas: deliver consistent high-quality programs and services, strengthen engagement in our community and build a relationship-focused culture. In 2022, the following strategic initiatives were prioritized.

- **Diversity, Equity, and Inclusion (DEI)**

The Board of Commissioners determined DEI initiatives serve as critical components of any modern workplace, including county governments. The Board hired its inaugural DEI Director in February 2022. DEI directors are professionals who are tasked with promoting diversity, equity, and inclusion within institutions. The Board also established the DEI Community Advisory Committee, which provides advice and recommendations to the Board to promoting equity and

fairness in their policies and programs. They review policies and procedures to identify any potential biases or barriers that may exist, and develop strategies to address them. By promoting equity, these committed DEI professionals can help ensure that all county residents have access to the same opportunities and services, regardless of their race, gender, or other characteristics. The Board has also endeavored to foster an inclusive workplace environment where everyone feels welcome and valued. The DEI Director has been tasked with developing training programs and resources to promote cultural competence and address implicit bias and encourage open dialogue and feedback to help ensure that all employees feel heard and respected. The overall goal is to foster inclusion to improve collaboration and innovation within county government, leading to better services for residents.

- **American Rescue Plan State and Local Fiscal Recovery Funds**

In May 2021, Kalamazoo County was granted \$51,485,963 in American Rescue Plan (ARP) State and Local Fiscal Recovery Funds to use through 2024. These funds are available from the federal government to communities across the country to assist in recovery efforts from the impacts of the COVID-19 pandemic.

Kalamazoo County recognized the significant impact that the COVID-19 pandemic has had within our community and the historic opportunity State, and Local Fiscal Recovery Funds provide to address that impact. When Treasury released the Interim Final Rule in May 2021, Kalamazoo County Government staff began participating in a variety of webinars hosted by the White House, National Association of Counties, State of Michigan, and the Government Finance Officers Association to gain a thorough knowledge of the eligible uses of these funds and the corresponding reporting requirements. Kalamazoo County Government received our first deposit of \$25,742,981.50 at the end of June 2021, and presentations to the Board of Commissioners, which outlined important planning information, began in July 2021.

After securing the funds, Finance Department staff worked to develop a draft grant application process that will allow the community, County departments, and other municipalities to apply for these funds. The preliminary results of that work were presented to the Board of Commissioners in August for their feedback. Additionally, a community feedback session regarding proposed use of the funds was held on August 24, 2021. The County also began to seek proposals and ultimately selected a consulting firm in December of 2021 to ensure that allocations meet the federal government's specifications for American Rescue Plan spending.

The grant application process opened in 2022 and the Board of Commissioners finalized funding decisions during the summer/fall of 2022. The grant agreement was finalized and routed to all successful grantees in November 2022.

- **Justice Center**

In April of 2017, Kalamazoo County Government entered into an agreement for a real estate transfer which initiated the beginning of the development of a future downtown County building. A project Owner's Representative and Architect were selected during 2017 and programming to discuss the space needs of staff located within the Michigan Avenue Courthouse, Crosstown Complex and Administration Building ensued. Due to cost constraints, it was decided that this facility would house the staff located within the Michigan Avenue Courthouse and Crosstown Complex. Design on the facility began in 2019 and continued into the spring of 2020 with construction documents completed in the fall of 2020. The project was bid out in December of 2020 and construction began in the spring of 2021. Construction has progressed through 2022 and the project is expected to be completed in the fall of 2023.

- **Segal Market Study**

A compensation and classification market study was commissioned to make our large and complex workforce more competitive, financially speaking. The Board of Commissioners endeavored to ensure county government could attract and retain top talent. They also wanted to mitigate potential legal issues related to pay disparities and discrimination. The Segal market study was commissioned in the fall of 2021 and the implementation plan was approved on November 1, 2022, with an effective date of January 1, 2023.

The impetus of improving employee morale and engagement was at the forefront of the Board. When employees feel that their pay is fair and equitable, they are more likely to be engaged and motivated at work. Additionally, the study helped identify areas where employees may be undervalued or underutilized, and provided opportunities to increase their pay and responsibilities. By addressing these issues, Kalamazoo County Government created a more satisfied and engaged workforce, with the goal increasing productivity and improved overall performance.

- **Housing Millage**

The County Board of Commissioners recognized that the lack of housing is a serious challenge in our community and that more resources were required to ensure that County residents have access to safe, affordable, and supportive housing. Through a series of community-wide meetings regarding the housing needs of our community, a decision was made to seek voter approval for the expansion of the existing housing millage during the November 2020 election. Voters were asked to increase the millage to 0.75 mills for eight years (2021-2028) to support rental subsidies, permanent housing, and related supportive services. Voters approved the millage increase which was effective with the December 2021 tax bills. Work occurred over 2022 to distribute funds to various agencies/developers making an impact on affordable and

workforce housing. The funds also help to address the following areas; supportive services, multi-family housing, single-family housing, single-family rehab, and opportunistic creative projects.

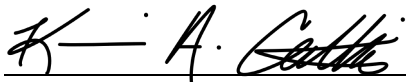
▪ **Awards and Acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Kalamazoo, Michigan, for its annual comprehensive financial report for the fiscal year ended December 31, 2021. This was the twenty fourth consecutive year that the government has achieved this prestigious award. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

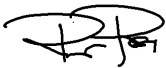
A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to meet the Certificate of Achievement Program requirements and we are submitting it to the GFOA to determine its eligibility for a certificate.

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

Respectfully submitted,



Kevin A. Catlin
County Administrator/Controller



Ryan J. Post
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**County of Kalamazoo
Michigan**

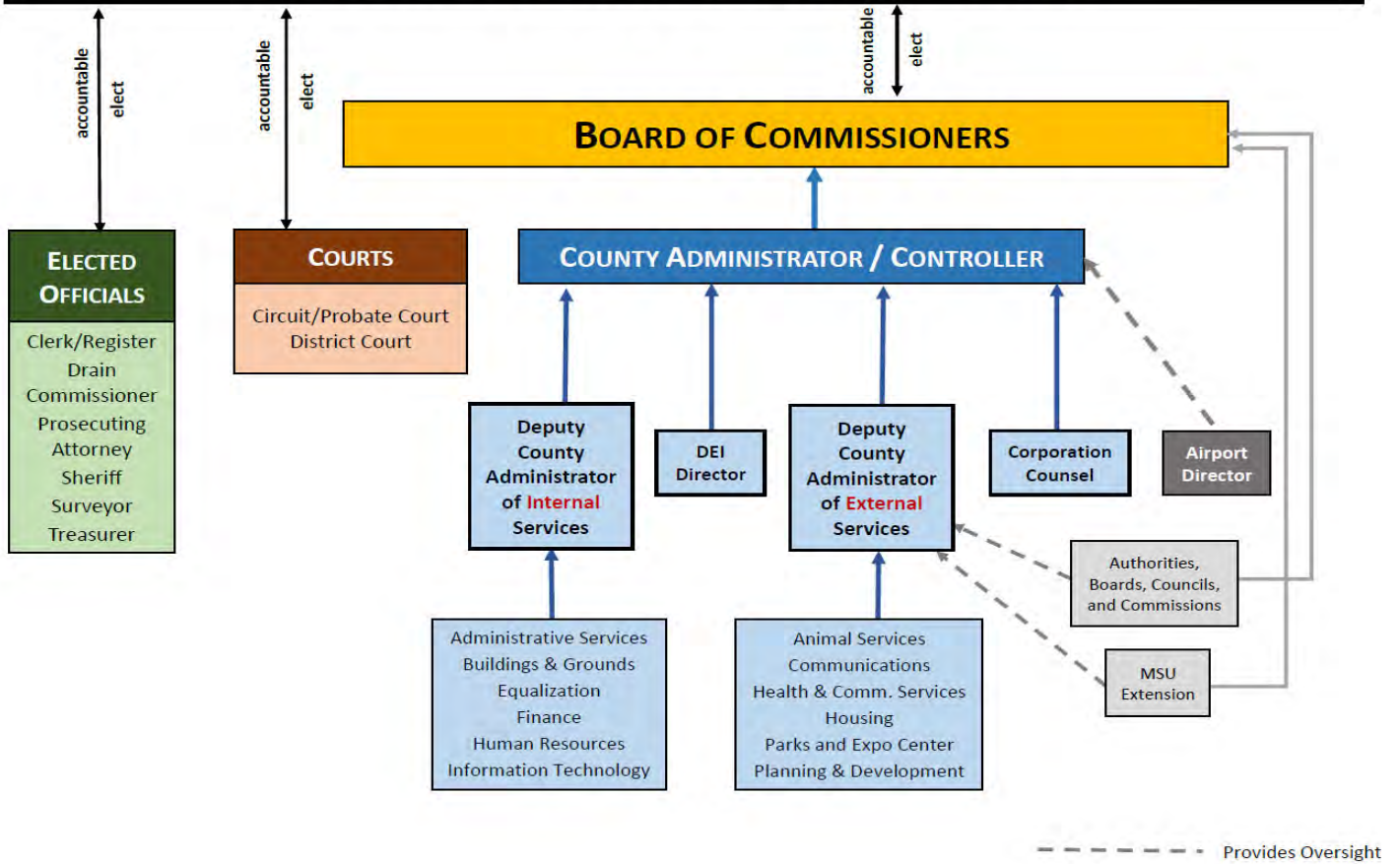
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2021

Christopher P. Morill

Executive Director/CEO

KALAMAZOO COUNTY RESIDENTS



This page intentionally left blank.

FINANCIAL SECTION

This page intentionally left blank.

INDEPENDENT AUDITORS' REPORT

June 26, 2023

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the **County of Kalamazoo, Michigan** (the "County"), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of the other auditors, the accompanying 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, as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparisons for the general fund and each major special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the following entities, which represent the indicated percentages of total aggregate discretely presented component units:

	Percent of Assets and Deferred Outflows	Percent of Revenues	Percent of Net Position
Kalamazoo County Transportation Authority	0.2%	5.1%	0.0%
Central County Transportation Authority	16.0%	38.2%	14.8%
Kalamazoo County Road Commission	75.9%	53.5%	76.5%
Kalamazoo County Public Housing Commission	0.6%	0.3%	0.8%



Those statements were audited by other auditors whose reports thereon were furnished to us, and our opinions, insofar as they relate to the amounts included for the above entities, are based solely on the reports of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the Kalamazoo County Transportation Authority and the Kalamazoo County Road Commission were not audited in accordance with *Government Auditing Standards*. Our responsibilities under those standards are further described in the Independent Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Independent Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 County's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary 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. Such information is 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2023, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

COUNTY OF KALAMAZOO, MICHIGAN

Management's Discussion and Analysis

As management of the County of Kalamazoo, Michigan (the "County" or the "government"), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2022. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Financial Highlights

· Total net position	\$ 274,383,434
· Change in total net position	32,101,132
· Fund balances, governmental funds	119,179,767
· Change in fund balances, governmental funds	(29,809,289)
· Unassigned fund balance, general fund	39,695,700
· Change in fund balance, general fund	(2,882,941)
· General obligation bonds	142,535,000
· Change in general obligation bonds	47,510,000

Overview of the Financial Statements

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

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

The statement of net position presents information on all of the County's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference being net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The statement of activities presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

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

COUNTY OF KALAMAZOO, 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 change in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains various individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and change in fund balances for the General Fund, Law Enforcement Fund, General Grants Fund, Capital Projects Fund, and the Justice Facility Capital Projects Fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

Proprietary Funds. The County maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for the Airport Fund, the Delinquent Tax Revolving Fund, the Local Government Public Works Financing Fund and the Tax Reversion Fund. Internal service funds are used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its employee benefits program, technology systems, Alcott facility lease program (closed in 2022), central stores activity, local site remediation and insurance. Because these services predominately benefit governmental rather than business-type activities, they have been included within governmental activities in the government-wide financial statements.

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

COUNTY OF KALAMAZOO, MICHIGAN

Management's Discussion and Analysis

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the County's progress in funding its obligation to provide pension and other postemployment benefits to its employees.

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

Government-wide Financial Analysis

As previously stated, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$274,383,434 at the close of the most recent fiscal year.

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 240,157,282	\$ 284,584,695	\$ 86,877,755	\$ 32,036,862	\$ 327,035,037	\$ 316,621,557
Capital assets, net	156,409,027	107,483,968	50,457,926	49,170,198	206,866,953	156,654,166
Total assets	396,566,309	392,068,663	137,335,681	81,207,060	533,901,990	473,275,723
Total deferred outflows of resources	23,652,376	4,946,337	364,816	321,409	24,017,192	5,267,746
Long-term liabilities	107,802,720	122,346,315	57,293,342	7,085,891	165,096,062	129,432,206
Other liabilities	64,364,529	46,429,284	3,647,359	1,747,690	68,011,888	48,176,974
Total liabilities	172,167,249	168,775,599	60,940,701	8,833,581	233,107,950	177,609,180
Total deferred inflows of resources	49,337,282	58,217,970	1,090,516	434,017	50,427,798	58,651,987
Net position						
Net investment in capital assets	88,290,754	74,296,286	50,457,926	47,084,190	138,748,680	121,380,476
Restricted	31,186,072	40,368,492	176,733	496,020	31,362,805	40,864,512
Unrestricted	79,237,328	55,356,653	25,034,621	24,680,661	104,271,949	80,037,314
Total net position	\$ 198,714,154	\$ 170,021,431	\$ 75,669,280	\$ 72,260,871	\$ 274,383,434	\$ 242,282,302

Current and other assets increased, along with the other liabilities for unearned revenues, due in part to the receipt of Coronavirus State and Local Fiscal Recovery Funds that have not yet been spent.

COUNTY OF KALAMAZOO, MICHIGAN

Management's Discussion and Analysis

A substantial portion of the County's net position, \$138,748,680 (50.6%), reflects its investment in capital assets (e.g., land, in progress assets, intangible easements, land improvements, buildings and improvements, furniture, machinery and equipment, vehicles and books), less any related outstanding debt used to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net position of \$31,362,805 (11.4%) 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 \$104,271,949 (38.0%) to meet its ongoing obligations to citizens and creditors.

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

COUNTY OF KALAMAZOO, MICHIGAN

Management's Discussion and Analysis

	Change in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Program revenues:						
Charges for services	\$ 13,405,796	\$ 14,539,259	\$ 6,065,398	\$ 6,157,874	\$ 19,471,194	\$ 20,697,133
Operating grants and contributions	37,285,450	34,519,073	6,067,232	820,789	43,352,682	35,339,862
Capital grants and contributions	-	-	331,021	911,306	331,021	911,306
General revenues:						
Property taxes	77,347,010	68,241,673	-	-	77,347,010	68,241,673
SLFRF	10,270,054	-	-	-	10,270,054	-
Opioid settlement	5,566,729	-	-	-	5,566,729	-
State revenue sharing	5,633,015	5,457,862	-	-	5,633,015	5,457,862
Other taxes	3,495,596	2,741,031	-	-	3,495,596	2,741,031
Other	1,229,321	994,694	(30,011)	-	1,199,310	994,694
Total revenues	154,232,971	126,493,592	12,433,640	7,889,969	166,666,611	134,383,561
Expenses:						
General						
government	21,973,983	8,899,301	-	-	21,973,983	8,899,301
Public safety	33,995,442	33,872,354	-	-	33,995,442	33,872,354
Public works	505,596	552,800	-	-	505,596	552,800
Health and welfare	31,259,614	30,909,234	-	-	31,259,614	30,909,234
Cultural and recreation	4,367,262	4,390,610	-	-	4,367,262	4,390,610
Judicial	31,392,758	25,476,207	-	-	31,392,758	25,476,207
Community and economic development	1,250,111	1,473,348	-	-	1,250,111	1,473,348
Interest and fiscal charges	484,419	1,578,623	-	-	484,419	1,578,623
Airport operations	-	-	7,144,431	6,468,754	7,144,431	6,468,754
Local government public works financing	-	-	1,926,288	857,769	1,926,288	857,769
Tax reversion	-	-	265,575	286,217	265,575	286,217
Total expenses	125,229,185	107,152,477	9,336,294	7,612,740	134,565,479	114,765,217
Change in net position, before transfers	29,003,786	19,341,115	3,097,346	277,229	32,101,132	19,618,344
Transfers	(311,063)	780,606	311,063	(780,606)	-	-
Change in net position	28,692,723	20,121,721	3,408,409	(503,377)	32,101,132	19,618,344
Net position:						
Beginning of year	170,021,431	149,899,710	72,260,871	72,764,248	242,282,302	222,663,958
End of year	\$ 198,714,154	\$ 170,021,431	\$ 75,669,280	\$ 72,260,871	\$ 274,383,434	\$ 242,282,302

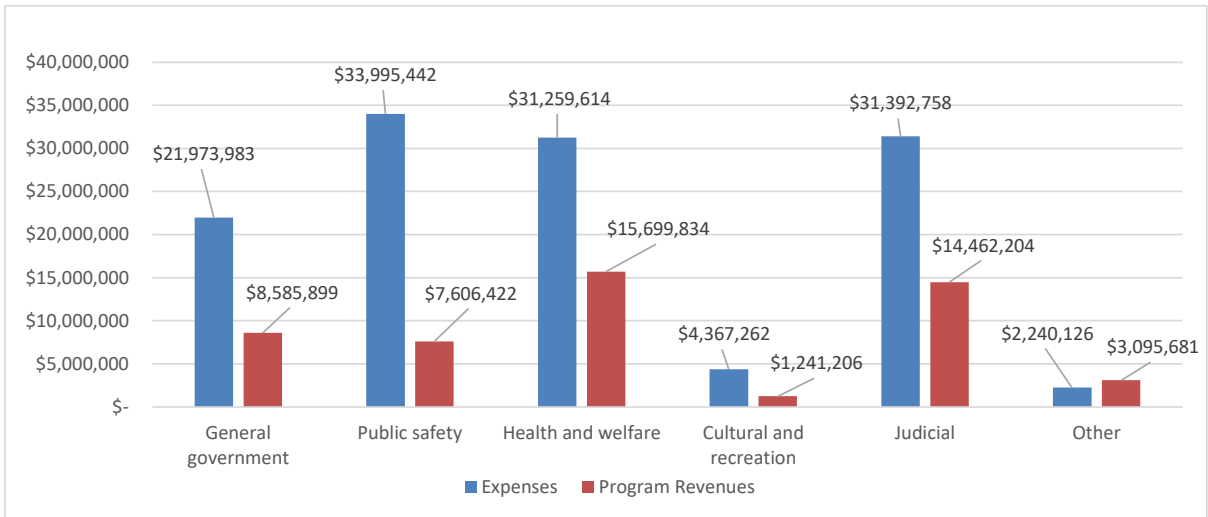
COUNTY OF KALAMAZOO, MICHIGAN

Management's Discussion and Analysis

Governmental Activities. Governmental activities increased the County’s net position by \$28,692,723, as compared to a prior year increase of \$20,121,721. Key elements of this increase consisted of the following:

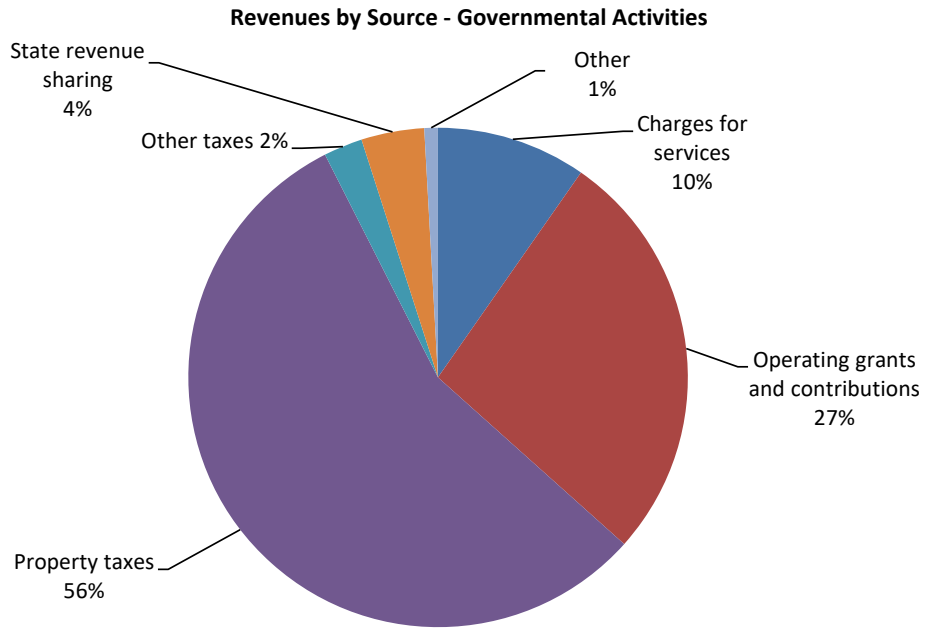
- Operating grants increased by \$2,766,377 which is largely due to an increase of approximately \$2,750,000 in indigent defense grant funding.
- Property taxes increased by \$9,105,337, which is largely due to an overall increase of 5.52% to the taxable value in Kalamazoo County.
- The County began to spend the Coronavirus State and Local Fiscal Recovery Funds during the year and as such as recognized revenue of \$10,270,054.
- The County expects to receive \$5,566,729 as a result of an opioid settlement and recorded a receivable and the revenue for the anticipated amount to be collected.
- Overall expenses increased by \$18,076,708, which \$10,270,054 is due to American Rescue Plan spending which include the essential worker pay of \$8,844,460 and contractual services of \$1,213,247. Contract timing related to Kalamazoo defender contributed \$2,460,839. Additionally, the County saw an increase county wide healthcare costs of \$1,256,553.

Expenses and Program Revenues - Governmental Activities



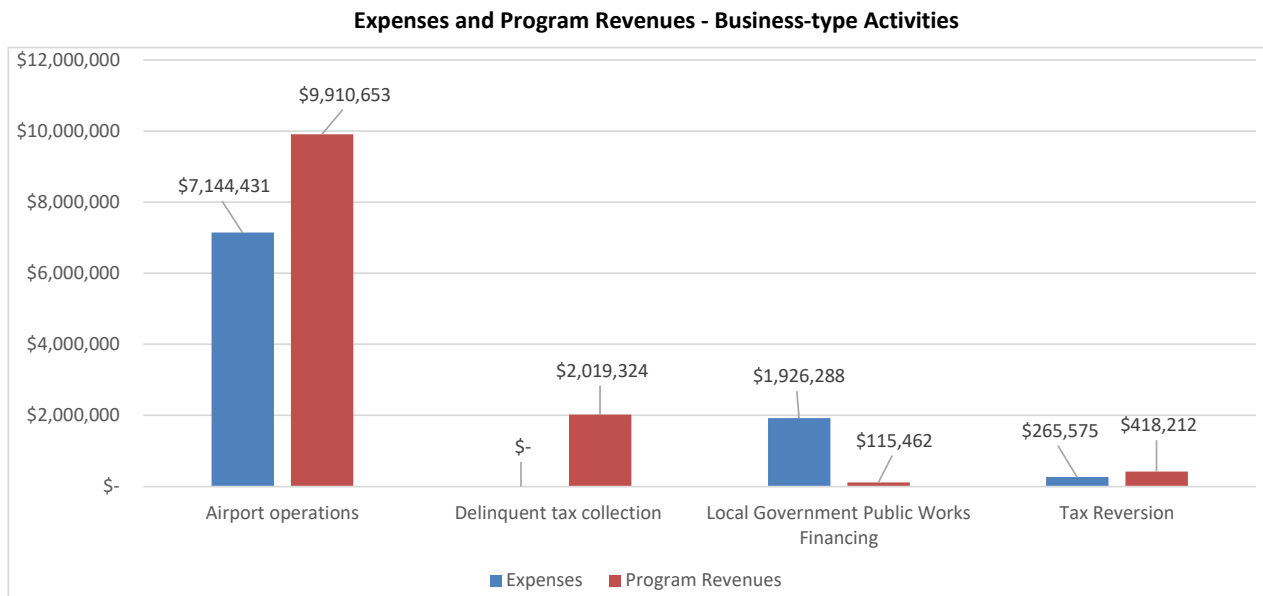
COUNTY OF KALAMAZOO, MICHIGAN

Management's Discussion and Analysis



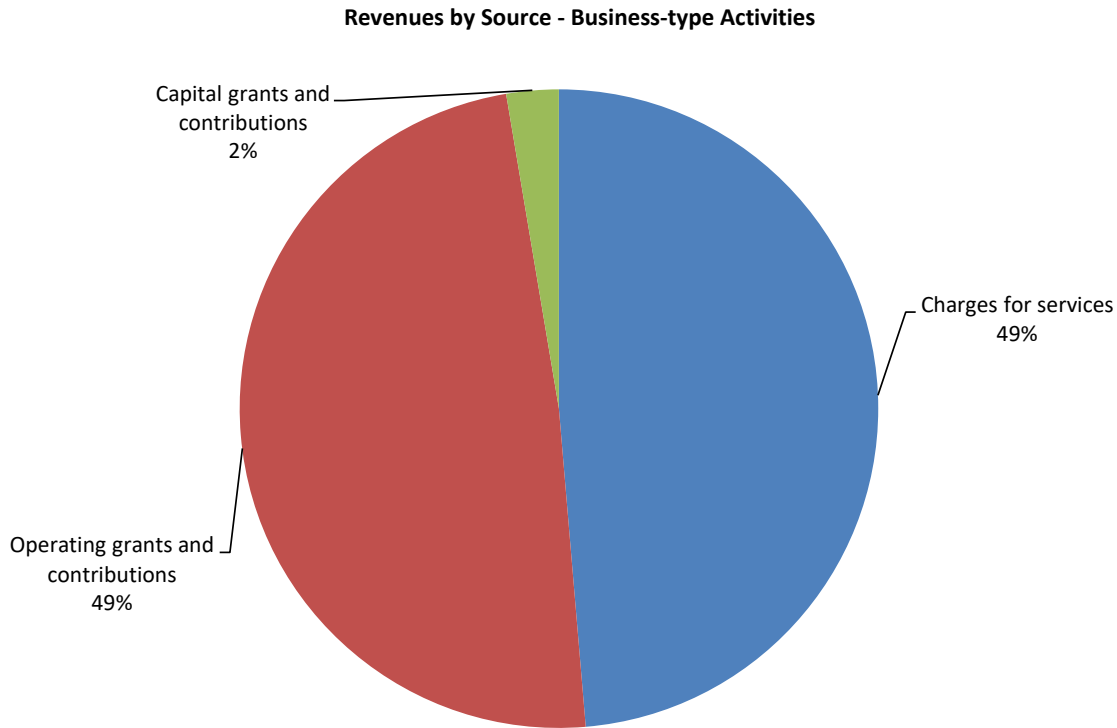
Business-type Activities. Business-type activities increased the County's net position by \$3,408,409, as compared to a prior year decrease of \$503,377. Key elements of this increase consisted of the following:

- Operating grants increased by \$5,246,443, which is largely due to Coronavirus Aid, Relief and Economic Security Act (CARES) of \$3,169,076 and the Coronavirus State and Local Fiscal Recovery Funds of \$2,150,062.
- Overall expenses increased by \$1,723,554 from prior year. In 2022, a bond was issued for the Road Commission's new facility in the Local Government Public Works Financing fund and as a result, increased expenses by \$714,171. The Airport saw an increase in their indirect costs of \$323,571 and had several capital improvement projects to the airfield building and road maintenance contributing \$541,731 to the increase.



COUNTY OF KALAMAZOO, MICHIGAN

Management's Discussion and Analysis



Financial Analysis of the County's Funds

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

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

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

Nonspendable fund balances make up \$443,166 (0.4%) of the fund balance. Governmental funds report nonspendable fund balance for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The County's inventories, prepaids and advances to component units are nonspendable.

Restricted fund balances make up \$42,215,800 (35.4%) of the fund balance. Spending of these resources is constrained by externally imposed (statutory, bond covenant, contracts, or grantors) limitations on their use. The amounts are for budget stabilization, debt service, capital, and special revenue funds.

Committed fund balances make up \$647,656 (0.5%) of the fund balance. Spending of these resources is for specific purposes pursuant to constraints imposed by formal action of the Board of Commissioners (the government's highest level of decision-making authority). A formal resolution of the Board of Commissioners is required to establish, modify, or rescind a fund balance commitment.

COUNTY OF KALAMAZOO, MICHIGAN

Management's Discussion and Analysis

Assigned fund balance makes up \$36,177,445 (30.4%) of the fund balance. These funds are primarily assigned for Capital Projects Fund capital expenditures.

Unassigned fund balance represents the General Fund remaining fund balance. The General Fund unassigned fund balance is available to support general operations of the County. The unassigned amount of \$39,695,700 represents 33.3% of the total governmental fund balances.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$39,965,700, while total fund balance amounted to \$42,238,908. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 49.8% of total General Fund expenditures and transfers out, while total fund balance represents 54.3% of that same amount.

The fund balance of the County's General Fund decreased by \$2,882,941 during the current fiscal year. The key factor in this change is planned use of fund balance for the purchase of the Alcott property in amount of \$9,911,670 and parking lot land of \$1,150,000. This was offset by tax revenue being \$2.9 million above projections and decreased required General Fund support by various funds including the Child Care Fund in the amount of \$1,049,332, the Health Fund in the amount of \$861,225 and the Capital Projects Fund in the amount of \$280,529. The remaining difference was due to overall conservative spending by departments in the General Fund.

The Law Enforcement Fund accounts for specific revenue derived from a special voter-approved millage, state and federal grants, and charges for services, and are to be expended as dictated by legal, regulatory, or administrative requirements. At the end of the current fiscal year, total fund balance of the Law Enforcement Fund was \$994,108. The fund balance of the County's Law Enforcement Fund decreased by \$1,837,796 during the current fiscal year. The key contributor to the decrease is higher salaries and overtime for the Sheriff's department employees as well as retroactive pay once their union contract was finalized. Approved capital spending in the law enforcement fund also increased.

The General Grants Fund accounts for American Rescue Plan Act and other grant programs. At the end of the current fiscal year, total fund balance of the General Grant Fund was \$748,090.

The Capital Projects Fund was established to account for renovation/construction projects performed on the County facilities and for the purchase of capital improvement equipment. These projects are funded primarily by the General Fund. The County continues to transfer a portion of the State Shared Revenue payments into the Capital Projects Fund to pay for capital facility needs. The fund balance increased by \$2,051,203, bringing the total fund balance to \$35,492,010. There are several key factors that account for this change, including 2022 construction in progress purchases being placed on hold until 2023 and various other large projects that are in progress, including the new ERP system, disaster recovery and District Court Imagesoft system.

The Justice Facility Capital Projects Fund was established to account for construction of the new justice facility. The fund balance decreased by \$36,790,725, due to spending of bond proceeds received in the prior year on construction projects.

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

COUNTY OF KALAMAZOO, MICHIGAN

Management's Discussion and Analysis

Unrestricted net position of the Airport Fund at the end of the year amounted to \$6,160,354. The net position for the Delinquent Tax Revolving Fund amounted to \$17,433,356 and the net position for the Local Government Public Works Financing Fund totaled \$237. The Airport Fund had a total increase in net position of \$2,730,912, the Delinquent Tax Revolving Fund experienced an increase in net position of \$489,313 (primarily as a result of tax collections in excess of transfers out to other funds), and the Local Government Public Works Financing Fund saw a change of \$237 in net position from prior year. Other factors concerning the finances of these three funds have already been addressed in the discussion of the County's business-type activities.

General Fund Budgetary Highlights

The original General Fund budget projected no change in fund balance. The final amended budget planned for a \$9,749,200 decrease in fund balance. The actual decrease in fund balance was \$2,882,941. Significant changes between original and final amended budget are as follows:

- The budget for general government expenditures was increased by \$415,400. The increase is related to various expenditures including information technology salaries, legal services, consultant fees and classification consultant.
- The budget for other expenditures increased by \$542,700, related to spending of the restricted reserve. The County restricted reserves as it continued to bargain with the Sheriff's Deputies, Sheriff's Supervisor's and Sheriff's Sergeants Associations for retro pay payments.
- The budget for transfers out was increased by \$10,182,900, primarily related to transfers into the County's capital projects fund to purchase the Alcott property and land for a parking lot construction to support the new Justice Facility Center.

Revenues

Taxes - \$1,002,042 over budget. This revenue overage is due to a 5.52% actual growth rate in taxable value. A 2.5% rate was used for budgeting purposes.

Intergovernmental - \$2,497,714 over budget. This revenue overage is primarily due to Marijuana tax dollars in the amount of \$1,387,236 and Local Community Stabilization Share tax dollars totaling \$1,191,260 over projections.

Investment earnings - \$1,326,838 under budget. This revenue shortage is due to investment selections and market conditions that provided earnings lower than projected.

Expenditures

General government - \$649,889 under budget. This activity was under budget primarily due to lower than projected restitution costs, lower utilities costs, lower than projected information technology costs, and overall conservative spending by department heads and elected officials.

Public safety - \$429,420 under budget. This activity was under budget primarily due to overall conservative spending by the Sheriff's Department and Animal Services.

Judicial - \$796,213 under budget. This activity was under budget primarily due to overall conservative spending by the Circuit Court, District Court and Prosecuting Attorney's Office.

Other - \$1,344,217 under budget. This activity was under budget primarily due to unused restricted reserve.

COUNTY OF KALAMAZOO, MICHIGAN

Management's Discussion and Analysis

Transfers out - \$2,277,842 under budget. This is primarily due to a lower need for General Fund support by various funds including the Child Care Fund in the amount of \$1,049,332, the Health Fund in the amount of \$861,225 and the Capital Projects Fund in the amount of \$280,529.

Capital Assets and Debt Administration

Capital Assets. The County's investment in capital assets for its governmental and business-type activities as of December 31, 2022, amounts to \$206,866,953 (net of accumulated depreciation/amortization). This investment in capital assets includes land, in process assets, intangible easements, land improvements, building and improvements, furniture, machinery and equipment, vehicles, books and leased buildings and improvements. The total increase in the County's investment in capital assets for the current fiscal year was \$50,212,787 (an increase of 45.5% for governmental activities and an increase of 2.6% for business-type activities).

Significant additions to capital assets are as follows:

- Downtown Justice Facility construction in progress.
- The County acquired the building and land of property 315 East Alcott Street.

	Capital Assets (Net of Depreciation)					
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 6,221,147	\$ 5,050,097	\$ 5,323,562	\$ 5,323,562	\$ 11,544,709	\$ 10,373,659
Construction in progress	60,443,103	22,587,753	9,915,830	10,057,934	70,358,933	32,645,687
Intangible easements	147,493	147,493	-	-	147,493	147,493
Land improvements	5,634,787	6,300,641	11,074,570	9,649,882	16,709,357	15,950,523
Buildings and improvements	80,316,899	69,075,073	23,079,036	23,873,431	103,395,935	92,948,504
Furniture, machinery and equipment	2,240,768	2,814,063	318,583	161,278	2,559,351	2,975,341
Vehicles	1,187,975	1,074,608	746,345	104,111	1,934,320	1,178,719
Law library books	529	1,588	-	-	529	1,588
Leased building and improvements	216,326	432,652	-	-	216,326	432,652
Total	\$ 156,409,027	\$ 107,483,968	\$ 50,457,926	\$ 49,170,198	\$ 206,866,953	\$ 156,654,166

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

COUNTY OF KALAMAZOO, MICHIGAN

Management's Discussion and Analysis

Long-term Debt. At the end of the current fiscal year, the County had total long-term debt outstanding of \$153,761,672, an increase of \$48,576,757 from the prior year, mainly due to new debt issuance for the Road Commission capital project.

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
General obligation bonds	\$ 87,165,000	\$ 88,455,000	\$ 55,370,000	\$ 6,570,000	\$ 142,535,000	\$ 95,025,000
Bond premium/discount	4,576,918	4,873,945	1,738,029	280,069	6,314,947	5,154,014
Compensated absences	4,777,657	4,902,727	134,068	103,174	4,911,725	5,005,901
Total	\$ 96,519,575	\$ 98,231,672	\$ 57,242,097	\$ 6,953,243	\$ 153,761,672	\$ 105,184,915

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

The current debt limitation for the County is \$1,255,540,958, which is significantly higher than the County's outstanding general obligation debt. Additional information on the County's long-term obligations is found in Note 8.

Economic Factors and Next Year's Budget and Rates

- The unemployment rate for the County as of March 2023 is 4.1% which is a 0.2% increase from March 2022. This is lower than the state average of 3.8%.
- Property values increased by 56.80% in 2023.
- While Inflationary trends in the region compare favorable to national indices, rates of inflation continue to be high and will be monitored closely.

These factors were considered in preparing and monitoring the County's budget for the 2023 fiscal year.

At calendar year end, the unassigned fund balance in the General Fund was \$39,695,700. This has allowed the County to adopt a balanced budget and eliminates the need to raise taxes or charges above the current recommended levels during the 2023 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report, or requests for additional financial information, may be addressed to the Finance Director, Kalamazoo County Government, 201 West Kalamazoo Ave, Room 402, Kalamazoo, MI 49007.

This page intentionally left blank.

BASIC FINANCIAL STATEMENTS

COUNTY OF KALAMAZOO, MICHIGAN

Statement of Net Position

December 31, 2022

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 25,800,283	\$ 15,878,419	\$ 41,678,702	\$ 32,484,153
Restricted cash	4,141,727	448	4,142,175	38,591,150
Investments	111,194,590	328,437	111,523,027	989,409
Restricted investments	42,878,841	-	42,878,841	-
Receivables	47,420,314	70,309,063	117,729,377	16,294,830
Restricted receivables	-	46,628	46,628	-
Internal balances	(112,387)	112,387	-	-
Advances to component unit	306,481	-	306,481	-
Other assets	1,250,551	72,716	1,323,267	3,484,255
Net pension asset	7,276,882	129,657	7,406,539	11,294,619
Net OPEB asset	-	-	-	323,561
Capital assets not being depreciated	66,811,743	15,239,392	82,051,135	53,685,942
Capital assets being depreciated/amortized, net	89,597,284	35,218,534	124,815,818	172,967,207
Total assets	396,566,309	137,335,681	533,901,990	330,115,126
Deferred outflows of resources				
Deferred charge on refunding	129,865	-	129,865	-
Deferred pension amounts	17,511,730	309,008	17,820,738	2,574,090
Deferred other postemployment benefit amounts	6,010,781	55,808	6,066,589	840,689
Total deferred outflows of resources	23,652,376	364,816	24,017,192	3,414,779
Liabilities				
Accounts payable and accrued liabilities	21,769,669	3,448,973	25,218,642	11,758,235
Advances from primary government	-	-	-	306,481
Unearned revenue	42,594,860	198,386	42,793,246	1,572,211
Bonds, notes and other long-term liabilities:				
Due within one year	7,125,833	171,524	7,297,357	1,366,730
Due in more than one year	89,539,373	57,070,573	146,609,946	63,091,685
Net other postemployment benefit liability (due in more than one year)	11,137,514	51,245	11,188,759	950,048
Total liabilities	172,167,249	60,940,701	233,107,950	79,045,390
Deferred inflows of resources				
Deferred lease amounts	210,056	944,745	1,154,801	118,162
Property taxes levied for subsequent period	32,920,967	-	32,920,967	453,310
Deferred pension amounts	274,424	45,987	320,411	4,764,366
Deferred other postemployment benefit amounts	15,931,835	99,784	16,031,619	5,657,796
Total deferred inflows of resources	49,337,282	1,090,516	50,427,798	10,993,634
Net position				
Net investment in capital assets	88,290,754	50,457,926	138,748,680	200,178,996
Restricted for:				
Public safety	2,896,590	-	2,896,590	-
Health and welfare	9,791,918	-	9,791,918	-
Cultural and recreation	3,602	-	3,602	-
Judicial	205	-	205	-
Community and economic development	6,356,131	-	6,356,131	-
Capital projects	-	47,076	47,076	-
Pension	7,276,882	129,657	7,406,539	11,294,619
OPEB	-	-	-	323,561
Budget stabilization	2,504,073	-	2,504,073	-
Other state mandated programs	2,356,671	-	2,356,671	-
Donor specified purposes	-	-	-	991,666
Replacement and insurance escrow reserves	-	-	-	296,326
Public housing	-	-	-	1,485,953
Unrestricted	79,237,328	25,034,621	104,271,949	28,919,760
Total net position	\$ 198,714,154	\$ 75,669,280	\$ 274,383,434	\$ 243,490,881

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

COUNTY OF KALAMAZOO, MICHIGAN

Statement of Activities

For the Year Ended December 31, 2022

Functions / Programs	Expenses	Indirect Expense Allocation	Program Revenues			Net (Expense) Revenue
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government						
Governmental activities:						
General government	\$ 26,454,623	\$ (4,480,640)	\$ 1,390,512	\$ 7,195,387	\$ -	\$ (13,388,084)
Public safety	33,813,675	181,767	2,548,722	5,057,700	-	(26,389,020)
Public works	505,596	-	59,215	-	-	(446,381)
Health and welfare	27,755,881	3,503,733	1,727,419	13,972,415	-	(15,559,780)
Cultural and recreation	4,367,262	-	1,188,564	52,642	-	(3,126,056)
Judicial	31,113,605	279,153	3,548,171	10,914,033	-	(16,930,554)
Community and economic development	1,178,884	71,227	2,943,193	93,273	-	1,786,355
Interest and fiscal charges	484,419	-	-	-	-	(484,419)
Total governmental activities	125,673,945	(444,760)	13,405,796	37,285,450	-	(74,537,939)
Business-type activities:						
Airport operations	6,699,671	444,760	3,512,637	6,066,995	331,021	2,766,222
Delinquent tax collection and administration	-	-	2,019,324	-	-	2,019,324
Local government public works financing	1,926,288	-	115,225	237	-	(1,810,826)
Tax reversion	265,575	-	418,212	-	-	152,637
Total business-type activities	8,891,534	444,760	6,065,398	6,067,232	331,021	3,127,357
Total primary government	\$ 134,565,479	\$ -	\$ 19,471,194	\$ 43,352,682	\$ 331,021	\$ (71,410,582)
Component units						
Kalamazoo County Transportation Authority	3,105,882	-	-	130,003	-	(2,975,879)
Central County Transportation Authority	12,733,326	-	1,874,130	13,212,336	3,113,932	5,467,072
Road Commission	25,604,459	-	230,018	32,298,807	-	6,924,366
Drainage Districts	206,907	-	-	-	-	(206,907)
Land Bank Authority	1,074,694	-	387,723	132,125	-	(554,846)
Lake Level Districts	(150,589)	-	-	-	-	150,589
Public Housing Commission	284,429	-	61,808	162,758	-	(59,863)
Brownfield Redevelopment Authority	2,450,260	-	2,500	92,172	-	(2,355,588)
Total component units	\$ 45,309,368	\$ -	\$ 2,556,179	\$ 46,028,201	\$ 3,113,932	\$ 6,388,944

continued...

COUNTY OF KALAMAZOO, MICHIGAN

Statement of Activities

For the Year Ended December 31, 2022

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Changes in net position				
Net (expense) revenue	\$ (74,537,939)	\$ 3,127,357	\$ (71,410,582)	\$ 6,388,944
General revenues:				
Property taxes	77,347,010	-	77,347,010	8,701,398
Coronavirus State and Local Fiscal Recovery funds, not restricted to a specific program	10,270,054	-	10,270,054	-
Opioid settlement	5,566,729	-	5,566,729	-
State revenue sharing	5,633,015	-	5,633,015	-
Lodging excise taxes	3,495,596	-	3,495,596	-
Unrestricted investment earnings (loss)	445,396	(30,011)	415,385	32,059
Gain on sale of capital assets	90,086	-	90,086	5,853
Other revenues	693,839	-	693,839	428,159
Transfers - internal activities	(311,063)	311,063	-	-
Total general revenues and transfers	103,230,662	281,052	103,511,714	9,167,469
Change in net position	28,692,723	3,408,409	32,101,132	15,556,413
Net position, beginning of year, as restated	170,021,431	72,260,871	242,282,302	227,934,468
Net position, end of year	<u>\$ 198,714,154</u>	<u>\$ 75,669,280</u>	<u>\$ 274,383,434</u>	<u>\$ 243,490,881</u>

concluded

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

This page intentionally left blank.

COUNTY OF KALAMAZOO, MICHIGAN

Balance Sheet

Governmental Funds

December 31, 2022

	General Fund	Law Enforcement	General Grants
Assets			
Cash and cash equivalents	\$ -	\$ 2,210,500	\$ -
Restricted cash	-	-	-
Investments	86,992,164	71,174	-
Restricted investments	-	-	42,878,841
Receivables:			
Accounts	848,258	17,500	-
Taxes	1,885,937	13,430,793	-
Due from other governments	2,049,744	-	-
Leases	213,098	-	-
Accrued interest	176,658	6,142	-
Advances to component units	306,481	-	-
Inventories	40,147	-	-
Prepays	44,851	10,000	-
Total assets	\$ 92,557,338	\$ 15,746,109	\$ 42,878,841
Liabilities			
Negative equity in pooled cash and cash equivalents	\$ 44,020,831	\$ -	\$ 849,757
Accounts payable	2,066,348	44,654	71,744
Accrued liabilities	1,380,436	499,899	-
Due to other governments	-	-	-
Deposits payable	249,113	-	-
Unearned revenue	-	-	41,209,250
Total liabilities	47,716,728	544,553	42,130,751
Deferred inflows of resources			
Deferred lease amounts	210,056	-	-
Property taxes levied for subsequent period	-	14,187,775	-
Unavailable revenue - opioid settlement	-	-	-
Unavailable revenue - property taxes	1,391,646	19,673	-
Total deferred inflows of resources	1,601,702	14,207,448	-
Fund balances			
Nonspendable	391,479	10,000	-
Restricted	2,504,073	984,108	748,090
Committed	647,656	-	-
Assigned	-	-	-
Unassigned	39,695,700	-	-
Total fund balances	43,238,908	994,108	748,090
Total liabilities, deferred inflows of resources and fund balances	\$ 92,557,338	\$ 15,746,109	\$ 42,878,841

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

Capital Projects	Justice Facility Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
\$ 34,081,181	\$ 3,459,437	\$ 20,156,925	\$ 59,908,043
-	4,141,727	-	4,141,727
1,581,974	22,404,925	144,353	111,194,590
-	-	-	42,878,841
-	-	6,696,364	7,562,122
-	-	17,727,159	33,043,889
-	-	3,442,680	5,492,424
-	-	-	213,098
2,720	-	-	185,520
-	-	-	306,481
-	-	1,513	41,660
36,265	-	3,909	95,025
<u>\$ 35,702,140</u>	<u>\$ 30,006,089</u>	<u>\$ 48,172,903</u>	<u>\$ 265,063,420</u>
\$ -	\$ -	\$ 811,355	\$ 45,681,943
210,130	6,341,002	5,209,268	13,943,146
-	25,676	849,030	2,755,041
-	-	524,750	524,750
-	-	7,635	256,748
-	-	1,385,610	42,594,860
<u>210,130</u>	<u>6,366,678</u>	<u>8,787,648</u>	<u>105,756,488</u>
-	-	-	210,056
-	-	18,733,192	32,920,967
-	-	5,566,729	5,566,729
-	-	18,094	1,429,413
-	-	24,318,015	40,127,165
36,265	-	5,422	443,166
-	23,639,411	14,340,118	42,215,800
-	-	-	647,656
35,455,745	-	721,700	36,177,445
-	-	-	39,695,700
<u>35,492,010</u>	<u>23,639,411</u>	<u>15,067,240</u>	<u>119,179,767</u>
<u>\$ 35,702,140</u>	<u>\$ 30,006,089</u>	<u>\$ 48,172,903</u>	<u>\$ 265,063,420</u>

This page intentionally left blank.

COUNTY OF KALAMAZOO, MICHIGAN

Reconciliation

Fund Balances of Governmental Funds
to Net Position of Governmental Activities
December 31, 2022

Fund balances - total governmental funds **\$ 119,179,767**

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

Capital assets used in governmental activities are not financial resources, and therefore are not reported in the fund statements.

Capital assets not being depreciated	66,811,743
Capital assets being depreciated/amortized, net	89,597,284
Less: amounts accounted for in internal service funds	(654,731)

The focus of governmental funds is on short-term financing. Accordingly, some assets will not be available to pay for current-period expenditures. Those assets (such as certain receivables) are offset by deferred inflows of resources in the governmental funds, and thus are not included in fund balance.

Deferred inflows for opioid settlement	5,566,729
Deferred inflows for property taxes receivable	1,429,413

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

Net position of governmental activities accounted for in internal service funds:	
Total internal service fund net position	10,426,174
Internal service fund net position accounted for in business-type activities	(112,387)

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

Bonds, notes and other long-term liabilities	(87,310,631)
Bond premiums/discounts, net	(4,576,918)
Deferred charge on bond refunding	129,865
Compensated absences	(4,777,657)
Less: amounts accounted for in internal service funds	35,999
Accrued interest on long-term debt	(486,116)

Certain pension and OPEB-related amounts, such as the net pension asset, net other postemployment benefit liability and deferred amounts are not due and payable in the current period or do not represent current financial resources and therefore are not reported in the funds.

Net pension asset	7,276,882
Net other postemployment benefit liability	(11,137,514)
Deferred outflows related to the net pension asset	17,511,730
Deferred outflows related to the net other postemployment benefit liability	6,010,781
Deferred inflows related to the net pension asset	(274,424)
Deferred inflows related to the net other postemployment benefit liability	<u>(15,931,835)</u>

Net position of governmental activities **\$ 198,714,154**

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

COUNTY OF KALAMAZOO, MICHIGAN

Statement of Revenues, Expenditures and Change in Fund Balances

Governmental Funds

For the Year Ended December 31, 2022

	General Fund	Law Enforcement	General Grants
Revenues			
Taxes	\$ 45,628,142	\$ 13,475,045	\$ -
Licenses and permits	688,251	-	-
Intergovernmental	16,396,914	570,757	10,270,054
Charges for services	6,868,201	-	-
Fines and forfeitures	843,671	-	-
Investment earnings (loss)	(421,838)	(271,496)	744,268
Contributions, grants and reimbursements	4	-	-
Other	5,148,919	-	-
Total revenues	75,152,264	13,774,306	11,014,322
Expenditures			
Current:			
General government	14,088,411	-	10,058,498
Public safety	16,893,880	9,198,334	-
Public works	473,712	-	-
Health and welfare	5,067,082	578,413	-
Cultural and recreation	-	-	-
Judicial	14,024,687	3,946,556	-
Community and economic development	1,302,945	-	-
Other	68,283	-	-
Debt service:			
Principal	-	-	-
Principal - leases	287,021	-	-
Interest and fiscal charges	12,980	-	-
Capital outlay	-	-	211,555
Total expenditures	52,219,001	13,723,303	10,270,053
Revenues over (under) expenditures	22,933,263	51,003	744,269
Other financing sources (uses)			
Transfers in	1,605,852	-	-
Transfers out	(27,444,558)	(1,888,799)	-
Proceeds from sale of capital assets	22,502	-	-
Total other financing sources (uses)	(25,816,204)	(1,888,799)	-
Net change in fund balances	(2,882,941)	(1,837,796)	744,269
Fund balances, beginning of year	46,121,849	2,831,904	3,821
Fund balances, end of year	\$ 43,238,908	\$ 994,108	\$ 748,090

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

Capital Projects	Justice Facility Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 21,491,374	\$ 80,594,561
-	-	864,970	1,553,221
-	-	25,514,177	52,751,902
-	-	4,133,323	11,001,524
-	-	-	843,671
25,975	359,992	8,495	445,396
-	-	436,613	436,617
-	-	32,940	5,181,859
<u>25,975</u>	<u>359,992</u>	<u>52,481,892</u>	<u>152,808,751</u>
-	-	13,457	24,160,366
-	-	9,576,187	35,668,401
-	-	-	473,712
-	-	25,549,108	31,194,603
-	-	3,800,796	3,800,796
-	-	12,125,126	30,096,369
-	-	943,879	2,246,824
-	-	-	68,283
-	-	1,290,000	1,290,000
-	-	-	287,021
-	-	769,685	782,665
<u>17,985,992</u>	<u>37,150,717</u>	<u>90,603</u>	<u>55,438,867</u>
<u>17,985,992</u>	<u>37,150,717</u>	<u>54,158,841</u>	<u>185,507,907</u>
<u>(17,960,017)</u>	<u>(36,790,725)</u>	<u>(1,676,949)</u>	<u>(32,699,156)</u>
19,943,636	-	13,882,947	35,432,435
-	-	(3,299,297)	(32,632,654)
<u>67,584</u>	<u>-</u>	<u>-</u>	<u>90,086</u>
<u>20,011,220</u>	<u>-</u>	<u>10,583,650</u>	<u>2,889,867</u>
2,051,203	(36,790,725)	8,906,701	(29,809,289)
<u>33,440,807</u>	<u>60,430,136</u>	<u>6,160,539</u>	<u>148,989,056</u>
<u>\$ 35,492,010</u>	<u>\$ 23,639,411</u>	<u>\$ 15,067,240</u>	<u>\$ 119,179,767</u>

This page intentionally left blank.

COUNTY OF KALAMAZOO, MICHIGAN

Reconciliation

Net Change in Fund Balances of Governmental Funds
to Change in Net Position of Governmental Activities
For the Year Ended December 31, 2022

Net change in fund balances - total governmental funds \$ (29,809,289)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense.

Capital assets purchased/constructed	53,632,493
Capital assets transferred from internal service fund	735,017
Depreciation/amortization expense	(4,705,588)
Proceeds from sale of capital assets	(90,086)
Gain on sale of capital assets	90,086

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

Change in deferred opioid settlement	5,566,729
Change in deferred property taxes receivable	248,045

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

Principal payments on bonds, notes and other long-term liabilities	1,577,021
--	-----------

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Change in accrued interest payable on long-term debt	15,133
Amortization of bond premiums/discounts	297,027
Amortization of deferred charge on refunding	(13,914)
Change in the accrual for compensated absences	87,411
Change in the net pension asset and related deferred amounts	(4,900,939)
Change in the net other postemployment benefit liability and related deferred amounts	8,060,182

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

Net operating income of the internal service funds	1,746,422
Operating income of the internal service funds allocated to business-type activities	(35,310)
Investment earnings accounted for in the internal service funds	38,144
Operating transfers accounted for in the internal service funds	(3,845,861)

Change in net position of governmental activities \$ 28,692,723

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

COUNTY OF KALAMAZOO, MICHIGAN

Statement of Revenues, Expenditures and Change in Fund Balances

Budget and Actual - General Fund
For the Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 44,626,100	\$ 44,626,100	\$ 45,628,142	\$ 1,002,042
Licenses and permits	879,500	879,500	688,251	(191,249)
Intergovernmental	13,899,200	13,899,200	16,396,914	2,497,714
Charges for services	6,524,900	7,224,900	6,868,201	(356,699)
Fines and forfeitures	800,600	800,600	843,671	43,071
Investment earnings (loss)	905,000	905,000	(421,838)	(1,326,838)
Contributions, grants, and reimbursements	-	-	4	4
Other	5,455,700	5,484,500	5,148,919	(335,581)
Total revenues	73,091,000	73,819,800	75,152,264	1,332,464
Expenditures				
Current:				
General government	14,322,900	14,738,300	14,088,411	(649,889)
Public safety	18,686,100	17,323,300	16,893,880	(429,420)
Public works	439,000	513,000	473,712	(39,288)
Health and welfare	5,171,100	5,224,500	5,067,082	(157,418)
Judicial	14,409,500	14,820,900	14,024,687	(796,213)
Community and economic development	1,258,100	1,419,100	1,302,945	(116,155)
Other	869,800	1,412,500	68,283	(1,344,217)
Debt service:				
Principal - leases	-	-	287,021	287,021
Interest and fiscal charges	-	-	12,980	12,980
Total expenditures	55,156,500	55,451,600	52,219,001	(3,232,599)
Revenues over expenditures	17,934,500	18,368,200	22,933,263	4,565,063
Other financing sources (uses)				
Transfers in	1,590,000	1,590,000	1,605,852	15,852
Transfers out	(19,539,500)	(29,722,400)	(27,444,558)	(2,277,842)
Proceeds from sale of capital assets	15,000	15,000	22,502	7,502
Total other financing uses (uses)	(17,934,500)	(28,117,400)	(25,816,204)	2,301,196
Net change in fund balance	-	(9,749,200)	(2,882,941)	6,866,259
Fund balance, beginning of year	46,121,849	46,121,849	46,121,849	-
Fund balance, end of year	\$ 46,121,849	36,372,649	\$ 43,238,908	\$ 6,866,259

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

COUNTY OF KALAMAZOO, MICHIGAN

Statement of Revenues, Expenditures and Change in Fund Balances

Budget and Actual - Law Enforcement Fund

For the Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 13,462,400	\$ 13,462,400	\$ 13,475,045	\$ 12,645
Intergovernmental	585,400	585,400	570,757	(14,643)
Investment earnings (loss)	30,500	30,500	(271,496)	(301,996)
Total revenues	<u>14,078,300</u>	<u>14,078,300</u>	<u>13,774,306</u>	<u>(303,994)</u>
Expenditures				
Current:				
Public safety:				
Community corrections	11,000	11,000	11,000	-
Sheriff - jail	8,243,800	8,713,900	8,619,884	(94,016)
Sheriff - field operations	-	162,900	162,900	-
Animal services & enforcement	391,700	409,700	404,550	(5,150)
Total public safety	<u>8,646,500</u>	<u>9,297,500</u>	<u>9,198,334</u>	<u>(99,166)</u>
Health and welfare -				
Circuit court family division	<u>622,700</u>	<u>590,700</u>	<u>578,413</u>	<u>(12,287)</u>
Judicial:				
Prosecuting attorney	2,117,100	2,006,500	1,965,348	(41,152)
Circuit court trial division	572,900	582,900	542,368	(40,532)
District court	<u>1,575,500</u>	<u>1,460,000</u>	<u>1,438,840</u>	<u>(21,160)</u>
Total judicial	<u>4,265,500</u>	<u>4,049,400</u>	<u>3,946,556</u>	<u>(102,844)</u>
Other:				
Contingencies	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>(50,000)</u>
Total expenditures	<u>13,584,700</u>	<u>13,987,600</u>	<u>13,723,303</u>	<u>(264,297)</u>
Revenues over (under) expenditures	493,600	90,700	51,003	(39,697)
Other financing uses				
Transfers out	<u>(1,889,000)</u>	<u>(1,889,000)</u>	<u>(1,888,799)</u>	<u>(201)</u>
Net change in fund balance	<u>(1,395,400)</u>	<u>(1,798,300)</u>	<u>(1,837,796)</u>	<u>(39,496)</u>
Fund balance, beginning of year	<u>2,831,904</u>	<u>2,831,904</u>	<u>2,831,904</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,436,504</u>	<u>\$ 1,033,604</u>	<u>\$ 994,108</u>	<u>\$ (39,496)</u>

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

COUNTY OF KALAMAZOO, MICHIGAN

Statement of Revenues, Expenditures and Change in Fund Balances

Budget and Actual - General Grants Fund

For the Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental	\$ -	\$ 24,458,300	\$ 10,270,054	\$ (14,188,246)
Investment earnings	-	-	744,268	744,268
Other	50,000	3,945,800	-	(3,945,800)
Total revenues	<u>50,000</u>	<u>28,404,100</u>	<u>11,014,322</u>	<u>(17,389,778)</u>
Expenditures				
Current:				
General government	50,000	24,617,400	10,058,498	(14,558,902)
Capital outlay	-	3,786,700	211,555	(3,575,145)
Total expenditures	<u>50,000</u>	<u>28,404,100</u>	<u>10,270,053</u>	<u>(18,134,047)</u>
Net change in fund balance	-	-	744,269	744,269
Fund balance, beginning of year	<u>3,821</u>	<u>3,821</u>	<u>3,821</u>	<u>-</u>
Fund balance, end of year	<u>\$ 3,821</u>	<u>\$ 3,821</u>	<u>\$ 748,090</u>	<u>\$ 744,269</u>

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

This page intentionally left blank.

COUNTY OF KALAMAZOO, MICHIGAN

Statement of Net Position

Proprietary Funds
December 31, 2022

	Business-type Activities - Enterprise Funds					Governmental Activities
	Airport	Delinquent Tax Revolving	Local Government Public Works Financing	Nonmajor Fund - Tax Reversion	Total	Internal Service Funds
Assets						
Current assets:						
Cash and cash equivalents	\$ 2,621,742	\$ 10,015,482	\$ 237	\$ 3,240,958	\$ 15,878,419	\$ 12,366,824
Investments	-	328,437	-	-	328,437	-
Receivables:						
Accounts	795,683	-	-	5,500	801,183	922,557
Taxes	-	7,089,437	-	-	7,089,437	-
Due from other governments	3,950,019	-	-	-	3,950,019	-
Installment sales agreements, current portion	-	-	505,437	-	505,437	-
Leases	55,762	-	-	-	55,762	-
Accrued interest	-	-	-	-	-	704
Inventories	59,118	-	-	-	59,118	127,400
Prepays	13,598	-	-	-	13,598	986,466
Total current assets	7,495,922	17,433,356	505,674	3,246,458	28,681,410	14,403,951
Noncurrent assets:						
Restricted cash and cash equivalents	448	-	-	-	448	-
Restricted accounts receivable	46,628	-	-	-	46,628	-
Installment sales agreements, net of current portion	-	-	57,003,778	-	57,003,778	-
Leases receivable	903,447	-	-	-	903,447	-
Net pension asset	129,657	-	-	-	129,657	-
Capital assets not being depreciated	15,239,392	-	-	-	15,239,392	453,904
Capital assets being depreciated, net	35,218,534	-	-	-	35,218,534	200,827
Total noncurrent assets	51,538,106	-	57,003,778	-	108,541,884	654,731
Total assets	59,034,028	17,433,356	57,509,452	3,246,458	137,223,294	15,058,682
Deferred outflows of resources						
Deferred pension amounts	309,008	-	-	-	309,008	-
Deferred other postemployment benefit amounts	55,808	-	-	-	55,808	-
Total deferred outflows of resources	364,816	-	-	-	364,816	-
Liabilities						
Current liabilities:						
Negative equity in cash and cash equivalents	-	-	-	-	-	792,641
Accounts payable	1,011,068	-	-	13,866	1,024,934	630,427
Accrued liabilities	76,501	-	-	-	76,501	269,449
Deposits payable	42,047	-	-	-	42,047	64,985
Accrued interest	-	-	401,186	-	401,186	-
Undistributed receipts	-	-	-	1,904,305	1,904,305	-
Unearned revenue	198,386	-	-	-	198,386	-
Claims payable	-	-	-	-	-	2,839,007
Current portion of bonds, notes and other long-term liabilities	67,273	-	104,251	-	171,524	35,999
Total current liabilities	1,395,275	-	505,437	1,918,171	3,818,883	4,632,508
Noncurrent liabilities, net of current portion:						
Bonds, notes and other long-term liabilities	66,795	-	57,003,778	-	57,070,573	-
Net other postemployment benefit liability	51,245	-	-	-	51,245	-
Total noncurrent liabilities	118,040	-	57,003,778	-	57,121,818	-
Total liabilities	1,513,315	-	57,509,215	1,918,171	60,940,701	4,632,508
Deferred inflows of resources						
Deferred lease amounts	944,745	-	-	-	944,745	-
Deferred pension amounts	45,987	-	-	-	45,987	-
Deferred other postemployment benefit amounts	99,784	-	-	-	99,784	-
Total deferred inflows of resources	1,090,516	-	-	-	1,090,516	-
Net position						
Investment in capital assets	50,457,926	-	-	-	50,457,926	654,731
Restricted for capital projects	47,076	-	-	-	47,076	-
Restricted for pension	129,657	-	-	-	129,657	-
Unrestricted	6,160,354	17,433,356	237	1,328,287	24,922,234	9,771,443
Total net position	\$ 56,795,013	\$ 17,433,356	\$ 237	\$ 1,328,287	\$ 75,556,893	\$ 10,426,174

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

COUNTY OF KALAMAZOO, MICHIGAN

Reconciliation

Net Position of Enterprise Funds
to Net Position of Business-type Activities
December 31, 2022

Net position - total enterprise funds \$ 75,556,893

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

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

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

112,387

Net position of business-type activities

\$ 75,669,280

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

COUNTY OF KALAMAZOO, MICHIGAN

Statement of Revenues, Expenses and Change in Fund Net Position

Proprietary Funds
For the Year Ended December 31, 2022

	Business-type Activities - Enterprise Funds				Governmental Activities	
	Airport	Delinquent Tax Revolving	Local Government Public Works Financing	Nonmajor Fund - Tax Reversion	Total	Internal Service Funds
Operating revenues						
Charges for services	\$ 3,512,637	\$ -	\$ -	\$ -	\$ 3,512,637	\$ 30,499,360
Collection fees	-	712,148	-	418,212	1,130,360	-
Interest and penalties	-	1,307,176	-	-	1,307,176	-
Instalment sales agreements interest revenue	-	-	115,225	-	115,225	-
Total operating revenues	3,512,637	2,019,324	115,225	418,212	6,065,398	30,499,360
Operating expenses						
Salaries and fringes	1,691,440	-	-	-	1,691,440	681,382
Supplies and other operating expenses	3,127,589	-	-	265,575	3,393,164	1,991,468
Depreciation	2,308,220	-	-	-	2,308,220	120,386
Insurance benefits and claims	-	-	-	-	-	25,959,702
Total operating expenses	7,127,249	-	-	265,575	7,392,824	28,752,938
Operating income (loss)	(3,614,612)	2,019,324	115,225	152,637	(1,327,426)	1,746,422
Nonoperating revenues (expenses)						
Investment earnings (loss)	1,114	(30,011)	237	-	(28,660)	38,144
Other contract revenue	37,495	-	-	-	37,495	-
Grants and contributions	6,028,386	-	-	-	6,028,386	-
Interest expense	(52,492)	-	(1,926,288)	-	(1,978,780)	-
Total nonoperating revenues (expenses)	6,014,503	(30,011)	(1,926,051)	-	4,058,441	38,144
Income (loss) before capital contributions and transfers	2,399,891	1,989,313	(1,810,826)	152,637	2,731,015	1,784,566
Capital contributions						
Passenger facility charges	235,893	-	-	-	235,893	-
Grants and donations	95,128	-	-	-	95,128	-
Total capital contributions	331,021	-	-	-	331,021	-
Income (loss) before transfers	2,730,912	1,989,313	(1,810,826)	152,637	3,062,036	1,784,566
Transfers in	-	-	1,811,063	-	1,811,063	868,323
Transfers out	-	(1,500,000)	-	-	(1,500,000)	(4,714,184)
Change in net position	2,730,912	489,313	237	152,637	3,373,099	(2,061,295)
Net position, beginning of year	54,064,101	16,944,043	-	1,175,650	72,183,794	12,487,469
Net position, end of year	\$ 56,795,013	\$ 17,433,356	\$ 237	\$ 1,328,287	\$ 75,556,893	\$ 10,426,174

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

COUNTY OF KALAMAZOO, MICHIGAN

Reconciliation

Net Change in Fund Net Position of Enterprise Funds
to Change in Net Position of Business-type Activities
For the Year Ended December 31, 2022

Change in net position - total enterprise funds \$ 3,373,099

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

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

Net operating income from business-type activities accounted for in governmental-type
internal service funds

35,310

Change in net position of business-type activities

\$ 3,408,409

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

COUNTY OF KALAMAZOO, MICHIGAN

Statement of Cash Flows

Proprietary Funds
For the Year Ended December 31, 2022

	Business-type Activities - Enterprise Funds				Governmental Activities	
	Airport	Delinquent Tax Revolving	Local Government Public Works Financing	Nonmajor Fund - Tax Reversion	Total	Internal Service Funds
Cash flows from operating activities						
Receipts from customers and users	\$ 3,656,526	\$ 13,953,745	\$ 4,179,471	\$ 1,329,252	\$ 23,118,994	\$ 30,522,990
Payments to vendors	(4,912,495)	-	-	(278,650)	(5,191,145)	(1,895,345)
Payments for personnel services	(1,617,099)	-	-	-	(1,617,099)	(733,142)
Benefit payments	-	-	-	-	-	(26,350,951)
Delinquent taxes purchased	-	(11,860,899)	-	-	(11,860,899)	-
Net cash provided by (used in) operating activities	<u>(2,873,068)</u>	<u>2,092,846</u>	<u>4,179,471</u>	<u>1,050,602</u>	<u>4,449,851</u>	<u>1,543,552</u>
Cash flows from noncapital financing activities						
Other contract revenue received	37,495	-	-	-	37,495	-
Grants and contributions	6,028,386	-	-	-	6,028,386	-
Proceeds on issuance of long-term debt	-	-	55,235,000	-	55,235,000	-
Premium on issuance of long-term debt	-	-	1,762,717	-	1,762,717	-
Issuance of installment sales agreement	-	-	(56,997,717)	-	(56,997,717)	-
Principal paid on long-term debt	-	-	(4,320,000)	-	(4,320,000)	-
Interest paid on long-term debt	-	-	(1,670,534)	-	(1,670,534)	-
Transfers from other funds	-	-	1,811,063	-	1,811,063	868,323
Transfers to other funds	-	(1,500,000)	-	-	(1,500,000)	-
Net cash provided by (used in) noncapital financing activities	<u>6,065,881</u>	<u>(1,500,000)</u>	<u>(4,179,471)</u>	<u>-</u>	<u>386,410</u>	<u>868,323</u>
Cash flows from capital and related financing activities						
Passenger facility charges collected	235,893	-	-	-	235,893	-
Other capital contributions received	95,128	-	-	-	95,128	-
Purchase of capital assets	(3,595,948)	-	-	-	(3,595,948)	(118,540)
Principal paid on long-term debt	(2,115,000)	-	-	-	(2,115,000)	-
Interest paid on long-term debt	(35,188)	-	-	-	(35,188)	-
Net cash used in capital and related financing activities	<u>(5,415,115)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,415,115)</u>	<u>(118,540)</u>
Cash flows from investing activities						
Purchase of investments	-	(1,394)	-	-	(1,394)	-
Investment earnings (loss)	1,114	(30,011)	237	-	(28,660)	38,144
Net cash provided by (used in) investing activities	<u>1,114</u>	<u>(31,405)</u>	<u>237</u>	<u>-</u>	<u>(30,054)</u>	<u>38,144</u>
Net increase (decrease) in cash and cash equivalents	<u>(2,221,188)</u>	<u>561,441</u>	<u>237</u>	<u>1,050,602</u>	<u>(608,908)</u>	<u>2,331,479</u>
Cash and cash equivalents, beginning of year	<u>4,843,378</u>	<u>9,454,041</u>	<u>-</u>	<u>2,190,356</u>	<u>16,487,775</u>	<u>10,035,345</u>
Cash and cash equivalents, end of year	<u>\$ 2,622,190</u>	<u>\$ 10,015,482</u>	<u>\$ 237</u>	<u>\$ 3,240,958</u>	<u>\$ 15,878,867</u>	<u>\$ 12,366,824</u>
Classification on the statement of net position						
Cash and cash equivalents	\$ 2,621,742	\$ 10,015,482	\$ 237	\$ 3,240,958	\$ 15,878,419	\$ 12,366,824
Noncurrent restricted cash and cash equivalents	448	-	-	-	448	-
	<u>\$ 2,622,190</u>	<u>\$ 10,015,482</u>	<u>\$ 237</u>	<u>\$ 3,240,958</u>	<u>\$ 15,878,867</u>	<u>\$ 12,366,824</u>

Noncash transaction:

The internal service funds had noncash transfers of \$735,017 in capital assets during the year to governmental activities.
The internal service funds had transfers of \$3,979,167 in prepaids during the year to the Capital Projects fund.

continued...

COUNTY OF KALAMAZOO, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended December 31, 2022

	Business-type Activities - Enterprise Funds					Governmental Activities
	Airport	Delinquent Tax Revolving	Local Government Public Works Financing	Nonmajor Fund - Tax Reversion	Total	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities						
Operating income (loss)	\$ (3,614,612)	\$ 2,019,324	\$ 115,225	\$ 152,637	\$ (1,327,426)	\$ 1,746,422
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation expense	2,308,220	-	-	-	2,308,220	120,386
Change in:						
Accounts receivable	(1,369)	-	-	2,600	1,231	(216,692)
Taxes receivable	-	45,217	-	260,843	306,060	-
Due from other governments	(2,507,126)	-	-	-	(2,507,126)	-
Installment sales agreement receivable	-	-	4,064,246	-	4,064,246	-
Leases receivable	(959,209)	-	-	-	(959,209)	-
Accrued interest receivable	-	28,305	-	-	28,305	3,068
Inventories	(10,461)	-	-	-	(10,461)	(24,606)
Prepays	7,898	-	-	-	7,898	204,550
Net pension asset	653,676	-	-	-	653,676	-
Deferred outflows of resources - pension amounts	(240,603)	-	-	-	(240,603)	-
Deferred outflows of resources - other postemployment benefit amounts	(13,618)	-	-	-	(13,618)	-
Negative equity in cash and cash equivalents	-	-	-	-	-	247
Accounts payable	694,759	-	-	(13,075)	681,684	14,120
Accrued liabilities	13,641	-	-	-	13,641	(14,101)
Undistributed receipts	-	-	-	647,597	647,597	-
Deposits payable	30,024	-	-	-	30,024	(17,285)
Unearned revenue	159,722	-	-	-	159,722	-
Claims payable	-	-	-	-	-	(234,898)
Compensated absences	30,894	-	-	-	30,894	(37,659)
Net other postemployment benefit liability	(81,403)	-	-	-	(81,403)	-
Deferred inflows of resources - lease amounts	944,745	-	-	-	944,745	-
Deferred inflows of resources - pension amounts	(336,801)	-	-	-	(336,801)	-
Deferred inflows of resources - other postemployment benefit amounts	48,555	-	-	-	48,555	-
Net cash provided by (used in) operating activities	<u>\$ (2,873,068)</u>	<u>\$ 2,092,846</u>	<u>\$ 4,179,471</u>	<u>\$ 1,050,602</u>	<u>\$ 4,449,851</u>	<u>\$ 1,543,552</u>

concluded

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

COUNTY OF KALAMAZOO, MICHIGAN

Statement of Fiduciary Net Position

Fiduciary Funds

December 31, 2022

	Pension and Retiree Health Care Trust Funds	Custodial Funds
Assets		
Cash and cash equivalents	\$ 9,712,951	\$ 1,813,616
Investments, at fair value:		
U.S. government securities	19,246,745	-
U.S. agency securities	18,527,103	-
Corporate obligations	22,175,480	-
Municipal bonds	42,697	-
Foreign corporate obligations	2,763,631	-
Mortgage-backed funds	2,691,038	-
Domestic equity mutual funds/ collective trust funds	123,397,433	-
Emerging market mutual funds	25,179,085	-
International equity mutual funds	26,151,335	-
Real estate investment trust	6,094,680	-
Real estate pooled separate account	9,314,583	-
Receivables:		
Sale of investments	2,664,409	-
Interest and dividends	435,990	-
Employer contributions	99,884	-
Other	71,481	134,265
Other assets - prepaids	111,387	-
Total assets	<u>268,679,912</u>	<u>1,947,881</u>
Liabilities		
Accounts payable	66,917	-
Benefits payable	1,045,583	-
Purchase of investments	5,900,307	-
Undistributed collections	-	1,098,509
Total liabilities	<u>7,012,807</u>	<u>1,098,509</u>
Net position		
Restricted for:		
Employees' pension benefits	229,572,460	-
Other postemployment benefits	32,094,645	-
Individuals, organizations and other governments	-	849,372
Total net position	<u>\$ 261,667,105</u>	<u>\$ 849,372</u>

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

COUNTY OF KALAMAZOO, MICHIGAN

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

For the Year Ended December 31, 2022

	Pension and Retiree Health Care Trust Funds	Custodial Funds
Additions		
Contributions:		
Employer	\$ 6,803,422	\$ -
Investment earnings (loss):		
Net depreciation in fair value of investments	(44,912,709)	-
Income on mutual funds	5,190,469	-
Interest and dividends	2,081,687	-
Income on real estate pooled separate account	239,576	-
Total investment earnings (loss)	(37,400,977)	-
Investment expense	(909,331)	-
Net investment earnings (loss)	(38,310,308)	-
Collections:		
Inmate trust collections	-	1,291,752
Library collections	-	309,529
Circuit court trial division collections	-	799,794
District court collections	-	143,737
Probate court collections	-	50,578
County clerk/register of deeds collections	-	875,266
Treasurer collections	-	71,757,484
Sheriff-administration/support collections	-	94,476
Other collections	-	51,748
Total additions (net of investment loss)	(31,506,886)	75,374,364
Deductions		
Benefit payments	16,349,638	-
Administrative expenses	790,376	-
Distributions:		
Inmate trust distributions	-	1,278,387
Library distributions	-	309,529
Circuit court trial division distributions	-	668,220
Circuit court family division distributions	-	45
District court distributions	-	143,737
Probate court distributions	-	3,023
County clerk/register of deeds distributions	-	874,058
Treasurer distributions	-	71,548,470
Sheriff-administration/support distributions	-	94,603
Other deductions	-	72,582
Total deductions	17,140,014	74,992,654
Change in net position	(48,646,900)	381,710
Net position, beginning of year	310,314,005	467,662
Net position, end of year	\$ 261,667,105	\$ 849,372

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

COUNTY OF KALAMAZOO, MICHIGAN

Combining Statement of Net Position

Discretely Presented Component Units

	September 30, 2022		December 31, 2022	
	Kalamazoo County Transportation Authority	Central County Transportation Authority	Road Commission	Drainage Districts
Assets				
Cash and cash equivalents	\$ -	\$ 9,145,943	\$ 11,744,673	\$ 1,358,931
Restricted cash	-	-	38,279,189	-
Investments	-	-	-	-
Receivables	604,568	7,086,993	5,359,022	2,412,064
Other assets	-	916,431	1,443,587	-
Net pension asset	-	10,647,972	646,647	-
Net OPEB asset	-	-	323,561	-
Capital assets not being depreciated	-	2,040,922	51,156,787	98,912
Capital assets being depreciated, net	-	21,958,970	142,168,468	5,649,454
Total assets	604,568	51,797,231	251,121,934	9,519,361
Deferred outflows of resources				
Deferred pension amounts	-	1,016,540	1,557,550	-
Deferred other postemployment benefit amounts	-	489,309	351,380	-
Total deferred outflows of resources	-	1,505,849	1,908,930	-
Liabilities				
Accounts payable and accrued liabilities	604,568	1,249,461	8,354,859	301,923
Advances from primary government	-	-	-	306,481
Unearned revenue	-	1,372,231	194,634	-
Bonds, notes and other long-term liabilities:				
Due within one year	-	433,606	196,225	326,899
Due in more than one year	-	3,705,479	56,997,717	1,054,316
Net other postemployment benefit liability (due in more than one year)	-	950,048	-	-
Total liabilities	604,568	7,710,825	65,743,435	1,989,619
Deferred inflows of resources				
Deferred lease amounts	-	-	-	-
Property taxes levied for subsequent period	-	-	-	-
Deferred pension amounts	-	4,405,067	359,299	-
Deferred other postemployment benefit amounts	-	5,048,849	608,947	-
Total deferred inflows of resources	-	9,453,916	968,246	-
Net position				
Net investment in capital assets	-	23,999,892	168,632,317	4,367,151
Restricted for:				
Pension	-	10,647,972	646,647	-
OPEB	-	-	323,561	-
Donor specified purposes	-	-	-	-
Replacement and insurance escrow reserves	-	-	-	-
Assets held at Community Foundation	-	-	-	-
Millage service agreement	-	-	-	-
Keystone veterans initiative	-	-	-	-
Unrestricted	-	1,490,475	16,716,658	3,162,591
Total net position	\$ -	\$ 36,138,339	\$ 186,319,183	\$ 7,529,742

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

December 31, 2022				
Land Bank Authority	Lake Level Districts	Public Housing Commission	Kalamazoo County Brownfield Redevelopment Authority	Total
\$ 2,107,268	\$ 11,944	\$ 1,504,622	\$ 6,610,772	\$ 32,484,153
311,961	-	-	-	38,591,150
-	-	-	989,409	989,409
218,760	13,260	95,846	504,317	16,294,830
966,961	-	157,276	-	3,484,255
-	-	-	-	11,294,619
-	-	-	-	323,561
16,001	340,985	32,335	-	53,685,942
3,081,800	-	108,515	-	172,967,207
<u>6,702,751</u>	<u>366,189</u>	<u>1,898,594</u>	<u>8,104,498</u>	<u>330,115,126</u>
-	-	-	-	2,574,090
-	-	-	-	840,689
-	-	-	-	3,414,779
318,905	-	32,749	895,770	11,758,235
-	-	-	-	306,481
5,346	-	-	-	1,572,211
-	400,000	-	10,000	1,366,730
-	-	-	1,334,173	63,091,685
-	-	-	-	950,048
<u>324,251</u>	<u>400,000</u>	<u>32,749</u>	<u>2,239,943</u>	<u>79,045,390</u>
82,270	-	35,892	-	118,162
-	-	-	453,310	453,310
-	-	-	-	4,764,366
-	-	-	-	5,657,796
<u>82,270</u>	<u>-</u>	<u>35,892</u>	<u>453,310</u>	<u>10,993,634</u>
3,097,801	(59,015)	140,850	-	200,178,996
-	-	-	-	11,294,619
-	-	-	-	323,561
991,666	-	-	-	991,666
296,326	-	-	-	296,326
-	-	147,315	-	147,315
-	-	1,309,934	-	1,309,934
-	-	28,704	-	28,704
1,910,437	25,204	203,150	5,411,245	28,919,760
<u>\$ 6,296,230</u>	<u>\$ (33,811)</u>	<u>\$ 1,829,953</u>	<u>\$ 5,411,245</u>	<u>\$ 243,490,881</u>

COUNTY OF KALAMAZOO, MICHIGAN

Combining Statement of Activities

Discretely Presented Component Units

	Year Ended September 30, 2022		Year Ended December 31, 2022	
	Kalamazoo County Transportation Authority	Central County Transportation Authority	Road Commission	Drainage Districts
Expenses				
Kalamazoo County Transportation Authority	\$ 3,105,882	\$ -	\$ -	\$ -
Central County Transportation Authority	-	12,733,326	-	-
Road Commission	-	-	25,604,459	-
Drainage Districts	-	-	-	206,907
Land Bank Authority	-	-	-	-
Lake Level Districts	-	-	-	-
Public Housing Commission	-	-	-	-
Brownfield Redevelopment Authority	-	-	-	-
Total expenses	3,105,882	12,733,326	25,604,459	206,907
Program revenues				
Charges for services	-	1,874,130	230,018	-
Operating grants and contributions	130,003	13,212,336	32,298,807	-
Capital grants and contributions	-	3,113,932	-	-
Total program revenues	130,003	18,200,398	32,528,825	-
Net (expense) revenue	(2,975,879)	5,467,072	6,924,366	(206,907)
General revenues				
Property taxes	2,975,879	5,005,102	-	-
Unrestricted investment earnings (loss)	-	10,452	-	6,944
Gain on sale of capital assets	-	5,853	-	-
Other revenues	-	-	45,312	132,478
Total general revenues	2,975,879	5,021,407	45,312	139,422
Change in net position	-	10,488,479	6,969,678	(67,485)
Net position, beginning of year, as restated	-	25,649,860	179,349,505	7,597,227
Net position, end of year	\$ -	\$ 36,138,339	\$ 186,319,183	\$ 7,529,742

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

Year Ended December 31, 2022				
Land Bank Authority	Lake Level Districts	Public Housing Commission	Kalamazoo County Brownfield Redevelopment Authority	Total
\$ -	\$ -	\$ -	\$ -	\$ 3,105,882
-	-	-	-	12,733,326
-	-	-	-	25,604,459
-	-	-	-	206,907
1,074,694	-	-	-	1,074,694
-	(150,589)	-	-	(150,589)
-	-	284,429	-	284,429
-	-	-	2,450,260	2,450,260
<u>1,074,694</u>	<u>(150,589)</u>	<u>284,429</u>	<u>2,450,260</u>	<u>45,309,368</u>
387,723	-	61,808	2,500	2,556,179
132,125	-	162,758	92,172	46,028,201
-	-	-	-	3,113,932
<u>519,848</u>	<u>-</u>	<u>224,566</u>	<u>94,672</u>	<u>51,698,312</u>
<u>(554,846)</u>	<u>150,589</u>	<u>(59,863)</u>	<u>(2,355,588)</u>	<u>6,388,944</u>
-	-	-	720,417	8,701,398
14,638	284	(31,142)	30,883	32,059
-	-	-	-	5,853
<u>250,098</u>	<u>271</u>	<u>-</u>	<u>-</u>	<u>428,159</u>
<u>264,736</u>	<u>555</u>	<u>(31,142)</u>	<u>751,300</u>	<u>9,167,469</u>
(290,110)	151,144	(91,005)	(1,604,288)	15,556,413
<u>6,586,340</u>	<u>(184,955)</u>	<u>1,920,958</u>	<u>7,015,533</u>	<u>227,934,468</u>
<u>\$ 6,296,230</u>	<u>\$ (33,811)</u>	<u>\$ 1,829,953</u>	<u>\$ 5,411,245</u>	<u>\$ 243,490,881</u>

This page intentionally left blank.

NOTES TO FINANCIAL STATEMENTS

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The financial statements of the County have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the County's accounting policies are described below.

Reporting Entity

As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the County is financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations and as such, data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the government. Fiduciary component units include certain pension and OPEB plans and other component units that are fiduciary in nature. Each blended, discretely presented, and fiduciary component unit has a December 31 year-end, except for the Kalamazoo County Transportation Authority and the Central County Transportation Authority, which have September 30 year-ends to be consistent with the fiscal period of their grantor agencies.

Blended Component Unit

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

Discretely Presented Component Units

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

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

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

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

Drainage Districts - The Drainage Districts consist of multiple individual districts created for alleviating drainage problems and is under the control of the County Drain Commissioner. Each drainage district accounts for the construction, maintenance, and financing costs associated with its drain program. Each individual district is a separate legal entity with power to assess the benefiting communities, including the County and the State of Michigan for road drainage. The County is a direct beneficiary of the service provided and its employees run the day-to-day operations. In addition, the County often pledges its full faith and credit for the long-term debt of the drainage districts. Based on the recommendations of the Michigan Department of Treasury, the County has determined that it would be misleading to exclude this entity from the County reporting entity. The financial activity of the Drainage Districts for the year ended December 31, 2022 is reported discretely as a governmental fund type. There are no separately issued financial statements of this component unit.

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

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

Lake Level - The County Drain Commissioner also administers the activity reported in the County's Lake Level Fund, as permitted by Act 451 PA 1994, as amended, (MCL 324.30701 et al.). Lake level projects establish the lake levels for inland lakes and perform construction and maintenance related to maintaining the established levels. Projects may be funded through the levying of special assessments or by issuing debt, and the County is a direct beneficiary of the services provided. The financial activity of the Lake Level Fund for the year ended December 31, 2022 is reported discretely as a governmental fund type. There are no separately issued financial statements of this component unit.

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

Brownfield Redevelopment Authority - The Brownfield Redevelopment Authority (the "Brownfield") was established to review and approve plans for business development within designated areas of the County where property was once contaminated. Property tax revenues from the "captured" portion of these properties are restricted to pay for site clean-up expenditures and future development depending on the development plan adopted for each project. Funding is provided through tax increment financing, federal and state grants, and General Fund appropriations. The Chairperson of the Kalamazoo County Board of Commissioners, with the advice and consent of the Kalamazoo County Board of Commissioners shall appoint the members to the Authority." The financial activity of the Brownfield for the year ended December 31, 2022 is reported discretely as a governmental fund type. There are no separately issued financial statements of this component unit.

The Economic Development Corporation of the County of Kalamazoo - The Economic Development Corporation of the County of Kalamazoo (EDC) is a separate legal entity that was established pursuant to Michigan Public Act 338 of 1974, in order to stimulate business capital investment, contribute to the area's employment, increase tax base, and provide needed public services. The EDC shall be directed and governed by a Board of Directors of not less than nine (9) members known as "Directors," ...each to be appointed by the Chairperson of the County Board of Commissioners, with the advice and consent of said County Board of Commissioners. In certain situations, members of the EDC Board of Directors may be removed by a majority decision of the County Board. Separate financial statements are not prepared for this entity. The EDC had no activity during the year, and has therefore not been included in the financial statements.

Administrative Offices

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

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

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

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

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

Administrative Offices (Concluded)

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

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

Fiduciary Component Units

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

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

Government-wide and Fund Financial Statements

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

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 90 days of the end of the current fiscal period, except taxes which must be collected within 60 days, and expenditure-driven grants which must be collected within one year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, intergovernmental revenue, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and as such have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The County reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all the financial resources of the general government, except those accounted for and reported in another fund.

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

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

The *General Grants Fund* accounts for various federal, state and local grants not associated with a specific department or activity, including the Coronavirus State and Local Fiscal Recovery Funds received.

The *Capital Projects Fund* accounts for renovation/construction projects performed on the County facilities and for the purchase of capital improvement equipment. These projects are funded primarily by the General Fund.

The *Justice Facility Capital Projects Fund* accounts for the construction of the new justice facility.

The County reports the following major enterprise funds:

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

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

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

Additionally, the County reports the following fund types:

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

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

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

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

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

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

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

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

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

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

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

Deposits and Investments

The government's cash and cash equivalents include amounts in demand deposit accounts, certificates of deposit and short term investments with original maturities of three months or less from the date of acquisition. Investments are stated at fair value.

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

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

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

- Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
- External investment pools as authorized by Public Act 20 as amended through December 31, 1997.

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

Receivables and Payables

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

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

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

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

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

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

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

Leases

Lessee. The County is a lessee for a noncancellable lease of a building and improvements. The County recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The County recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the County initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the County determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The County uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the County generally uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price (if applicable) that the County is reasonably certain to exercise.

The County monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lessor. The County is a lessor for noncancellable leases of land and buildings and improvements. The County recognizes a lease receivable and a deferred inflow of resources in the government-wide, governmental fund, proprietary fund and component unit financial statements.

At the commencement of a lease, the County initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for prepaid lease payments received at lease inception. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the County determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts. The County uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The County monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable if certain changes occur that are expected to significantly affect the amount of the lease receivable.

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

Restricted Assets

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

The Airport Fund's restricted receivable is restricted for capital improvements related to passenger facility charges. The General Grants Fund's restricted investments consist of unspent State and Local Fiscal Recovery Funds (CSLFRF) received.

Other Assets

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

Capital Assets

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

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

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

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

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

The County evaluates its capital assets for impairment in accordance with GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. Assets to be disposed of would be recognized at the lower of carrying value or fair value less the estimated cost of disposal. Assets held and in use are reviewed for impairment whenever indicators of impairment exist. All recognized impairment losses, whether for assets to be disposed of or assets to be held and used, are recorded as operating expenses. No impairments have been identified as of December 31, 2022.

Deferred Outflows of Resources

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

Compensated Absences

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

Long-term Obligations

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

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

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenues, which arise only under a modified accrual basis of accounting, from an opioid settlement, property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In addition, deferred inflows of resources are reported in the government-wide and governmental fund financial statements for property taxes levied during the year that were intended to finance future periods. The County also reports deferred inflows of resources related to its pension and other postemployment benefit plans. Finally the statements of net position and governmental fund balance sheet report deferred inflows related to leases. The amounts are deferred and amortized over the remaining life of the lease.

Property taxes (excluding those for the General Fund, which are subject to a different timeline) are levied and attach as an enforceable lien on property on December 1. Property taxes unpaid as of February 28 are considered to be delinquent. Although the County's 2021 ad valorem tax (excluding the portion for general operations) is levied and collectible on December 1, 2022, it is the County's policy to recognize revenues from the December 1 tax levy in the subsequent year when the proceeds of this levy are budgeted and made available for the financing of the County's operations. Therefore, the entire amount of the December 1, 2022 levies is reported as deferred inflows of resources at year-end.

Fund Equity

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

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

In connection with Michigan Public Act 30 of 1978, the County Board of Commissioners has formally established a budget stabilization arrangement, under which a portion of the balance may be utilized during the budget process to prevent a reduction in the level of public service provided, or prevent a reduction in the number of employees providing these services. It can also be used due to a natural disaster. The use of these funds requires a 2/3 majority vote of County Board members. Per budget policy, the release of these funds must accompany a pay-back plan. In addition, per the Public Act, the amount of money in the fund shall not exceed 20% of the most recent General Fund budget or the average of the last five adjusted budgets, whichever is less. As of December 31, 2022, the balance in the stabilization arrangement was \$2,504,073 which is reported in the General Fund within restricted fund balance.

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

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

Interfund Transactions

During the course of normal operations, the County has numerous transactions between funds and component units, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements. Internal service funds are used to record charges for services to all County departments and funds as transfers or operating revenue. All County funds record these payments to the internal service funds as transfers or operating expenditures/expenses.

Capital Contributions

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

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

Pension Plan

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

Other Postemployment Benefit Plan

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates. The County utilizes various investment instruments which are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Grants and Third Party Cost Reimbursement Settlements

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

Budgets

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

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

2. EXCESS OF EXPENDITURES OVER BUDGET

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

During the year ended December 31, 2022, the County incurred expenditures in certain budgetary funds which were in excess of the amounts budgeted, as follows:

	Final Budget	Actual	Actual Over Final Budget
General fund:			
General government - County clerk	\$ 417,500	\$ 575,434	\$ 157,934
General government - Treasurer	1,045,200	1,052,339	7,139
Debt service - principal - leases	-	287,021	287,021
Debt service - interest and fiscal charges	-	12,980	12,980
Nonmajor governmental funds:			
Law Library	76,300	77,985	1,685
Indigent Defense	4,800,800	5,959,023	1,158,223

3. DEPOSITS AND INVESTMENTS

Following is a reconciliation of deposit and investment balances as of December 31, 2022:

	Primary Government	Component Units	Fiduciary Funds	Totals
Statement of Net Position				
Cash and cash equivalents	\$ 41,678,702	\$ 32,484,153	\$ -	\$ 74,162,855
Restricted cash	4,142,175	38,591,150	-	42,733,325
Investments	111,523,027	989,409	-	112,512,436
Restricted investments	42,878,841	-	-	42,878,841
Statement of Fiduciary Net Position				
Cash and cash equivalents	-	-	11,526,567	11,526,567
Investments	-	-	255,583,810	255,583,810
Total deposits and investments	200,222,745	72,064,712	267,110,377	539,397,834
Less component units separately audited and not held by the County Treasurer				
Central County Transportation Authority	-	(9,145,943)	-	(9,145,943)
Road Commission	-	(50,023,862)	-	(50,023,862)
Land Bank Authority	-	(2,419,229)	-	(2,419,229)
Public Housing Commission	-	(1,504,622)	-	(1,504,622)
Total	\$ 200,222,745	\$ 8,971,056	\$ 267,110,377	\$ 476,304,178

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

Deposits and investments

Bank deposits:	
Checking and savings accounts	\$ 53,257,823
Certificates of deposit:	
Due within one year	21,964,702
Due in one to five years	1,465,513
Due in six to ten years	1,990,500
Investments:	
County	142,029,556
Retiree Health Care Trust Fund	27,859,872
Pension Trust Fund	227,723,938
Cash on hand	<u>12,274</u>
Total	<u>\$ 476,304,178</u>

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that, in the event of a bank failure, the County's deposits might not be returned. The County does not have a policy for mitigating custodial credit risk over deposits. As of year-end, \$74,898,623 of the County's bank balance of \$79,919,822 was exposed to custodial credit risk because it was uninsured and uncollateralized. Due to the dollar amounts of cash deposits and the limits of FDIC insurance, the County believes it is impractical to insure all bank deposits. As a result, the County evaluates each financial institution with which it deposits County funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Custodial Credit Risk - Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Although uninsured and unregistered, the County's investments are not exposed to custodial credit risk since the securities are held by the counterparty's trust department or agent in the County's name. Short-term investments in money market funds and equity mutual funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book form. As of December 31, 2022, the County had no investments exposed to custodial credit risk.

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

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

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

	County	Retiree Health Care Trust Fund	Pension Trust Fund
U.S. government securities	\$ 27,732,331	\$ 2,097,988	\$ 17,148,757
U.S. agency securities	5,758,890	2,019,544	16,507,559
Corporate obligations	-	2,417,235	19,758,245
Municipal bonds	961,684	4,654	38,043
Foreign corporate obligations	-	301,249	2,462,382
Mortgage-backed funds	2,687,347	293,336	2,397,702
Domestic equity mutual funds/collective trust funds	88,549,304	13,450,917	109,946,516
MILAF - Michigan Term Series	16,340,000	-	-
Emerging market mutual funds	-	2,744,642	22,434,443
International equity mutual funds	-	2,850,622	23,300,713
Real estate investment trust	-	664,350	5,430,330
Real estate pooled separate account	-	1,015,335	8,299,248
Total investments	\$ 142,029,556	\$ 27,859,872	\$ 227,723,938

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

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

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

The County's investments were rated as follows:

	County	Retiree Health Care Trust Fund	Pension Trust Fund
Standard & Poor's AAA	\$ 1,884,695	\$ 2,500,911	\$ 20,442,205
Standard & Poor's AA+	34,293,873	19,020	155,467
Standard & Poor's AA	351,807	15,934	130,243
Standard & Poor's AA-	-	118,281	966,821
Standard & Poor's A+	-	68,765	562,078
Standard & Poor's A	-	118,200	966,152
Standard & Poor's A-	-	651,898	5,328,555
Standard & Poor's BBB+	-	707,522	5,783,213
Standard & Poor's BBB	-	276,411	2,259,356
Standard & Poor's BBB-	-	112,447	919,129
Moody's Aaa	-	2,544,617	20,799,469
Moody's AAAm	88,549,304	-	-
Moody's Aa1	609,877	-	-
Fitch AA Af	16,340,000	-	-
Unrated	-	1,015,335	8,299,248
Not subject to credit risk	-	19,710,531	161,112,002
Total investments	\$ 142,029,556	\$ 27,859,872	\$ 227,723,938

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

	County	Retiree Health Care Trust Fund	Pension Trust Fund
Less than 1 year	\$ 29,395,406	\$ 42,599	\$ 348,204
1 - 5 years	22,833,414	2,411,942	19,714,982
6 - 10 years	280,486	1,116,073	9,122,677
More than 10 years	970,946	3,563,392	29,126,825
No maturity	88,549,304	20,725,866	169,411,250
Total	\$ 142,029,556	\$ 27,859,872	\$ 227,723,938

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

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

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

The investment portfolio was concentrated as follows:

Investment Type	Issuer	Percentage of Portfolio	
		Retiree Health Care Trust Fund	Pension Trust Fund
Collective trust funds	Blackrock Fund	28.9%	28.9%
International equity mutual funds	Dimensional	10.2%	10.2%
Emerging market mutual fund	Dimensional	9.9%	9.9%
Domestic equity mutual fund - small cap	Dimensional	9.8%	9.8%

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

Investment (currency in U.S. dollars)	Retiree Health Care Trust Fund	Pension Trust Fund
Foreign corporate obligations	\$ 301,249	\$ 2,462,382
Emerging market mutual funds	2,744,642	22,434,443
International equity mutual funds	2,850,622	23,300,713
Total	\$ 5,896,513	\$ 48,197,538

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

Fair Value Measurement. The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset, as determined by the investment advisors. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. These levels are determined by the County's investment manager, and are determined at the fund level based on a review of the investment's class, structure, and what kind of securities are held in the funds. The investment manager will request the information from the fund manager, if necessary. The County had the following recurring fair value measurements as of December 31, 2022:

	Level 1	Level 2	Level 3	Total
U.S. government securities	\$ -	\$ 46,979,076	\$ -	\$ 46,979,076
U.S. agency securities	-	24,285,993	-	24,285,993
Corporate obligations	-	22,175,480	-	22,175,480
Municipal bonds	-	1,004,381	-	1,004,381
Foreign corporate obligations	-	2,763,631	-	2,763,631
Mortgage-backed funds	-	5,378,385	-	5,378,385
Domestic equity mutual funds/ collective trust funds	123,397,433	-	-	123,397,433
Emerging market mutual funds	25,179,085	-	-	25,179,085
International equity mutual funds	26,151,335	-	-	26,151,335
Real estate investment trust	6,094,680	-	-	6,094,680
Real estate pooled separate account	-	9,314,583	-	9,314,583
	<u>\$ 180,822,533</u>	<u>\$ 111,901,529</u>	<u>\$ -</u>	292,724,062
Investments at net asset value per share - Michigan CLASS & MILAF				<u>104,889,304</u>
Total investments				<u><u>\$ 397,613,366</u></u>

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

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

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

At year end, the net asset value of the County's investment in Michigan CLASS government investment pool was \$88,549,304. The investment pool had no unfunded commitments, specific redemption frequency or redemption notice period required. The Michigan CLASS government investment pool invests in U.S. treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated 'A-1' or better) collateralized bank deposits, repurchase agreements (collateralized at 102% by Treasuries and agencies), and approved money-market funds. The program seeks to provide safety, liquidity, convenience, and competitive rates of return, and is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities and other public agencies.

In addition, the County holds shares in the Michigan Liquid Asset Fund (MILAF) Term Series whereby the fair value of the investment is measured on a recurring basis using net asset value per share (or its equivalent) of the investment pool as a practical expedient.

At year end, the net asset value of the County's investment in the MILAF Term Series was \$16,340,000. The investment pool had no unfunded commitments and requires a minimum investment of \$100,000.

The MILAF Term Series provides a fixed rate, fixed-term investment with a minimum maturity of 60 days and a maximum maturity of one year. The pool allows the County to set a specific redemption date upon initiation of the investment. Early redemptions are permitted; however, an early redemption fee would apply. The investment pool includes investments which the County does not control.

The investment pool invests primarily in high quality money market instruments, including certificate of deposits, commercial paper, and U.S. government and agency obligations, to protect the investment principal and provide liquidity.

4. RECEIVABLES

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

	Governmental Activities	Business-type Activities
Accounts	\$ 8,484,679	\$ 801,183
Taxes (current)	32,960,152	-
Taxes (delinquent)	83,737	7,089,437
Due from other governments	5,492,424	3,950,019
Leases	213,098	959,209
Installment sales agreements	-	57,509,215
Accrued interest	186,224	-
Total receivables	<u>\$ 47,420,314</u>	<u>\$ 70,309,063</u>

The Airport enterprise fund reported restricted receivables of \$46,628. The Airport Fund's restricted receivable is restricted for capital improvements related to passenger facility charges.

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

Of the amounts reported for receivables above, accounts receivable of \$4,284,577, installment sales agreements receivable of \$57,003,778 and leases receivable of \$1,076,407 are not expected to be collected within one year.

Housing Rehabilitation Loan Receivable. The County has used grant funding provided through the Michigan Economic Development Corporation (MEDC) to finance housing rehabilitation projects for qualified homeowners. Such assistance was provided in the form of a deferred loan receivable, due and payable upon sale or foreclosure of the related property. Management has estimated the amount of such loans outstanding at year-end may approximate \$810,000, but has determined that the collectible portion (if any) would be immaterial, and would further be due to MEDC upon collection. Accordingly, the County has recorded an allowance for the entire receivable to reflect this determination.

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

	Governmental Activities	Business-type Activities
Accounts payable	\$ 14,573,573	\$ 1,024,934
Accrued liabilities	3,024,490	76,501
Undistributed receipts	-	1,904,305
Claims payable	2,839,007	-
Due to other governments	524,750	-
Deposits payable	321,733	42,047
Accrued interest on long-term debt	486,116	401,186
Total	<u>\$ 21,769,669</u>	<u>\$ 3,448,973</u>

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

6. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

An internal balance existed between governmental activities and business-type activities in the amount of \$112,387. This resulted from the allocation of a portion of internal service fund net position of governmental-type internal service funds to business-type activities.

Advances to and from component units

	Advances to Component Units	Advances from Primary Government
General Fund	\$ 306,481	\$ -
Drainage Districts	-	306,481
Total	<u>\$ 306,481</u>	<u>\$ 306,481</u>

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

For the year ended December 31, 2022, interfund transfers consisted of the following:

Transfers Out	Transfers In						Totals
	General	Capital Projects	Nonmajor Governmental Funds	Governmental Activities	Local Government Public Works Financing	Internal Service Funds	
General	\$ -	\$ 14,295,670	\$ 10,469,502	\$ -	\$ 1,811,063	\$ 868,323	\$ 27,444,558
Law Enforcement	-	1,668,799	220,000	-	-	-	1,888,799
Nonmajor governmental funds	105,852	-	3,193,445	-	-	-	3,299,297
Internal service funds	-	3,979,167	-	735,017	-	-	4,714,184
Delinquent Tax Revolving	1,500,000	-	-	-	-	-	1,500,000
Total	<u>\$ 1,605,852</u>	<u>\$ 19,943,636</u>	<u>\$ 13,882,947</u>	<u>\$ 735,017</u>	<u>\$ 1,811,063</u>	<u>\$ 868,323</u>	<u>\$ 38,846,838</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.

The current year transfer from the General fund to the Capital Projects fund is related to CIP projects, building & grounds maintenance costs, technology projects, and funding for future capital projects. The current year transfers from the General fund to nonmajor governmental funds related to County support for various grant programs, the law library, the FOC fund, the Health fund, and the Child Care fund. The current year transfer from the internal service fund to governmental activities and the Capital Project fund was for capital assets and prepaids that were transferred between the two funds.

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

7. CAPITAL ASSETS

Primary government

Capital asset activity for the primary government for the year ended December 31, 2022, was as follows:

	Beginning Balance*	Additions	Disposals	Transfers	Ending Balance
Governmental Activities					
Capital assets, not being depreciated:					
Land	\$ 5,050,097	\$ 1,171,050	\$ -	\$ -	\$ 6,221,147
Construction in progress	22,587,753	37,855,350	-	-	60,443,103
Intangible easements	147,493	-	-	-	147,493
	<u>27,785,343</u>	<u>39,026,400</u>	<u>-</u>	<u>-</u>	<u>66,811,743</u>
Capital assets, being depreciated/amortized:					
Land improvements	16,268,109	-	-	-	16,268,109
Buildings and improvements	112,967,559	13,887,811	-	-	126,855,370
Furniture, machinery, and equipment	13,528,663	261,170	(122,346)	-	13,667,487
Vehicles	5,940,657	575,652	(383,281)	-	6,133,028
Law library books	410,688	-	-	-	410,688
Leased building and improvements (Note 9)	432,652	-	-	-	432,652
	<u>149,548,328</u>	<u>14,724,633</u>	<u>(505,627)</u>	<u>-</u>	<u>163,767,334</u>
Less accumulated depreciation/amortization for:					
Land improvements	(9,967,468)	(665,854)	-	-	(10,633,322)
Buildings and improvements	(43,892,486)	(2,645,985)	-	-	(46,538,471)
Furniture, machinery, and equipment	(10,714,600)	(834,465)	122,346	-	(11,426,719)
Vehicles	(4,866,049)	(462,285)	383,281	-	(4,945,053)
Law library books	(409,100)	(1,059)	-	-	(410,159)
Leased building and improvements (Note 9)	-	(216,326)	-	-	(216,326)
	<u>(69,849,703)</u>	<u>(4,825,974)</u>	<u>505,627</u>	<u>-</u>	<u>(74,170,050)</u>
Total capital assets being depreciated/ amortized, net	<u>79,698,625</u>	<u>9,898,659</u>	<u>-</u>	<u>-</u>	<u>89,597,284</u>
Governmental activities capital assets, net	<u>\$ 107,483,968</u>	<u>\$ 48,925,059</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 156,409,027</u>

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

At December 31, 2022, the County's governmental activities had outstanding commitments through construction contracts of approximately \$1.5 million.

*The County implemented the provisions of GASB Statement No. 87, *Leases*, in the current year. In accordance with this Statement, leased assets have been added to the beginning balances shown above and a corresponding lease payable has been recorded for the same amount.

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Business-type Activities					
Capital assets, not being depreciated:					
Land	\$ 5,323,562	\$ -	\$ -	\$ -	\$ 5,323,562
Construction in progress	10,057,934	3,595,948	-	(3,738,052)	9,915,830
	<u>15,381,496</u>	<u>3,595,948</u>	<u>-</u>	<u>(3,738,052)</u>	<u>15,239,392</u>
Capital assets, being depreciated:					
Land improvements	50,250,766	-	-	2,778,057	53,028,823
Buildings and improvements	35,063,236	-	-	38,838	35,102,074
Vehicles	3,947,250	-	-	728,327	4,675,577
Furniture, machinery, and equipment	7,107,087	-	-	192,830	7,299,917
	<u>96,368,339</u>	<u>-</u>	<u>-</u>	<u>3,738,052</u>	<u>100,106,391</u>
Less accumulated depreciation for:					
Land improvements	(40,600,884)	(1,353,369)	-	-	(41,954,253)
Buildings and improvements	(11,189,805)	(833,233)	-	-	(12,023,038)
Vehicles	(3,843,139)	(86,093)	-	-	(3,929,232)
Furniture, machinery, and equipment	(6,945,809)	(35,525)	-	-	(6,981,334)
	<u>(62,579,637)</u>	<u>(2,308,220)</u>	<u>-</u>	<u>-</u>	<u>(64,887,857)</u>
Total capital assets being depreciated, net	<u>33,788,702</u>	<u>(2,308,220)</u>	<u>-</u>	<u>3,738,052</u>	<u>35,218,534</u>
Business-type activities capital assets, net	<u>\$ 49,170,198</u>	<u>\$ 1,287,728</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,457,926</u>

At December 31, 2022, the County's business-type activities had outstanding commitments through construction contracts of approximately \$18,000.

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

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

Depreciation/amortization of governmental activities by function

General government	\$ 596,174
Public safety	1,489,824
Health and welfare	952,288
Cultural and recreation	719,377
Judicial	947,925
Internal service funds	<u>120,386</u>

Total \$ 4,825,974

Depreciation of business-type activities by function

Airport	<u><u>\$ 2,308,220</u></u>
---------	----------------------------

Discretely presented component units

Capital assets activity for the Drainage District component unit for the year ended December 31, 2022, consists of the following:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Component Unit - Drainage District					
Capital assets, not being depreciated:					
Construction in progress	\$ -	\$ 98,912	\$ -	\$ -	<u>\$ 98,912</u>
Capital assets, being depreciated:					
Infrastructure	11,200,221	-	-	-	11,200,221
Less accumulated depreciation for:					
Infrastructure	<u>(5,380,494)</u>	<u>(170,273)</u>	-	-	<u>(5,550,767)</u>
Total capital assets being depreciated, net	<u>5,819,727</u>	<u>(170,273)</u>	-	-	<u>5,649,454</u>
Drainage District capital assets, net	<u><u>\$ 5,819,727</u></u>	<u><u>\$ (170,273)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,649,454</u></u>

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

Capital assets activity for the Lake Level component unit for the year ended December 31, 2022, consists of the following:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
--	-------------------	-----------	-----------	-----------	----------------

Component Unit - Lake Level

Capital assets, not being depreciated:

Construction in progress	\$ -	\$ 340,985	\$ -	\$ -	\$ 340,985
--------------------------	------	------------	------	------	------------

8. BONDS, NOTES AND OTHER LONG-TERM LIABILITIES

Bond, notes and other long-term liabilities activity for the year ended December 31, 2022, was as follows:

	Beginning Balance*	Additions	Deductions	Ending Balance	Due Within One Year
Governmental activities					
General obligation bonds	\$ 88,455,000	\$ -	\$ (1,290,000)	\$ 87,165,000	\$ 2,985,000
Lease payable (Note 9)	432,652	-	(287,021)	145,631	145,631
Net bond premium/discount	4,873,945	-	(297,027)	4,576,918	297,026
Compensated absences	4,902,727	3,575,520	(3,700,590)	4,777,657	3,698,176
Total governmental activities	\$ 98,664,324	\$ 3,575,520	\$ (5,574,638)	\$ 96,665,206	\$ 7,125,833
Business-type activities					
General obligation bonds	\$ 6,570,000	\$ 55,235,000	\$ (6,435,000)	\$ 55,370,000	\$ 45,000
Net bond premium/discount	280,069	1,762,717	(304,757)	1,738,029	59,251
Compensated absences	103,174	98,167	(67,273)	134,068	67,273
Total business-type activities	\$ 6,953,243	\$ 57,095,884	\$ (6,807,030)	\$ 57,242,097	\$ 171,524

* The County implemented the provisions of GASB Statement No. 87, *Leases*, in the current year. In accordance with this Statement, leases payable have been added to the beginning balances shown above and a corresponding lease asset has been recorded for the same amount.

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Discretely presented component units					
<i>Brownfield Redevelopment Authority</i>					
Direct borrowings/ placements - Loans payable	\$ 1,344,173	\$ -	\$ -	\$ 1,344,173	\$ 10,000
<i>Drainage Districts</i>					
Direct borrowings/ placements - Notes payable	\$ 1,700,508	\$ -	\$ (319,293)	\$ 1,381,215	\$ 326,899
<i>Lake Level Districts</i>					
Direct borrowings/ placements - Notes payable	\$ 400,000	\$ 400,000	\$ (400,000)	\$ 400,000	\$ 400,000
<u>Governmental activities</u>					
\$19,390,000 2017 Juvenile Home Facilities Refunding Bonds, due in annual installments of \$850,000 to \$1,875,000 plus interest ranging from 4.00 to 5.00%, payable semi-annually, through April 1, 2032.					\$ 14,570,000
\$3,000,000 2011 Expo Center Improvement Bonds, due in annual installments of \$75,000 to \$125,000 plus interest of 3.20%, payable semi-annually, through April 1, 2026.					845,000
\$71,750,000 2021 Justice Facility Limited Tax General Obligation Bonds due in annual installments of \$1,645,000 to \$3,390,000 plus interest ranging from 2.00 to 3.00%, payable semi-annually, through April 1, 2051.					<u>71,750,000</u>
Total governmental activities					<u>\$ 87,165,000</u>
\$750,000 2025 Village of Augusta Water Supply, due in annual installments of \$15,000 to \$45,000 plus interest at 2.125%, payable semi-annually, through April 1, 2025.					\$ 135,000
\$55,235,000 2022 Road Commission Limited Tax General Obligation Bonds, due in annual installments of \$945,000 to \$3,210,000 plus interest ranging from 4.00 to 5.00%, payable semi-annually, through May 1, 2052.					<u>55,235,000</u>
Total business-type activities					<u>\$ 55,370,000</u>

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

Discretely presented component units

Brownfield Redevelopment Authority

\$150,000 2015 Eliza Street, Schoolcraft Project loan payable due in annual installments of \$14,015 to \$16,025 plus interest at 1.50%, payable annually beginning in 2023, through September 14, 2038. \$ 150,000

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

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

Drainage Districts

\$825,000 2017 Lexington Green Drain note payable, due in annual installments of \$90,520 to \$113,527, plus interest of 2.71%, through July 1, 2025. \$ 331,539

\$380,000 2018 Townline-Galesburg Drain note payable, due in annual installments of \$33,021 to \$43,319, plus interest of 2.99%, through July 1, 2028. 241,964

\$70,000 2019 Reinbold Drain note payable, due in annual installments of \$17,137 to \$17,927, plus interest of 2.25%, through July 1, 2023. 17,969

\$150,000 2019 Texas Heights Drain note payable, due in annual installments of \$36,378 to \$38,683, plus interest of 2.12%, through July 1, 2023. 38,767

\$586,000 2020 East Corp Drain note payable, due in annual installments of \$69,290 to \$78,272, plus interest of 2.00%, through July 1, 2028. 447,177

\$300,000 2020 Vineyards Drain note payable, due in annual installments of \$33,298 to \$40,621, plus interest of 2.19%, through July 1, 2028. 231,033

\$90,500 2021 Eagle Lakes Drain note payable, due in annual installments of \$17,734 to \$18,496 plus interest of 1.10% through July 1, 2026. 72,766

Total Drainage Districts component unit \$ 1,381,215

Lake Level Districts

\$400,000 2022 Crooked and Eagle Lakes note payable, due in annual installments of \$400,000 plus interest of 2.22%, through August 1, 2023. \$ 400,000

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

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

Year Ended December 31,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2023	\$ 2,985,000	\$ 2,493,932	\$ 45,000	\$ 2,405,209
2024	3,090,000	2,379,719	990,000	2,380,628
2025	3,200,000	2,261,246	1,035,000	2,331,339
2026	3,220,000	2,137,510	1,040,000	2,280,069
2027	3,245,000	2,013,538	1,090,000	2,226,819
2028-2032	18,580,000	8,016,638	6,335,000	10,236,969
2033-2037	11,795,000	5,368,113	8,060,000	8,478,819
2038-2042	13,245,000	3,916,725	9,915,000	6,611,344
2043-2047	14,735,000	2,430,681	12,070,000	4,413,516
2048-2052	13,070,000	659,562	14,790,000	1,624,138
Totals	\$ 87,165,000	\$ 31,677,664	\$ 55,370,000	\$ 42,988,850

Year Ended December 31,	Discretely Presented Component Units			
	Direct Borrowings/Placements			
	Brownfield Redevelopment Authority		Drainage Districts	
	Principal	Interest	Principal	Interest
2023	\$ 10,000	\$ -	\$ 326,899	\$ 32,366
2024	126,472	350	276,609	24,681
2025	110,335	16,486	283,116	18,038
2026	111,869	14,952	173,437	11,248
2027	113,427	13,395	158,535	7,448
2028-2032	591,304	42,804	162,619	3,772
2033-2037	278,084	5,561	-	-
2038	2,682	7	-	-
Totals	\$ 1,344,173	\$ 93,555	\$ 1,381,215	\$ 97,553

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

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

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

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

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

There are a number of limitations and restrictions contained in the various debt issues. At December 31, 2022, the County complied with all significant limitations and restrictions.

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

9. LEASES

Lessee - The County is involved in one agreement as a lessee that qualifies as a long-term lease agreement. Below is a summary of the nature of this agreement. This agreement qualifies as an intangible, right-to-use asset and not a financed purchase, as the County will not own the asset at the end of the contract term and the noncancelable term of the agreement surpasses one year.

The right-to-use-assets and the related activity are included in Note 7, Capital Assets. The lease liability and related activity are presented in Note 8, Bonds, Notes and Other Long-term Liabilities.

	Remaining Term of Agreement
Asset Type	
Building and improvements	1 year

The assets acquired through the lease are summarized as follows:

Building and improvements	\$ 432,652
Less accumulated amortization	<u>(216,326)</u>
Net book value	<u><u>\$ 216,326</u></u>

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

The net present value of future minimum payments as of December 31, 2022 were as follows:

Year Ended December 31,	Principal	Interest
2023	\$ 145,631	\$ 4,369

Lessor - The County is involved in agreements as a lessor that qualify as long-term lease agreements. Below is a summary of these agreements. These agreements qualify as long-term lease agreements as the County will not surrender control of the assets at the end of the term and the noncancelable term of the agreements surpasses one year. Total lease revenue for the year ended December 31, 2022 was \$126,209.

Asset Type	Remaining Term of Agreements
Land	36 years
Buildings and improvements	4-12 years

Lease receivable activity for the year ended December 31, 2022, was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance
Governmental activities				
Leases receivable	\$ 292,937	\$ -	\$ (79,839)	\$ 213,098
Business-type activities				
Leases receivable	\$ 1,005,579	\$ -	\$ (46,370)	\$ 959,209

Regulated lease agreements - In accordance with GASB No. 87, the Airport does not recognize a lease receivable and a deferred inflow of resources for regulated leases. Regulated leases are certain leases that are subject to external laws, regulations, or legal rulings, e.g. the U.S. Department of Transportation and the Federal Aviation Administration, regulated aviation leases between airports and aeronautical users. The leasing operations of the Airport consist principally of the leasing of land, hangars, and office space. The Airport has eight lease agreements that consist of noncancelable agreements and permit the Airport to periodically adjust rents and maximize operational flexibility. Leased land and building and improvements are leased on an exclusive basis.

Asset Type	Remaining Term of Agreements
Land	2-16 years
Buildings and improvements	10 years

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

The net present value of future minimum payments as of December 31, 2022 were as follows:

Year Ended December 31,	Amount
2023	\$ 45,560
2024	40,563
2025	37,400
2026	31,808
2027	30,689
2028-2032	143,557
2033-2037	53,871
2038-2039	8,051
	<u>\$ 391,499</u>

The Airport recognized \$47,322 of rental income for the year ended December 31, 2022.

10. BENEFIT PLANS

Kalamazoo County Employees' Retirement System ("System")

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

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

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

Eligibility

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

Benefits Provided

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

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

Benefits are determined at the member's retirement date based on a formula of the member's service credit, final average compensation, and a percentage factor. Service credit is determined by the total number of full or part-time (at least 20 hours per week) years and months of employment. Additional service may be credited for any member with a military leave. The final average compensation is the average compensation received during the highest 5 consecutive years of the last 10 years of service or all years of service if the employee has less than 10 years of service. The percentage is determined by the participating employers of the System and ranged from 1.7% to 2.5% in 2022. Annual benefits are reduced for early retirement or beneficiary benefits. Employees may choose to receive benefits in monthly payments or as a lump sum payment. Lump sum payments for employees hired before October 1, 2009 are calculated using the annual benefit, expected future lifetime, and a discount rate. Lump sum payments are no longer an option available for County employees hired on or after October 1, 2009. The discount rate shall be the investment return assumption as adopted by the Retirement Investment Committee to be used in the annual actuarial valuation of the System.

Contributions

Employer Contributions. The System's funding policy provides for periodic employer contributions at actuarially determined rates that are expressed as percentages of annual covered payroll, and are designed to accumulate sufficient assets to pay benefits when due. The contribution rate ranged from 0.00% to 10.96% of projected valuation payroll for the year ended December 31, 2022. The normal cost and amortization payment were determined using an entry-age actuarial funding method. Unfunded actuarial accrued liabilities are being amortized as a level percent-of-payroll over an open period of 10 years.

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

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

It is the County's policy to fund the actuarial determined pension liability in order for funds to be available when a member retires. The employers are required to contribute a percentage of payroll at an actuarially determined rate. The contribution rate is based on the actuarial assumptions and experiences. Once a group is full or overfunded, the employer no longer contributes for that group. The County required to contribute the following percentages of payroll for the year ended December 31, 2022:

Airport	0.00%
AS&E/B&G/Parks	0.00%
Head start I	0.00%
Head start II	0.00%
Juvenile court	10.35%
Juvenile home	4.51%
Non-represented	4.22%
Sheriff command	0.00%
FOP	0.00%

The sheriff command no longer has active members and therefore no contribution rate can be determined based on a percentage of payroll. The County contributed a fixed dollar amount for the sheriff command of \$50,366 for the year ended December 31, 2022.

The County's contractually determined and actual contributions were as follows for the year ended December 31, 2022:

Contractually Determined Contribution	Actual Contribution	Percent Contributed
\$ 1,753,777	\$ 1,753,777	100.00%

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

The System maintains a member deposit fund, which is used to accumulate contributions made by plan members and related accrued interest. As detailed in the plan document, the fund is legally required to distribute individual employee contributions and related interest, upon request by a terminated plan member. The balance in the member deposit fund at December 31, 2022 is \$486,499.

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

Net Pension Asset. At December 31, 2022, the County reported an asset of \$7,406,539 for its proportionate share of the net pension asset. The System's net pension asset was measured as of December 31, 2022, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2021, which used update procedures to roll forward the estimated liability to December 31, 2022. At December 31, 2022, the County's proportion was 72.319 percent, which was a decrease of 1.397 percent from its proportion measured as of December 31, 2021.

Actuarial Assumptions. The County's net pension asset was measured as of December 31, 2022, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2021, using the following actuarial assumptions applied to all periods included in the measurement:

Inflation	3.25%
Salary increases (includes inflation, as noted above)	3.25% to 7.25%
Investment rate of return	7.25%

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

The actuarial assumptions used in the December 31, 2021 valuation (measurement date of December 31, 2022) were based on the results of an actuarial experience study for the period January 1, 2014 to December 31, 2018.

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

Long-term Expected Rate of Return. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation are summarized in the following table as of December 31, 2022:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
U.S. small cap (manager 1)	5.00%	4.13%	0.21%
U.S. small cap (manager 2)	10.00%	4.13%	0.41%
International developed equity	10.00%	3.43%	0.34%
U.S. large cap (manager 1)	30.00%	3.63%	1.09%
U.S. large cap (manager 2)	5.00%	3.63%	0.18%
Emerging markets	10.00%	5.73%	0.57%
Domestic fixed income	25.00%	2.03%	0.51%
Real estate (manager 1)	2.50%	3.43%	0.09%
Real estate (manager 2)	2.50%	3.43%	0.09%
	<u>100.00%</u>		
Inflation			3.25%
Diversified portfolio additional returns			<u>0.51%</u>
Investment rate of return			<u><u>7.25%</u></u>

Not only is the time horizon longer for an actuarial valuation relative to the time horizon over which the above projected returns were generated, but also there is an additional correlation resulting from a diversified portfolio that will provide additional returns, as reflected above.

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

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

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

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
County's net pension (asset) liability	\$ 12,593,335	\$ (7,406,539)	\$ (24,138,990)

Pension Plan Fiduciary Net Position. Detailed information about the System's fiduciary net position is available in the combining statements for the pension and other postemployment benefit trust funds in Note 12.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. For the year ended December 31, 2022, the County's total pension expense amounted to \$6,730,988. At December 31, 2022, the County reported pension-related deferred outflows of resources and deferred inflows of resources from the following sources:

County	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ 2,232,336	\$ 53,214	\$ 2,179,122
Changes of assumptions	245,314	-	245,314
Net difference between projected and actual investment earnings on pension plan investments	14,608,777	-	14,608,777
Changes in proportionate share and differences between employer contributions and proportionate share of contributions	734,311	267,197	467,114
Total	<u>\$ 17,820,738</u>	<u>\$ 320,411</u>	<u>\$ 17,500,327</u>

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

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

Year Ended December 31,	County
2023	\$ 999,679
2024	4,203,821
2025	4,246,517
2026	<u>8,050,310</u>
	<u>\$ 17,500,327</u>

Payable to the Pension Plan. At December 31, 2022, the County reported a payable of \$99,884 to the pension plan.

Defined Contribution Plans

Sheriff's Department

The County provides pension benefits for all of its full-time employees of the Sheriff's Department not covered by the Kalamazoo County Employees' Retirement System through a defined contribution plan, established and administered by the Fraternal Order of Police, Lodge No. 98 (FOP). In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Employees are eligible to participate from the date of employment. For employees hired before September 17, 2013, the County contributes an amount equal to 16.00% of the employee's salary each pay period. For employees hired after this date, the County contributes an amount equal to 10.00% of the employee's salary each pay period. The County's contributions for each employee (and interest allocated to the employee's account) are fully vested upon deposit into a participant's account. The County made the required 2022 contribution of \$2,250,712. The County is not a fiduciary with respect to this plan and, accordingly, assets and liabilities of the plan have been excluded from these financial statements. Contribution requirements are established or amended under the authority of the County Board and collective bargaining.

Other Defined Contribution Plan

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

The County has agreed to contribute, on behalf of the District Court employees, to defined contribution plans that are administered by unrelated third parties. The County made the required 2022 contributions on behalf of the District Court employees in the amount of \$707. The County is not a fiduciary with respect to these plans and, accordingly, the assets and liabilities of these plans have been excluded from these financial statements.

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

11. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Kalamazoo County Retiree Medical Benefits Plan ("Plan")

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

Stand-alone financial reports are issued that include financial statements and required supplementary information for the Plan, which may be obtained from the Office of Finance, County of Kalamazoo, Michigan, 201 West Kalamazoo Avenue, Kalamazoo, Michigan, 49007.

Eligibility and Benefits Provided

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

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

Contributions

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

The contribution rates include amortization of the unfunded actuarial accrued liability over a closed period of 20 years for County, except for a 25 year closed period for Sheriff (FOP).

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

The County's contractually determined and actual contributions were as follows for the year ended December 31, 2022:

Contractually Determined Contribution	Actual Contribution	Percent Contributed
\$ 1,251,682	\$ 3,981,434	318.09%

Net OPEB Liability. At December 31, 2022, the County reported a liability of \$11,188,759 for its proportionate share of the net OPEB liability. The County's net OPEB liability was measured as of December 31, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021, which used update procedures to roll forward the estimated liability to December 31, 2022. At December 31, 2022, the County's proportion was 104.382 percent, which was an increase of 7.532 percent from its proportion measured as of December 31, 2021.

Actuarial Assumptions. The County's net OPEB liability was measured as of December 31, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021, using the following actuarial assumptions applied to all periods included in the measurement:

Inflation	3.25%
Salary increases (includes inflation at 3.5%)	3.25% to 7.25%
Investment rate of return	7.25%
Healthcare cost trend rates	Initial trend of 7.50% gradually decreasing to 3.50%

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

The actuarial assumptions used in the December 31, 2021 valuation (measurement date of December 31, 2022) were based on the results of an actuarial experience study for the period January 1, 2014 to December 31, 2018.

The 2022 assumption changes resulted from a change in healthcare cost trend rates.

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

Long-term Expected Rate of Return. The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation are summarized in the following tables as of December 31, 2022:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
U.S. small cap (manager 1)	5.00%	4.13%	0.21%
U.S. small cap (manager 2)	10.00%	4.13%	0.41%
International developed equity	10.00%	3.43%	0.34%
U.S. large cap (manager 1)	30.00%	3.63%	1.09%
U.S. large cap (manager 2)	5.00%	3.63%	0.18%
Emerging markets	10.00%	5.73%	0.57%
Domestic fixed income	25.00%	2.03%	0.51%
Real estate (manager 1)	2.50%	3.43%	0.09%
Real estate (manager 2)	2.50%	3.43%	0.09%
	<u>100.00%</u>		
Inflation			3.25%
Diversified portfolio additional returns			<u>0.51%</u>
Investment rate of return			<u><u>7.25%</u></u>

Not only is the time horizon longer for an actuarial valuation relative to the time horizon over which the above projected returns were generated, but also there is an additional correlation resulting from a diversified portfolio that will provide additional returns, as reflected above.

Discount Rate. The discount rate used to measure the total OPEB liability at December 31, 2022 was 7.25%. The projection of cash flows used to determine the discount rate assumed that the County will contribute at a rate equal to the greater of the pay-as-you-go cost or 50% of the actuarially determined employer contribution, plus an additional \$300,000 per year. Based on those assumptions, the County's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

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

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
County's net OPEB liability	\$ 14,908,665	\$ 11,188,759	\$ 8,006,687

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate Assumption. The following table presents the net OPEB liability of the County, as well as what the County's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (6.50% decreasing to 2.50%) or 1% higher (8.50% decreasing to 4.50%) than the current healthcare cost trend rates:

	1% Decrease (6.50% Decreasing to 2.50%)	Healthcare Cost Trend Rates (7.50% Decreasing to 3.50%)	1% Increase (8.50% Decreasing to 4.50%)
County's net OPEB liability	\$ 7,560,128	\$ 11,188,759	\$ 15,446,749

OPEB Plan Fiduciary Net Position. Detailed information about the OPEB plan's fiduciary net position is available in the combining statements for the pension and other postemployment benefit trust funds in Note 12.

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. For the year ended December 31, 2022, the County's total OPEB expense amounted to \$(4,125,214). At December 31, 2022, the County reported OPEB-related deferred outflows of resources and deferred inflows of resources from the following sources:

County	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ -	\$ 15,905,305	\$ (15,905,305)
Changes in assumptions	3,597,490	71,429	3,526,061
Net difference between projected and actual investment earnings on OPEB plan investments	2,414,214	-	2,414,214
Changes in proportionate share and differences between employer contributions and proportionate share of contributions	54,885	54,885	-
Total	<u>\$ 6,066,589</u>	<u>\$ 16,031,619</u>	<u>\$ (9,965,030)</u>

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

Year Ended December 31,	County
2023	\$ (5,508,936)
2024	(4,662,745)
2025	(873,451)
2026	<u>1,080,102</u>
	<u>\$ (9,965,030)</u>

Payable to the OPEB Plan. At December 31, 2022, the County reported no amounts payable to the OPEB plan.

The OPEB liability attributable to the governmental activities will be liquidated by the County's General, special revenue funds and internal service funds.

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

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

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

Combining Statement of Fiduciary Net Position

	Retiree Health Care Trust Fund	Pension Trust Fund	Total
Assets			
Cash and cash equivalents	\$ 4,394,568	\$ 5,318,383	\$ 9,712,951
Investments, at fair value:			
U.S. government securities	2,097,988	17,148,757	19,246,745
U.S. agency securities	2,019,544	16,507,559	18,527,103
Corporate obligations	2,417,235	19,758,245	22,175,480
Municipal bonds	4,654	38,043	42,697
Foreign corporate obligations	301,249	2,462,382	2,763,631
Mortgage-backed funds	293,336	2,397,702	2,691,038
Domestic equity mutual funds/ collective trust funds	13,450,917	109,946,516	123,397,433
Emerging market mutual funds	2,744,642	22,434,443	25,179,085
International equity mutual funds	2,850,622	23,300,713	26,151,335
Real estate investment trust	664,350	5,430,330	6,094,680
Real estate pooled separate account	1,015,335	8,299,248	9,314,583
Receivables:			
Sale of investments	290,433	2,373,976	2,664,409
Interest and dividends	47,525	388,465	435,990
Employer contributions	-	99,884	99,884
Other	71,481	-	71,481
Other assets - prepaids	98,034	13,353	111,387
Total assets	32,761,913	235,917,999	268,679,912
Liabilities			
Accounts payable	-	66,917	66,917
Benefits payable	24,106	1,021,477	1,045,583
Purchase of investments	643,162	5,257,145	5,900,307
Total liabilities	667,268	6,345,539	7,012,807

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

	Retiree Health Care Trust Fund	Pension Trust Fund	Total
Net position			
Restricted for:			
Employees' pension benefits	\$ -	\$ 229,572,460	\$ 229,572,460
Other postemployment benefits	32,094,645	-	32,094,645
Total net position	<u>\$ 32,094,645</u>	<u>\$ 229,572,460</u>	<u>\$ 261,667,105</u>

Combining Statement of Changes in Fiduciary Net Position

	Retiree Health Care Trust Fund	Pension Trust Fund	Total
Additions			
Contributions:			
Employer	\$ 4,052,143	\$ 2,751,279	\$ 6,803,422
Investment earnings (loss):			
Net depreciation in fair value of investments	(4,718,839)	(40,193,870)	(44,912,709)
Income on mutual funds	558,255	4,632,214	5,190,469
Interest and dividends	221,343	1,860,344	2,081,687
Income on real estate pooled separate account	25,767	213,809	239,576
Total investment earnings (loss)	<u>(3,913,474)</u>	<u>(33,487,503)</u>	<u>(37,400,977)</u>
Investment expense	(95,064)	(814,267)	(909,331)
Net investment earnings (loss)	<u>(4,008,538)</u>	<u>(34,301,770)</u>	<u>(38,310,308)</u>
Total additions (net of investment loss)	<u>43,605</u>	<u>(31,550,491)</u>	<u>(31,506,886)</u>
Deductions			
Benefit payments	2,029,288	14,320,350	16,349,638
Administrative expenses	314,109	476,267	790,376
Total deductions	<u>2,343,397</u>	<u>14,796,617</u>	<u>17,140,014</u>
Change in net position	(2,299,792)	(46,347,108)	(48,646,900)
Net position, beginning of year	<u>34,394,437</u>	<u>275,919,568</u>	<u>310,314,005</u>
Net position, end of year	<u>\$ 32,094,645</u>	<u>\$ 229,572,460</u>	<u>\$ 261,667,105</u>

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

13. RISK MANAGEMENT

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

The Employee Benefit Fund provides coverage for up to a maximum of \$550,000 for each workers' compensation claim (\$600,000 for Sheriff's Office employees). The County purchases commercial insurance for claims in excess of this coverage up to a maximum of \$1,000,000 for each claim and \$5,000,000 for aggregate claims. Workers' compensation claim expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss may be reasonably estimated.

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

The County manages its risk of loss arising from health and medical claims through a combination of purchased commercial insurance and a set aside of assets for claims settlements. For those claims (up to an annual maximum of \$225,000 per individual) financed from the set aside of assets, the County reports claim expenditures and liabilities when it is probable that a loss has occurred and the amount of loss may be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Health and medical claim liabilities are subject to the same estimation limitations and periodic reevaluation as workers' compensation claims. For all risks of loss, there have been no significant reductions in insurance coverage from coverage provided in prior years. In addition, in the past three fiscal years, settlements did not exceed insurance coverage.

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

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

	Estimated Liability Beginning of Year	Current Year Claims and Changes in Estimates	Claims Payments	Estimated Liability End of Year
General liability and crime:				
2021	\$ 244,862	\$ 424,893	\$ (117,905)	\$ 551,850
2022	551,850	436,994	(254,272)	734,572
Workers' compensation:				
2021	1,212,699	1,223,015	(615,659)	1,820,055
2022	1,820,055	470,468	(848,274)	1,442,249
Employee health and medical:				
2021	610,000	9,436,084	(9,377,084)	669,000
2022	669,000	9,299,132	(9,320,571)	647,561
Employee dental:				
2021	33,999	613,148	(614,147)	33,000
2022	33,000	521,270	(539,645)	14,625

The County considers all claims payable to be current liabilities and to be liquidated within the next year.

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

14. PROPERTY TAXES

Property taxes are levied on the assessed taxable value of the property as established by local units, accepted by the County and equalized under State statute at approximately 50% of the current estimated market value.

Tax Abatements

The County received reduced property tax revenues during 2022 as a result of industrial facilities tax exemptions (IFT's) entered into by cities, villages, townships, and authorities within the County.

The IFT's were entered into based upon the Plant Rehabilitation and Industrial Developments Districts Act (known as the Industrial Facilities Exemption), PA 198 of 1974, as amended. IFT's provide a tax incentive to manufacturers to enable renovation and expansion of aging facilities, assist in the building of new facilities, and to promote the establishment of high-tech facilities. Properties qualifying for IFT status are taxed at 50% of the millage rate applicable to other real and personal property in the county. The abatements amounted to \$467,716 in reduced county tax revenues for 2022.

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

15. CONTINGENT LIABILITIES

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

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

16. FUND BALANCES - GOVERNMENTAL FUNDS

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

	General Fund	Law Enforcement	General Grants	Capital Projects	Justice Facility Capital Projects	Nonmajor Governmental Funds	Total
Nonspendable							
Inventories	\$ 40,147	\$ -	\$ -	\$ -	\$ -	\$ 1,513	\$ 41,660
Prepays	44,851	10,000	-	36,265	-	3,909	95,025
Long-term advances	306,481	-	-	-	-	-	306,481
Total nonspendable	391,479	10,000	-	36,265	-	5,422	443,166
Restricted							
Budget stabilization	2,504,073	-	-	-	-	-	2,504,073
Law enforcement	-	984,108	-	-	-	-	984,108
Justice Facility	-	-	-	-	23,639,411	-	23,639,411
Senior millage	-	-	-	-	-	4,220,426	4,220,426
Register of deeds automation	-	-	-	-	-	381,473	381,473
Community development	-	-	-	-	-	6,352,938	6,352,938
Accommodation tax	-	-	-	-	-	1,227,108	1,227,108
Grant programs	-	-	748,090	-	-	811,124	1,559,214
911 millage	-	-	-	-	-	610,023	610,023
Concealed pistol license	-	-	-	-	-	453,782	453,782
Debt service	-	-	-	-	-	283,244	283,244
Total restricted	2,504,073	984,108	748,090	-	23,639,411	14,340,118	42,215,800
Committed							
Disaster recovery project	40,000	-	-	-	-	-	40,000
Circuit court drug court	360,696	-	-	-	-	-	360,696
Health & community service	239,010	-	-	-	-	-	239,010
Social welfare	5,250	-	-	-	-	-	5,250
Candidate filing fees	2,700	-	-	-	-	-	2,700
Total committed	647,656	-	-	-	-	-	647,656
Assigned							
Capital projects	-	-	-	35,455,745	-	-	35,455,745
Grant programs	-	-	-	-	-	721,700	721,700
Total assigned	-	-	-	35,455,745	-	721,700	36,177,445
Unassigned							
	39,695,700	-	-	-	-	-	39,695,700
Total fund balances, governmental funds	\$ 43,238,908	\$ 994,108	\$ 748,090	\$ 35,492,010	\$ 23,639,411	\$ 15,067,240	\$ 119,179,767

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

17. NET INVESTMENT IN CAPITAL ASSETS

The composition of the County's net investment in capital assets as of December 31, 2022, was as follows:

	Governmental Activities	Business-type Activities
Capital assets:		
Capital assets not being depreciated	\$ 66,811,743	\$ 15,239,392
Capital assets being depreciated/amortization, net	<u>89,597,284</u>	<u>35,218,534</u>
	156,409,027	50,457,926
Related debt:		
General obligation bonds	87,165,000	55,370,000
Net bond premium/discount	4,576,918	1,738,029
Unexpended bond proceeds	(23,639,411)	-
Deferred charge on refunding	(129,865)	-
Lease payable	145,631	-
Bonds payable related to installment sales agreements	-	(55,370,000)
Bond premiums related to installment sales agreements	-	(1,738,029)
	<u>68,118,273</u>	<u>-</u>
Net investment in capital assets	<u><u>\$ 88,290,754</u></u>	<u><u>\$ 50,457,926</u></u>

18. OPIOID SETTLEMENT

The County is a Participating Subdivision in the nationwide \$21 billion dollar Distributor Settlement Agreement, dated July 21, 2021 (as subsequently updated) brought by states and local political subdivisions against McKesson Corporation, Cardinal Health, Inc., AmerisourceBergen Corporation, and AmerisourceBergen Drug Corporation, together with their subsidiaries, referred to as, "Settling Distributors." The Distributor Settlement Agreement releases the Settling Distributors from all claims asserted in this opioid litigation and also resulted in the entry of a Final Consent Judgment and Dismissal of the Settling Distributors with Prejudice, to dismiss, with prejudice, the lawsuit brought by the State of Michigan captioned, State of Michigan, Ex Rel., Dana Nessel v. Cardinal Health, et. al. (Case No. 19-016896-NZ), in the Circuit Court for Wayne County. The County also executed a Participation Agreement and is a "Participating Local Government," under the \$5 billion dollar nationwide settlement agreement against manufacturer, Janssen Pharmaceuticals, Inc. ("Janssen") and its parent company, Johnson & Johnson (J&J), collectively ("Janssen"). The term of the settlement varies by entity; however, the County expects to receive eighteen (18) installments from the Distributors with the first two installments being paid early in 2023 in the amount of \$323,120 and the remaining 16 installments expected to be made annually beginning in 2024. Additionally, the County expects to receive eleven (11) installments from Janssen with the first five installments being paid early in 2023 in the amount of \$958,731 and the remaining installments expected to be made annually beginning in 2026. The County is currently allocated approximately 2.143% of the total State of Michigan local unit settlement and the total amount of the settlement is expected to be \$5,572,465 and \$1,280,824 from the Distributors and Janssen, respectively.

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

As a result of the payment terms issued to the Directing Administrator of the National Opioid Settlements, the receivable for the Distributor and Janssen settlement agreements was recorded at the net present value, using a discount rate for payments to be received subsequent to 2023 of 3%. The net present value of the combined settlement payments to be received as of December 31, 2022 is \$5,566,729.

Additional settlements with pharmacies and manufacturers were entered into during 2022, including CVS, Walgreens, Walmart, Allergan and Teva. However, as of December 31, 2022, the amounts to be allocated to and collected by the County were not able to be determined, and as such, no amounts have been reported related to these settlements in the financial statements.

19. CORONAVIRUS

In March 2020, the World Health Organization declared the novel coronavirus outbreak (COVID-19) to be a global pandemic. While the pandemic has resulted in an increase in the demands on the County for providing emergency services to its citizens, the Federal Government has also provided significant resources to help mitigate the impacts of COVID-19. Between 2021 and 2022, the County received approximately \$51.5 million in payments related to the State and Local Fiscal Recovery Fund. As of December 31, 2022, the County had \$41.2 million of that allocation remaining to spend and recorded as unearned revenue.

20. RESTATEMENT

The separately issued discretely presented component unit, Central County Transportation Authority, restated beginning net position by a decrease of \$763,929 during the current year. The restatement was a result of a change to the accounting for OPEB trust assets held in a secondary trust.



REQUIRED SUPPLEMENTARY INFORMATION

COUNTY OF KALAMAZOO, MICHIGAN

Required Supplementary Information

Employees' Retirement System

Schedule of the County's Proportionate Share of the Net Pension Asset

	Year Ended December 31,		
	2022	2021	2020
County's proportionate share of the net pension asset	\$ 7,406,539	\$ 46,794,281	\$ 26,483,836
County's proportion of the net pension asset	72.319%	73.716%	74.434%
County's covered payroll	\$ 39,560,340	\$ 35,426,516	\$ 34,916,796
County's proportionate share of the net pension asset as a percentage of its covered payroll	18.72%	132.09%	75.85%
Plan fiduciary net position as a percentage of the total pension liability	104.67%	129.88%	117.25%

See notes to required supplementary information.



Year Ended December 31,				
2019	2018	2017	2016	2015

\$ 25,493,446	\$ 9,795,854	\$ 38,242,716	\$ 26,864,174	\$ 19,636,788
---------------	--------------	---------------	---------------	---------------

74.601%	73.559%	73.738%	74.614%	74.480%
---------	---------	---------	---------	---------

\$ 33,819,547	\$ 32,319,766	\$ 31,090,984	\$ 30,382,053	\$ 29,100,398
---------------	---------------	---------------	---------------	---------------

75.38%	30.31%	123.00%	88.42%	67.48%
--------	--------	---------	--------	--------

117.33%	106.99%	129.41%	121.02%	115.68%
---------	---------	---------	---------	---------

COUNTY OF KALAMAZOO, MICHIGAN

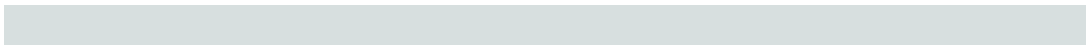
Required Supplementary Information

Employees' Retirement System

Schedule of Pension Contributions

	Year Ended December 31,		
	2022	2021	2020
Contractually required contribution	\$ 1,753,777	\$ 2,130,345	\$ 2,412,288
Contributions in relation to the contractually required contribution	<u>(1,753,777)</u>	<u>(2,130,345)</u>	<u>(2,412,288)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 39,560,340	\$ 35,426,516	\$ 34,916,796
Contributions as a percentage of covered payroll	4.43%	6.01%	6.91%

See notes to required supplementary information.



Year Ended December 31,				
2019	2018	2017	2016	2015
\$ 1,603,818	\$ 424,057	\$ 662,427	\$ 949,476	\$ 843,226
<u>(1,603,818)</u>	<u>(424,057)</u>	<u>(662,427)</u>	<u>(4,014,379)</u>	<u>(843,226)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 33,819,547	\$ 32,319,766	\$ 31,090,984	\$ 30,382,053	\$ 29,100,398
4.74%	1.31%	2.13%	27.65%	2.90%

COUNTY OF KALAMAZOO, MICHIGAN

Required Supplementary Information

Retiree Medical Benefits Plan

Schedule of the County's Proportionate Share of the Net OPEB Liability

	Year Ended December 31,				
	2022	2021	2020	2019	2018
County's proportionate share of the net OPEB liability	\$ 11,188,759	\$ 23,814,639	\$ 29,221,051	\$ 33,015,163	\$ 38,659,129
County's proportion of the net OPEB liability	104.382%	96.850%	95.152%	93.767%	92.944%
County's covered payroll	\$ 30,175,841	\$ 27,784,720	\$ 31,060,472	\$ 32,567,422	\$ 33,626,921
County's proportionate share of the net OPEB liability as a percentage of its covered payroll	37.08%	85.71%	94.08%	101.37%	114.96%
Plan fiduciary net position as a percentage of the total OPEB liability	70.31%	53.94%	42.56%	35.11%	27.05%

See notes to required supplementary information.

COUNTY OF KALAMAZOO, MICHIGAN

Required Supplementary Information

Retiree Medical Benefits Plan
Schedule of OPEB Contributions

	Year Ended December 31,				
	2022	2021	2020	2019	2018
Contractually required contributions	\$ 1,251,682	\$ 2,975,221	\$ 2,965,720	\$ 3,304,770	\$ 3,292,072
Contributions in relation to the contractually required contributions	<u>(3,981,434)</u>	<u>(4,185,172)</u>	<u>(4,377,173)</u>	<u>(3,409,685)</u>	<u>(5,707,497)</u>
Contribution excess	<u>\$ (2,729,752)</u>	<u>\$ (1,209,951)</u>	<u>\$ (1,411,453)</u>	<u>\$ (104,915)</u>	<u>\$ (2,415,425)</u>
County's covered payroll	\$ 30,175,841	\$ 27,784,720	\$ 31,060,472	\$ 32,567,422	\$ 33,626,921
Contributions as a percentage of covered payroll	13.19%	15.06%	14.09%	10.47%	16.97%

See notes to required supplementary information.

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Required Supplementary Information

Employees' Retirement System

GASB 68 was implemented in 2015. These schedules are being built prospectively. Ultimately, 10 years of data will be presented.

The 2019 assumption changes resulted from the following:

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

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

The 2015 assumption changes resulted from the following:

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

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Required Supplementary Information

Retiree Medical Benefits Plan

GASB 75 was implemented in 2018. These schedules are being built prospectively. Ultimately, 10 years of data will be presented.

The 2022 assumption changes resulted from a change in healthcare cost trend rates.

The 2020 assumption changes resulted from a change inflation rate, healthcare cost trend rates, mortality tables, and salary increase percentages.

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

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

The 2017 change in benefit terms resulted from the following:

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

This page intentionally left blank.

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

This page intentionally left blank.

COUNTY OF KALAMAZOO, MICHIGAN

General Fund

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

COUNTY OF KALAMAZOO, MICHIGAN

Detailed Schedule of Revenues, Expenditures and Change in Fund Balance

Budget and Actual - General Fund
For the Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes:				
Property	\$ 44,507,100	\$ 44,507,100	\$ 45,500,391	\$ 993,291
Treasurer	95,000	95,000	104,577	9,577
Trailer	24,000	24,000	23,174	(826)
Total taxes	44,626,100	44,626,100	45,628,142	1,002,042
Licenses and permits:				
County clerk	9,000	9,000	9,010	10
Animal services and enforcement	701,000	701,000	487,041	(213,959)
Treasurer	14,500	14,500	15,885	1,385
Soil erosion & sedimentation control	45,000	45,000	58,315	13,315
Medical examiner	110,000	110,000	118,000	8,000
Total licenses and permits	879,500	879,500	688,251	(191,249)
Intergovernmental:				
Federal grants:				
Prosecuting attorney	1,200	1,200	-	(1,200)
State grants:				
State revenue sharing	5,533,500	5,533,500	5,633,015	99,515
State stabilization sharing	2,624,000	2,624,000	2,963,223	339,223
State court fund distribution	1,200,000	1,200,000	1,088,382	(111,618)
Convention and tourism	1,334,000	1,334,000	1,564,587	230,587
Elections	-	-	18,090	18,090
Friend of the court	249,000	249,000	317,862	68,862
Circuit court trial division	183,000	183,000	194,327	11,327
Circuit court family division	358,000	358,000	313,238	(44,762)
District court	327,000	327,000	300,572	(26,428)
Prosecuting attorney	245,000	245,000	190,973	(54,027)
Probate court	150,000	150,000	241,892	91,892
Register of deeds	2,500	2,500	2,165	(335)
Marijuana	168,000	168,000	1,561,101	1,393,101
Local unit contributions:				
Sheriff	1,524,000	1,524,000	2,007,487	483,487
Total intergovernmental	13,899,200	13,899,200	16,396,914	2,497,714

continued...

COUNTY OF KALAMAZOO, MICHIGAN

Detailed Schedule of Revenues, Expenditures and Change in Fund Balance

Budget and Actual - General Fund
For the Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues (continued)				
Charges for services:				
Circuit court administration	\$ 564,300	\$ 564,300	\$ 581,272	\$ 16,972
District court	1,429,400	1,429,400	1,087,608	(341,792)
Friend of the court	181,000	181,000	190,157	9,157
Probate court	82,300	82,300	102,378	20,078
Elections	225,400	225,400	166,778	(58,622)
Deposits	-	700,000	540,818	(159,182)
Identification program	11,500	11,500	16,617	5,117
Animal services and enforcement	54,200	54,200	119,222	65,022
County clerk	421,900	421,900	427,728	5,828
Register of deeds	2,064,000	2,064,000	2,745,753	681,753
Equalization	-	-	2,500	2,500
Human resources	-	-	550	550
Prosecuting attorney	28,600	28,600	32,801	4,201
Treasurer	41,500	41,500	40,888	(612)
Buildings & grounds	-	-	329	329
Drain commissioner	1,600	1,600	900	(700)
Sheriff	1,413,600	1,413,600	804,502	(609,098)
HCS administration	3,600	3,600	7,400	3,800
Planning	2,000	2,000	-	(2,000)
Total charges for services	<u>6,524,900</u>	<u>7,224,900</u>	<u>6,868,201</u>	<u>(356,699)</u>
Fines and forfeitures:				
Circuit court administration	25,000	25,000	66,994	41,994
District court	775,000	775,000	776,677	1,677
Treasurer	100	100	-	(100)
Soil erosion & sedimentation control	500	500	-	(500)
Total fines and forfeitures	<u>800,600</u>	<u>800,600</u>	<u>843,671</u>	<u>43,071</u>
Investment earnings (loss)	<u>905,000</u>	<u>905,000</u>	<u>(421,838)</u>	<u>(1,326,838)</u>
Contributions and reimbursements:				
Identification program	-	-	4	4

continued...

COUNTY OF KALAMAZOO, MICHIGAN

Detailed Schedule of Revenues, Expenditures and Change in Fund Balance

Budget and Actual - General Fund
For the Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues (concluded)				
Other:				
Non department revenue	\$ -	\$ -	\$ 25,533	\$ 25,533
Circuit court administration	-	-	684	684
District court	-	-	848	848
Family counseling services	23,700	23,700	19,515	(4,185)
County clerk	-	-	1,699	1,699
Register of deeds	1,000	1,000	106	(894)
Finance	127,500	156,300	181,270	24,970
Central service cost recovery	5,066,100	5,066,100	4,748,381	(317,719)
Prosecuting attorney	1,800	1,800	2,080	280
Treasurer	500	500	135	(365)
Sheriff	217,100	217,100	144,576	(72,524)
Planning	18,000	18,000	15,500	(2,500)
Legal services	-	-	8,592	8,592
Total other	5,455,700	5,484,500	5,148,919	(335,581)
Total revenues	73,091,000	73,819,800	75,152,264	1,332,464
Expenditures				
Current:				
General government:				
Board of commissioners	279,700	369,500	317,888	(51,612)
County administration	1,097,400	1,156,300	1,111,889	(44,411)
Communications	134,800	133,800	127,387	(6,413)
Legal services	525,100	610,000	552,279	(57,721)
Elections	568,000	571,900	537,539	(34,361)
County identification program	57,500	60,100	50,614	(9,486)
County clerk	397,600	417,500	575,434	157,934
Finance	2,246,300	2,167,000	2,104,253	(62,747)
Equalization	550,100	488,100	466,791	(21,309)
Fringe benefits, temporary	925,500	1,046,200	990,330	(55,870)
Information systems	1,369,200	1,668,200	1,499,786	(168,414)
Treasurer	991,200	1,045,200	1,052,339	7,139
Buildings & grounds	3,075,200	2,891,200	2,875,882	(15,318)
Utilities	1,472,700	1,472,700	1,243,176	(229,524)
Security	494,600	519,600	485,858	(33,742)
Diversity, equity & inclusion	138,000	121,000	96,966	(24,034)
Total general government	14,322,900	14,738,300	14,088,411	(649,889)

continued...

COUNTY OF KALAMAZOO, MICHIGAN

Detailed Schedule of Revenues, Expenditures and Change in Fund Balance

Budget and Actual - General Fund
For the Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (continued)				
Current (continued):				
Public safety:				
Sheriff	\$ 17,368,100	\$ 15,925,400	\$ 15,659,199	\$ (266,201)
Animal services and enforcement	976,900	977,600	864,363	(113,237)
Emergency management	290,400	314,400	294,598	(19,802)
Adult probation	50,700	105,900	75,720	(30,180)
Total public safety	<u>18,686,100</u>	<u>17,323,300</u>	<u>16,893,880</u>	<u>(429,420)</u>
Public works:				
Contractual services	346,100	392,100	365,937	(26,163)
Contractual temp employees	92,900	120,900	107,775	(13,125)
Total public works	<u>439,000</u>	<u>513,000</u>	<u>473,712</u>	<u>(39,288)</u>
Health and welfare:				
HCS administration	825,500	767,500	673,844	(93,656)
Circuit court family division	997,500	1,037,000	1,020,053	(16,947)
Veterans affairs	236,000	252,000	237,685	(14,315)
Advertising	829,400	829,400	803,835	(25,565)
Veterans burial	15,000	8,000	6,600	(1,400)
Soldiers & sailors relief	50,000	72,000	69,263	(2,737)
Appropriations to:				
Community mental health	2,217,700	2,229,700	2,226,998	(2,702)
Social services	-	100	100	-
Public housing	-	28,800	28,704	(96)
Total health and welfare	<u>5,171,100</u>	<u>5,224,500</u>	<u>5,067,082</u>	<u>(157,418)</u>
Judicial:				
Circuit court administration	5,132,300	4,966,100	4,708,092	(258,008)
Circuit court trial division	540,900	459,100	455,566	(3,534)
District court	4,713,600	4,692,600	4,366,897	(325,703)
Prosecuting attorney	3,086,200	3,116,200	3,092,603	(23,597)
Jury board	3,300	3,300	2,968	(332)
Probate court	933,200	883,600	857,743	(25,857)
Restitution	-	700,000	540,818	(159,182)
Total judicial	<u>14,409,500</u>	<u>14,820,900</u>	<u>14,024,687</u>	<u>(796,213)</u>
Community and economic development:				
Planning	403,400	313,400	281,583	(31,817)
MSU extension	309,500	316,500	253,925	(62,575)
Appropriation to SW Michigan First	75,000	75,000	75,000	-
Register of deeds	470,200	714,200	692,437	(21,763)
Total community and economic development	<u>1,258,100</u>	<u>1,419,100</u>	<u>1,302,945</u>	<u>(116,155)</u>

continued...

COUNTY OF KALAMAZOO, MICHIGAN

Detailed Schedule of Revenues, Expenditures and Change in Fund Balance

Budget and Actual - General Fund
For the Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (concluded)				
Current (concluded):				
Other:				
Contingency	\$ 100,500	\$ 4,800	\$ -	\$ (4,800)
Restricted reserve	539,300	1,217,700	-	(1,217,700)
At-large drains	85,000	85,000	64,582	(20,418)
Insurance	20,000	20,000	1,476	(18,524)
Strategic issues	125,000	85,000	2,225	(82,775)
Total other	<u>869,800</u>	<u>1,412,500</u>	<u>68,283</u>	<u>(1,344,217)</u>
Debt service:				
Principal - leases	-	-	287,021	287,021
Interest and fiscal charges	-	-	12,980	12,980
Total debt service	<u>-</u>	<u>-</u>	<u>300,001</u>	<u>300,001</u>
Total expenditures	<u>55,156,500</u>	<u>55,451,600</u>	<u>52,219,001</u>	<u>(3,232,599)</u>
Revenues over expenditures	<u>17,934,500</u>	<u>18,368,200</u>	<u>22,933,263</u>	<u>4,565,063</u>
Other financing sources (uses)				
Transfers in	1,590,000	1,590,000	1,605,852	15,852
Transfers out	(19,539,500)	(29,722,400)	(27,444,558)	(2,277,842)
Proceeds from sale of capital assets	15,000	15,000	22,502	7,502
Total other financing sources (uses)	<u>(17,934,500)</u>	<u>(28,117,400)</u>	<u>(25,816,204)</u>	<u>2,301,196</u>
Net change in fund balance	-	(9,749,200)	(2,882,941)	6,866,259
Fund balance, beginning of year	<u>46,121,849</u>	<u>46,121,849</u>	<u>46,121,849</u>	<u>-</u>
Fund balance, end of year	<u>\$ 46,121,849</u>	<u>\$ 36,372,649</u>	<u>\$ 43,238,908</u>	<u>\$ 6,866,259</u>

concluded

COUNTY OF KALAMAZOO, MICHIGAN

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

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

County Special Grants Fund – accounts for various activities financed by federal and/or state grants. None are considered individually significant to require presentation in a separate fund.

Community Economic Development Special Grants Fund – accounts for the tax collections received and distributed to the Public Housing Commission.

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

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

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

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

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

COUNTY OF KALAMAZOO, MICHIGAN

Nonmajor Governmental Funds

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

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

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

911 Millage Fund – accounts for activity related to the collection of the special voter approved millage to support emergency services.

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

Opioid Settlement Fund – accounts for activity related to the opioid settlement.

Debt Service Funds

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

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

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

This page intentionally left blank.

COUNTY OF KALAMAZOO, MICHIGAN

Combining Balance Sheet
 Nonmajor Governmental Funds
 December 31, 2022

	Special Revenue Funds				
	Parks	Health	Capital Outlay Special Grants	Friend of the Court	County Special Grants
Assets					
Cash and cash equivalents	\$ -	\$ 658,754	\$ 737,625	\$ -	\$ 1,051,438
Investments	-	-	-	-	-
Receivables:					
Accounts	58,033	53,429	-	-	497,711
Taxes	-	-	-	-	-
Due from other governments	-	28,123	-	433,273	551,642
Inventories	1,308	-	-	205	-
Prepays	2,294	1,110	-	-	-
Total assets	<u>\$ 61,635</u>	<u>\$ 741,416</u>	<u>\$ 737,625</u>	<u>\$ 433,478</u>	<u>\$ 2,100,791</u>
Liabilities					
Negative equity in pooled cash and cash equivalents	\$ 10,807	\$ -	\$ -	\$ 290,547	\$ -
Accounts payable	9,819	83,924	5,256	32,613	223,213
Accrued liabilities	31,938	147,249	896	110,113	219,593
Due to other governments	-	216,294	-	-	308,456
Deposits payable	5,469	2,166	-	-	-
Unearned revenue	-	21,373	-	-	1,349,529
Total liabilities	<u>58,033</u>	<u>471,006</u>	<u>6,152</u>	<u>433,273</u>	<u>2,100,791</u>
Deferred inflows of resources					
Property taxes levied for subsequent period	-	-	-	-	-
Unavailable revenue - opioid settlement	-	-	-	-	-
Unavailable revenue - property taxes	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances					
Nonspendable	3,602	1,110	-	205	-
Restricted	-	-	381,473	-	-
Assigned	-	269,300	350,000	-	-
Total fund balances	<u>3,602</u>	<u>270,410</u>	<u>731,473</u>	<u>205</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 61,635</u>	<u>\$ 741,416</u>	<u>\$ 737,625</u>	<u>\$ 433,478</u>	<u>\$ 2,100,791</u>



Special Revenue Funds				
Community Economic Development Special Grants	Accommodation Tax	Public Safety Special Grants	Concealed Pistol Licensing	Law Library
\$ 6,810,094	\$ 1,581,860	\$ 1,046,890	\$ 460,936	\$ 38,993
-	-	-	-	-
-	174,689	304,382	-	-
6,954,707	-	-	-	-
-	-	141,498	-	-
-	-	-	-	-
-	-	505	-	-
<u>\$ 13,764,801</u>	<u>\$ 1,756,549</u>	<u>\$ 1,493,275</u>	<u>\$ 460,936</u>	<u>\$ 38,993</u>
\$ -	\$ -	\$ -	\$ -	\$ -
50,084	529,441	758,040	4,820	38,993
5,214	-	-	2,334	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>55,298</u>	<u>529,441</u>	<u>758,040</u>	<u>7,154</u>	<u>38,993</u>
7,353,372	-	-	-	-
-	-	-	-	-
3,193	-	-	-	-
<u>7,356,565</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	505	-	-
6,352,938	1,227,108	734,730	453,782	-
-	-	-	-	-
<u>6,352,938</u>	<u>1,227,108</u>	<u>735,235</u>	<u>453,782</u>	<u>-</u>
<u>\$ 13,764,801</u>	<u>\$ 1,756,549</u>	<u>\$ 1,493,275</u>	<u>\$ 460,936</u>	<u>\$ 38,993</u>

continued...

COUNTY OF KALAMAZOO, MICHIGAN

Combining Balance Sheet
 Nonmajor Governmental Funds
 December 31, 2022

	Special Revenue Funds				
	Area Agency on Aging	Child Care	Community Corrections	Indigent Defense	911 Millage
Assets					
Cash and cash equivalents	\$ 272,238	\$ -	\$ 20,396	\$ 1,885,995	\$ 958,467
Investments	-	-	-	97	-
Receivables:					
Accounts	41,391	-	-	-	-
Taxes	-	-	-	-	6,031,590
Due from other governments	342,541	978,838	229,500	737,265	-
Inventories	-	-	-	-	-
Prepays	-	-	-	-	-
Total assets	<u>\$ 656,170</u>	<u>\$ 978,838</u>	<u>\$ 249,896</u>	<u>\$ 2,623,357</u>	<u>\$ 6,990,057</u>
Liabilities					
Negative equity in pooled cash and cash equivalents	\$ -	\$ 510,001	\$ -	\$ -	\$ -
Accounts payable	584,959	247,778	17,923	2,622,405	-
Accrued liabilities	56,516	221,059	53,179	939	-
Due to other governments	-	-	-	-	-
Deposits payable	-	-	-	-	-
Unearned revenue	14,695	-	-	13	-
Total liabilities	<u>656,170</u>	<u>978,838</u>	<u>71,102</u>	<u>2,623,357</u>	<u>-</u>
Deferred inflows of resources					
Property taxes levied for subsequent period	-	-	-	-	6,372,659
Unavailable revenue - opioid settlement	-	-	-	-	-
Unavailable revenue - property taxes	-	-	-	-	7,375
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,380,034</u>
Fund balances					
Nonspendable	-	-	-	-	-
Restricted	-	-	76,394	-	610,023
Assigned	-	-	102,400	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>178,794</u>	<u>-</u>	<u>610,023</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 656,170</u>	<u>\$ 978,838</u>	<u>\$ 249,896</u>	<u>\$ 2,623,357</u>	<u>\$ 6,990,057</u>

Special Revenue Funds		Debt Service Funds		Total
Senior Millage	Opioid Settlement	2007 Juvenile Home Bond	2011 Expo Center Improvements	
\$ 4,407,079	\$ -	\$ 226,160	\$ -	\$ 20,156,925
-	-	144,256	-	144,353
-	5,566,729	-	-	6,696,364
3,233,832	-	1,507,030	-	17,727,159
-	-	-	-	3,442,680
-	-	-	-	1,513
-	-	-	-	3,909
<u>\$ 7,640,911</u>	<u>\$ 5,566,729</u>	<u>\$ 1,877,446</u>	<u>\$ -</u>	<u>\$ 48,172,903</u>
\$ -	\$ -	\$ -	\$ -	\$ 811,355
-	-	-	-	5,209,268
-	-	-	-	849,030
-	-	-	-	524,750
-	-	-	-	7,635
-	-	-	-	1,385,610
-	-	-	-	8,787,648
3,415,722	-	1,591,439	-	18,733,192
-	5,566,729	-	-	5,566,729
4,763	-	2,763	-	18,094
<u>3,420,485</u>	<u>5,566,729</u>	<u>1,594,202</u>	<u>-</u>	<u>24,318,015</u>
-	-	-	-	5,422
4,220,426	-	283,244	-	14,340,118
-	-	-	-	721,700
<u>4,220,426</u>	<u>-</u>	<u>283,244</u>	<u>-</u>	<u>15,067,240</u>
<u>\$ 7,640,911</u>	<u>\$ 5,566,729</u>	<u>\$ 1,877,446</u>	<u>\$ -</u>	<u>\$ 48,172,903</u>

concluded

COUNTY OF KALAMAZOO, MICHIGAN

Combining Statement of Revenues, Expenditures and Change in Fund Balances - Nonmajor Governmental Funds For the Year Ended December 31, 2022

	Special Revenue Funds				
	Parks	Health	Capital Outlay Special Grants	Friend of the Court	County Special Grants
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	759,784	-	-	-
Intergovernmental	-	1,870,723	-	1,960,540	8,431,165
Charges for services	1,188,564	899,212	197,440	75,257	40,028
Investment earnings (loss)	4,106	-	-	-	-
Contributions, grants and reimbursements	52,642	18,102	-	-	320,356
Other	13,664	-	-	-	-
Total revenues	1,258,976	3,547,821	197,440	2,035,797	8,791,549
Expenditures					
Current:					
General government	-	-	-	-	13,457
Public safety	-	-	-	-	416,243
Health and welfare	-	6,434,853	-	-	6,042,402
Cultural and recreation	1,495,340	-	-	-	-
Judicial	-	-	-	3,155,610	2,932,508
Community and economic development	-	-	108,589	-	65,995
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Capital outlay	-	7,442	8,395	-	44,804
Total expenditures	1,495,340	6,442,295	116,984	3,155,610	9,515,409
Revenues over (under) expenditures	(236,364)	(2,894,474)	80,456	(1,119,813)	(723,860)
Other financing sources (uses)					
Transfers in	237,201	2,894,474	350,000	1,119,612	723,860
Transfers out	-	-	-	-	(15,852)
Total other financing sources (uses)	237,201	2,894,474	350,000	1,119,612	708,008
Net change in fund balances	837	-	430,456	(201)	(15,852)
Fund balances, beginning of year	2,765	270,410	301,017	406	15,852
Fund balances, end of year	\$ 3,602	\$ 270,410	\$ 731,473	\$ 205	\$ -

Special Revenue Funds				
Community Economic Development Special Grants	Accommodation Tax	Public Safety Special Grants	Concealed Pistol Licensing	Law Library
\$ 7,009,474	\$ 3,495,596	\$ -	\$ -	\$ -
-	-	-	105,186	-
91,108	-	494,905	-	-
-	-	1,194,597	20,667	-
-	-	-	-	-
-	-	45,513	-	-
-	-	11,555	1,221	6,500
<u>7,100,582</u>	<u>3,495,596</u>	<u>1,746,570</u>	<u>127,074</u>	<u>6,500</u>
-	-	-	-	-
-	-	1,822,351	86,166	-
-	-	-	-	-
-	2,305,456	-	-	-
-	-	-	-	77,985
769,295	-	-	-	-
-	-	-	-	-
-	-	-	-	-
13,000	-	225	-	-
<u>782,295</u>	<u>2,305,456</u>	<u>1,822,576</u>	<u>86,166</u>	<u>77,985</u>
<u>6,318,287</u>	<u>1,190,140</u>	<u>(76,006)</u>	<u>40,908</u>	<u>(71,485)</u>
-	-	-	-	71,485
-	(585,010)	-	-	-
-	(585,010)	-	-	71,485
6,318,287	605,130	(76,006)	40,908	-
34,651	621,978	811,241	412,874	-
<u>\$ 6,352,938</u>	<u>\$ 1,227,108</u>	<u>\$ 735,235</u>	<u>\$ 453,782</u>	<u>\$ -</u>

continued...

COUNTY OF KALAMAZOO, MICHIGAN

**Combining Statement of Revenues, Expenditures
and Change in Fund Balances - Nonmajor Governmental Funds
For the Year Ended December 31, 2022**

	Special Revenue Funds				
	Area Agency on Aging	Child Care	Community Corrections	Indigent Defense	911 Millage
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 6,113,543
Licenses and permits	-	-	-	-	-
Intergovernmental	2,029,131	4,020,238	785,993	4,746,324	596,379
Charges for services	45,612	14,991	408,854	48,101	-
Investment earnings (loss)	-	-	-	(2)	-
Contributions, grants and reimbursements	-	-	-	-	-
Other	-	-	-	-	-
Total revenues	2,074,743	4,035,229	1,194,847	4,794,423	6,709,922
Expenditures					
Current:					
General government	-	-	-	-	-
Public safety	-	-	1,113,606	-	6,137,821
Health and welfare	4,869,982	8,201,871	-	-	-
Cultural and recreation	-	-	-	-	-
Judicial	-	-	-	5,959,023	-
Community and economic development	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Capital outlay	-	-	16,737	-	-
Total expenditures	4,869,982	8,201,871	1,130,343	5,959,023	6,137,821
Revenues over (under) expenditures	(2,795,239)	(4,166,642)	64,504	(1,164,600)	572,101
Other financing sources (uses)					
Transfers in	2,795,239	4,166,267	102,400	1,164,600	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	2,795,239	4,166,267	102,400	1,164,600	-
Net change in fund balances	-	(375)	166,904	-	572,101
Fund balances, beginning of year	-	375	11,890	-	37,922
Fund balances, end of year	\$ -	\$ -	\$ 178,794	\$ -	\$ 610,023

Special Revenue Funds		Debt Service Funds		Total
Senior Millage	Opioid Settlement	2007 Juvenile Home Bond	2011 Expo Center Improvements	
\$ 3,258,637	\$ -	\$ 1,614,124	\$ -	\$ 21,491,374
-	-	-	-	864,970
319,659	-	168,012	-	25,514,177
-	-	-	-	4,133,323
-	-	4,391	-	8,495
-	-	-	-	436,613
-	-	-	-	32,940
<u>3,578,296</u>	<u>-</u>	<u>1,786,527</u>	<u>-</u>	<u>52,481,892</u>
-	-	-	-	13,457
-	-	-	-	9,576,187
-	-	-	-	25,549,108
-	-	-	-	3,800,796
-	-	-	-	12,125,126
-	-	-	-	943,879
-	-	1,065,000	225,000	1,290,000
-	-	736,876	32,809	769,685
-	-	-	-	90,603
<u>-</u>	<u>-</u>	<u>1,801,876</u>	<u>257,809</u>	<u>54,158,841</u>
<u>3,578,296</u>	<u>-</u>	<u>(15,349)</u>	<u>(257,809)</u>	<u>(1,676,949)</u>
-	-	-	257,809	13,882,947
(2,698,435)	-	-	-	(3,299,297)
<u>(2,698,435)</u>	<u>-</u>	<u>-</u>	<u>257,809</u>	<u>10,583,650</u>
879,861	-	(15,349)	-	8,906,701
<u>3,340,565</u>	<u>-</u>	<u>298,593</u>	<u>-</u>	<u>6,160,539</u>
<u>\$ 4,220,426</u>	<u>\$ -</u>	<u>\$ 283,244</u>	<u>\$ -</u>	<u>\$ 15,067,240</u>

concluded

COUNTY OF KALAMAZOO, MICHIGAN

Schedule of Revenues, Expenditures and Change in Fund Balances

Budget and Actual

Nonmajor Special Revenue Funds

For the Year Ended December 31, 2022

	Parks			Health		
	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	762,600	759,784	(2,816)
Intergovernmental	-	-	-	1,723,700	1,870,723	147,023
Charges for services	1,376,200	1,188,564	(187,636)	904,200	899,212	(4,988)
Investment earnings (loss)	5,500	4,106	(1,394)	-	-	-
Contributions, grants and reimbursements	127,600	52,642	(74,958)	13,000	18,102	5,102
Other	22,300	13,664	(8,636)	-	-	-
Total revenues	1,531,600	1,258,976	(272,624)	3,403,500	3,547,821	144,321
Expenditures						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Health and welfare	-	-	-	7,151,700	6,434,853	(716,847)
Cultural and recreation	1,940,500	1,495,340	(445,160)	-	-	-
Judicial	-	-	-	-	-	-
Community and economic development	-	-	-	-	-	-
Capital outlay	-	-	-	7,500	7,442	(58)
Total expenditures	1,940,500	1,495,340	(445,160)	7,159,200	6,442,295	(716,905)
Revenues over (under) expenditures	(408,900)	(236,364)	172,536	(3,755,700)	(2,894,474)	861,226
Other financing sources (uses)						
Transfers in	408,900	237,201	(171,699)	3,755,700	2,894,474	(861,226)
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	408,900	237,201	(171,699)	3,755,700	2,894,474	(861,226)
Net change in fund balances	-	837	837	-	-	-
Fund balances, beginning of year	2,765	2,765	-	270,410	270,410	-
Fund balances, end of year	\$ 2,765	\$ 3,602	\$ 837	\$ 270,410	\$ 270,410	\$ -

Capital Outlay Special Grants			Friend of the Court			County Special Grants		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
-	-	-	2,299,400	1,960,540	(338,860)	14,707,600	8,431,165	(6,276,435)
237,500	197,440	(40,060)	77,600	75,257	(2,343)	51,100	40,028	(11,072)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	338,800	320,356	(18,444)
-	-	-	-	-	-	-	-	-
<u>237,500</u>	<u>197,440</u>	<u>(40,060)</u>	<u>2,377,000</u>	<u>2,035,797</u>	<u>(341,203)</u>	<u>15,097,500</u>	<u>8,791,549</u>	<u>(6,305,951)</u>
-	-	-	-	-	-	917,700	13,457	(904,243)
-	-	-	-	-	-	493,500	416,243	(77,257)
-	-	-	-	-	-	9,317,400	6,042,402	(3,274,998)
-	-	-	-	-	-	-	-	-
-	-	-	3,263,200	3,155,610	(107,590)	4,983,000	2,932,508	(2,050,492)
276,000	108,589	(167,411)	-	-	-	96,300	65,995	(30,305)
403,000	8,395	(394,605)	-	-	-	263,100	44,804	(218,296)
<u>679,000</u>	<u>116,984</u>	<u>(562,016)</u>	<u>3,263,200</u>	<u>3,155,610</u>	<u>(107,590)</u>	<u>16,071,000</u>	<u>9,515,409</u>	<u>(6,555,591)</u>
<u>(441,500)</u>	<u>80,456</u>	<u>521,956</u>	<u>(886,200)</u>	<u>(1,119,813)</u>	<u>(233,613)</u>	<u>(973,500)</u>	<u>(723,860)</u>	<u>249,640</u>
350,000	350,000	-	886,200	1,119,612	233,412	971,500	723,860	(247,640)
-	-	-	-	-	-	-	(15,852)	15,852
<u>350,000</u>	<u>350,000</u>	<u>-</u>	<u>886,200</u>	<u>1,119,612</u>	<u>233,412</u>	<u>971,500</u>	<u>708,008</u>	<u>(263,492)</u>
(91,500)	430,456	521,956	-	(201)	(201)	(2,000)	(15,852)	(13,852)
301,017	301,017	-	406	406	-	15,852	15,852	-
<u>\$ 209,517</u>	<u>\$ 731,473</u>	<u>\$ 521,956</u>	<u>\$ 406</u>	<u>\$ 205</u>	<u>\$ (201)</u>	<u>\$ 13,852</u>	<u>\$ -</u>	<u>\$ (13,852)</u>

continued...

COUNTY OF KALAMAZOO, MICHIGAN

Schedule of Revenues, Expenditures and Change in Fund Balances

Budget and Actual
 Nonmajor Special Revenue Funds
 For the Year Ended December 31, 2022

	Community Economic Development Special Grants			Accommodation Tax		
	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues						
Taxes	\$ 7,065,000	\$ 7,009,474	\$ (55,526)	\$ 3,400,000	\$ 3,495,596	\$ 95,596
Licenses and permits	-	-	-	-	-	-
Intergovernmental	50,000	91,108	41,108	-	-	-
Charges for services	-	-	-	-	-	-
Investment earnings (loss)	-	-	-	-	-	-
Contributions, grants and reimbursements	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenues	<u>7,115,000</u>	<u>7,100,582</u>	<u>(14,418)</u>	<u>3,400,000</u>	<u>3,495,596</u>	<u>95,596</u>
Expenditures						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Cultural and recreation	-	-	-	2,665,800	2,305,456	(360,344)
Judicial	-	-	-	-	-	-
Community and economic development	7,115,000	769,295	(6,345,705)	-	-	-
Capital outlay	-	13,000	13,000	-	-	-
Total expenditures	<u>7,115,000</u>	<u>782,295</u>	<u>(6,332,705)</u>	<u>2,665,800</u>	<u>2,305,456</u>	<u>(360,344)</u>
Revenues over (under) expenditures	<u>-</u>	<u>6,318,287</u>	<u>6,318,287</u>	<u>734,200</u>	<u>1,190,140</u>	<u>455,940</u>
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	(734,200)	(585,010)	(149,190)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(734,200)</u>	<u>(585,010)</u>	<u>149,190</u>
Net change in fund balances	<u>-</u>	<u>6,318,287</u>	<u>6,318,287</u>	<u>-</u>	<u>605,130</u>	<u>605,130</u>
Fund balances, beginning of year	34,651	34,651	-	621,978	621,978	-
Fund balances, end of year	<u>\$ 34,651</u>	<u>\$ 6,352,938</u>	<u>\$ 6,318,287</u>	<u>\$ 621,978</u>	<u>\$ 1,227,108</u>	<u>\$ 605,130</u>

Public Safety Special Grants			Concealed Pistol Licensing			Law Library		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	88,800	105,186	16,386	-	-	-
491,300	494,905	3,605	-	-	-	-	-	-
1,232,200	1,194,597	(37,603)	20,000	20,667	667	-	-	-
-	-	-	-	-	-	-	-	-
-	45,513	45,513	-	-	-	-	-	-
64,400	11,555	(52,845)	-	1,221	1,221	6,500	6,500	-
<u>1,787,900</u>	<u>1,746,570</u>	<u>(41,330)</u>	<u>108,800</u>	<u>127,074</u>	<u>18,274</u>	<u>6,500</u>	<u>6,500</u>	<u>-</u>
-	-	-	-	-	-	-	-	-
1,902,400	1,822,351	(80,049)	95,800	86,166	(9,634)	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	76,300	77,985	1,685
-	-	-	-	-	-	-	-	-
7,500	225	(7,275)	13,000	-	(13,000)	-	-	-
<u>1,909,900</u>	<u>1,822,576</u>	<u>(87,324)</u>	<u>108,800</u>	<u>86,166</u>	<u>(22,634)</u>	<u>76,300</u>	<u>77,985</u>	<u>1,685</u>
<u>(122,000)</u>	<u>(76,006)</u>	<u>45,994</u>	<u>-</u>	<u>40,908</u>	<u>40,908</u>	<u>(69,800)</u>	<u>(71,485)</u>	<u>(1,685)</u>
-	-	-	-	-	-	69,800	71,485	1,685
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	69,800	71,485	1,685
(122,000)	(76,006)	45,994	-	40,908	40,908	-	-	-
811,241	811,241	-	412,874	412,874	-	-	-	-
<u>\$ 689,241</u>	<u>\$ 735,235</u>	<u>\$ 45,994</u>	<u>\$ 412,874</u>	<u>\$ 453,782</u>	<u>\$ 40,908</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

continued...

COUNTY OF KALAMAZOO, MICHIGAN

Schedule of Revenues, Expenditures and Change in Fund Balances

Budget and Actual
 Nonmajor Special Revenue Funds
 For the Year Ended December 31, 2022

	Area Agency on Aging			Child Care		
	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	2,407,700	2,029,131	(378,569)	4,285,000	4,020,238	(264,762)
Charges for services	46,200	45,612	(588)	109,300	14,991	(94,309)
Investment earnings (loss)	-	-	-	-	-	-
Contributions, grants and reimbursements	700	-	(700)	2,700	-	(2,700)
Other	2,960,000	-	(2,960,000)	-	-	-
Total revenues	5,414,600	2,074,743	(3,339,857)	4,397,000	4,035,229	(361,771)
Expenditures						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Health and welfare	8,912,100	4,869,982	(4,042,118)	9,612,600	8,201,871	(1,410,729)
Cultural and recreation	-	-	-	-	-	-
Judicial	-	-	-	-	-	-
Community and economic development	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	8,912,100	4,869,982	(4,042,118)	9,612,600	8,201,871	(1,410,729)
Revenues over (under) expenditures	(3,497,500)	(2,795,239)	702,261	(5,215,600)	(4,166,642)	1,048,958
Other financing sources (uses)						
Transfers in	3,485,500	2,795,239	(690,261)	5,215,600	4,166,267	(1,049,333)
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	3,485,500	2,795,239	(690,261)	5,215,600	4,166,267	(1,049,333)
Net change in fund balances	(12,000)	-	12,000	-	(375)	(375)
Fund balances, beginning of year	-	-	-	375	375	-
Fund balances, end of year	\$ (12,000)	\$ -	\$ 12,000	\$ 375	\$ -	\$ (375)

Community Corrections			Indigent Defense			911 Millage		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,099,900	\$ 6,113,543	\$ 13,643
-	-	-	-	-	-	-	-	-
1,096,800	785,993	(310,807)	3,384,000	4,746,324	1,362,324	38,000	596,379	558,379
400,000	408,854	8,854	70,000	48,101	(21,899)	-	-	-
-	-	-	100	(2)	(102)	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	182,100	-	(182,100)	-	-	-
<u>1,496,800</u>	<u>1,194,847</u>	<u>(301,953)</u>	<u>3,636,200</u>	<u>4,794,423</u>	<u>1,158,223</u>	<u>6,137,900</u>	<u>6,709,922</u>	<u>572,022</u>
-	-	-	-	-	-	-	-	-
1,563,700	1,113,606	(450,094)	-	-	-	6,137,900	6,137,821	(79)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	4,800,800	5,959,023	1,158,223	-	-	-
-	-	-	-	-	-	-	-	-
<u>17,800</u>	<u>16,737</u>	<u>(1,063)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>1,581,500</u>	<u>1,130,343</u>	<u>(451,157)</u>	<u>4,800,800</u>	<u>5,959,023</u>	<u>1,158,223</u>	<u>6,137,900</u>	<u>6,137,821</u>	<u>(79)</u>
<u>(84,700)</u>	<u>64,504</u>	<u>149,204</u>	<u>(1,164,600)</u>	<u>(1,164,600)</u>	<u>-</u>	<u>-</u>	<u>572,101</u>	<u>572,101</u>
84,700	102,400	17,700	1,164,600	1,164,600	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>84,700</u>	<u>102,400</u>	<u>17,700</u>	<u>1,164,600</u>	<u>1,164,600</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	166,904	166,904	-	-	-	-	572,101	572,101
<u>11,890</u>	<u>11,890</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,922</u>	<u>37,922</u>	<u>-</u>
<u>\$ 11,890</u>	<u>\$ 178,794</u>	<u>\$ 166,904</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,922</u>	<u>\$ 610,023</u>	<u>\$ 572,101</u>

continued...

COUNTY OF KALAMAZOO, MICHIGAN

Schedule of Revenues, Expenditures and Change in Fund Balances

Budget and Actual
 Nonmajor Special Revenue Funds
 For the Year Ended December 31, 2022

	Senior Millage		Actual Over (Under) Final Budget
	Final Budget	Actual	
Revenues			
Taxes	\$ 3,248,200	\$ 3,258,637	\$ 10,437
Licenses and permits	-	-	-
Intergovernmental	317,900	319,659	1,759
Charges for services	-	-	-
Investment earnings (loss)	-	-	-
Contributions, grants and reimbursements	-	-	-
Other	-	-	-
Total revenues	<u>3,566,100</u>	<u>3,578,296</u>	<u>12,196</u>
Expenditures			
Current:			
General government	-	-	-
Public safety	-	-	-
Health and welfare	-	-	-
Cultural and recreation	-	-	-
Judicial	-	-	-
Community and economic development	-	-	-
Capital outlay	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	<u>3,566,100</u>	<u>3,578,296</u>	<u>12,196</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	(5,816,100)	(2,698,435)	(3,117,665)
Total other financing sources (uses)	<u>(5,816,100)</u>	<u>(2,698,435)</u>	<u>3,117,665</u>
Net change in fund balances	(2,250,000)	879,861	3,129,861
Fund balances, beginning of year	<u>3,340,565</u>	<u>3,340,565</u>	<u>-</u>
Fund balances, end of year	<u>\$ 1,090,565</u>	<u>\$ 4,220,426</u>	<u>\$ 3,129,861</u>

concluded

COUNTY OF KALAMAZOO, MICHIGAN

Internal Service Funds

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

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

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

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

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

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

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

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

COUNTY OF KALAMAZOO, MICHIGAN

Combining Statement of Net Position

Internal Service Funds

December 31, 2022

	Employee Benefits	Technology	Alcott Facility	Central Stores
Assets				
Current assets:				
Cash and cash equivalents	\$ 9,616,220	\$ 938,055	\$ 89,457	\$ -
Receivables:				
Accounts	74,232	-	-	13
Accrued interest	704	-	-	-
Inventories	-	918	-	126,482
Prepays	45,021	233,787	-	-
Total current assets	9,736,177	1,172,760	89,457	126,495
Noncurrent assets:				
Capital assets not being depreciated	-	453,904	-	-
Capital assets being depreciated, net	-	183,760	-	17,067
Total noncurrent assets	-	637,664	-	17,067
Total assets	9,736,177	1,810,424	89,457	143,562
Liabilities				
Current liabilities:				
Negative equity in cash and cash equivalents	-	-	-	7,587
Accounts payable	430,423	44,276	89,457	29,927
Accrued liabilities	251,313	13,032	-	5,104
Deposits payable	61,150	-	-	3,835
Claims payable	2,104,435	-	-	-
Current portion of long-term debt	5,716	24,438	-	5,845
Total liabilities (all current)	2,853,037	81,746	89,457	52,298
Net position				
Investment in capital assets	-	637,664	-	17,067
Unrestricted	6,883,140	1,091,014	-	74,197
Total net position	\$ 6,883,140	\$ 1,728,678	\$ -	\$ 91,264



Local Site Remediation Revolving Fund	Insurance	Total
\$ 1,723,092	\$ -	\$ 12,366,824
-	848,312	922,557
-	-	704
-	-	127,400
-	707,658	986,466
<u>1,723,092</u>	<u>1,555,970</u>	<u>14,403,951</u>
-	-	453,904
-	-	200,827
-	-	654,731
<u>1,723,092</u>	<u>1,555,970</u>	<u>15,058,682</u>
-	785,054	792,641
-	36,344	630,427
-	-	269,449
-	-	64,985
-	734,572	2,839,007
-	-	35,999
-	<u>1,555,970</u>	<u>4,632,508</u>
-	-	654,731
<u>1,723,092</u>	-	<u>9,771,443</u>
<u>\$ 1,723,092</u>	<u>\$ -</u>	<u>\$ 10,426,174</u>

COUNTY OF KALAMAZOO, MICHIGAN

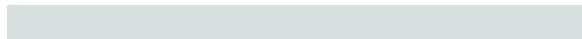
Combining Statement of Revenues, Expenditures and

Change in Fund Net Position

Internal Service Funds

For the Year Ended December 31, 2022

	Employee Benefits	Technology	Alcott Facility	Central Stores
Operating revenues				
Charges for services	\$ 26,581,817	\$ 1,488,701	\$ 672,952	\$ 585,697
Operating expenses				
Salaries and fringes	-	324,262	234,345	122,775
Supplies and other operating expenses	108,241	782,585	638,765	460,625
Depreciation	-	117,246	-	3,140
Insurance benefits and claims	25,031,760	-	-	-
Total operating expenses	25,140,001	1,224,093	873,110	586,540
Operating income (loss)	1,441,816	264,608	(200,158)	(843)
Nonoperating revenues				
Investment earnings	17,287	-	-	-
Income (loss) before transfers	1,459,103	264,608	(200,158)	(843)
Transfers in	-	-	134,806	-
Transfers out	-	-	(4,714,184)	-
Change in net position	1,459,103	264,608	(4,779,536)	(843)
Net position, beginning of year	5,424,037	1,464,070	4,779,536	92,107
Net position, end of year	\$ 6,883,140	\$ 1,728,678	\$ -	\$ 91,264



Local Site Remediation Revolving Fund	Insurance	Total
<u>\$ 996,625</u>	<u>\$ 173,568</u>	<u>\$ 30,499,360</u>
-	-	681,382
1,252	-	1,991,468
-	-	120,386
-	927,942	25,959,702
<u>1,252</u>	<u>927,942</u>	<u>28,752,938</u>
995,373	(754,374)	1,746,422
-	20,857	38,144
995,373	(733,517)	1,784,566
-	733,517	868,323
-	-	(4,714,184)
995,373	-	(2,061,295)
<u>727,719</u>	<u>-</u>	<u>12,487,469</u>
<u><u>\$ 1,723,092</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 10,426,174</u></u>

COUNTY OF KALAMAZOO, MICHIGAN

Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended December 31, 2022

	Employee Benefits	Technology	Alcott Facility	Central Stores
Cash flows from operating activities				
Receipts from customers and users	\$ 26,605,460	\$ 1,488,701	\$ 672,952	\$ 585,684
Payments to vendors	(108,241)	(808,167)	(438,462)	(538,120)
Payments for personnel services	-	(330,565)	(279,839)	(122,738)
Benefit payments	(25,423,009)	-	-	-
Net cash provided by (used in) operating activities	1,074,210	349,969	(45,349)	(75,174)
Cash flows from noncapital financing activities				
Transfers from other funds	-	-	134,806	-
Cash flows from capital and related financing activities				
Purchase of capital assets	-	(118,540)	-	-
Cash flows from investing activities				
Investment earnings	17,287	-	-	-
Net increase (decrease) in cash and cash equivalents	1,091,497	231,429	89,457	(75,174)
Cash and cash equivalents, beginning of year	8,524,723	706,626	-	75,174
Cash and cash equivalents, end of year	\$ 9,616,220	\$ 938,055	\$ 89,457	\$ -

Noncash transaction:

The Alcott Facility fund had transfers of \$735,017 in capital assets during the year to governmental activities.

The Alcott Facility fund had transfers of \$3,979,167 in prepaids during the year to the Capital Projects fund.



Local Site Remediation Revolving Fund	Insurance	Total
\$ 996,625	\$ 173,568	\$ 30,522,990
(2,355)	-	(1,895,345)
-	-	(733,142)
-	(927,942)	(26,350,951)
<hr/>		
994,270	(754,374)	1,543,552
-	733,517	868,323
-	-	(118,540)
-	20,857	38,144
<hr/>		
994,270	-	2,331,479
728,822	-	10,035,345
<hr/>		
<u>\$ 1,723,092</u>	<u>\$ -</u>	<u>\$ 12,366,824</u>

continued...

COUNTY OF KALAMAZOO, MICHIGAN

Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended December 31, 2022

	Employee Benefits	Technology	Alcott Facility	Central Stores
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Operating income (loss)	\$ 1,441,816	\$ 264,608	\$ (200,158)	\$ (843)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	-	117,246	-	3,140
Change in:				
Accounts receivable	20,575	-	-	(13)
Accrued interest receivable	3,068	-	-	-
Inventories	-	5,557	2,788	(32,951)
Prepays	22,034	15,565	125,000	4,917
Negative equity in cash and cash equivalents	-	-	-	7,587
Accounts payable	20,154	(46,704)	72,515	(55,580)
Accrued liabilities	227	731	(15,291)	232
Deposits payable	(15,817)	-	-	(1,468)
Claims payable	(417,620)	-	-	-
Compensated absences	(227)	(7,034)	(30,203)	(195)
Net cash provided by (used in) operating activities	\$ 1,074,210	\$ 349,969	\$ (45,349)	\$ (75,174)



Local Site Remediation Revolving Fund	Insurance	Total
\$ 995,373	\$ (754,374)	\$ 1,746,422
-	-	120,386
-	(237,254)	(216,692)
-	-	3,068
-	-	(24,606)
-	37,034	204,550
-	(7,340)	247
(1,103)	24,838	14,120
-	-	(14,101)
-	-	(17,285)
-	182,722	(234,898)
-	-	(37,659)
<u>\$ 994,270</u>	<u>\$ (754,374)</u>	<u>\$ 1,543,552</u>

concluded

This page intentionally left blank.

COUNTY OF KALAMAZOO, MICHIGAN

Custodial Funds

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

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

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

COUNTY OF KALAMAZOO, MICHIGAN

Combining Statement of Fiduciary Net Position

Custodial Funds

December 31, 2022

	General Custodial	Library Trust	Inmate's Trust	Total
Assets				
Cash and cash equivalents	\$ 1,623,191	\$ 139,499	\$ 50,926	\$ 1,813,616
Receivables	134,265	-	-	134,265
Total assets	1,757,456	139,499	50,926	1,947,881
Liabilities				
Undistributed collections	959,010	139,499	-	1,098,509
Net position				
Restricted for -				
Individuals, organizations and other governments	\$ 798,446	\$ -	\$ 50,926	\$ 849,372

COUNTY OF KALAMAZOO, MICHIGAN

Combining Statement of Changes in Fiduciary Net Position

Custodial Funds

For the Year Ended December 31, 2022

	General Custodial	Library Trust	Inmate's Trust	Total
Additions				
Inmate trust collections	\$ -	\$ -	\$ 1,291,752	\$ 1,291,752
Library collections	-	309,529	-	309,529
Circuit court trial division collections	799,794	-	-	799,794
District court collections	143,737	-	-	143,737
Probate court collections	50,578	-	-	50,578
County clerk/register of deeds collections	875,266	-	-	875,266
Treasurer collections	71,757,484	-	-	71,757,484
Sheriff-administration/support collections	94,476	-	-	94,476
Other collections	51,748	-	-	51,748
Total additions	73,773,083	309,529	1,291,752	75,374,364
Deductions				
Inmate trust distributions	-	-	1,278,387	1,278,387
Library distributions	-	309,529	-	309,529
Circuit court trial division distributions	668,220	-	-	668,220
Circuit court family division distributions	45	-	-	45
District court distributions	143,737	-	-	143,737
Probate court distributions	3,023	-	-	3,023
County clerk/register of deeds distributions	874,058	-	-	874,058
Treasurer distributions	71,548,470	-	-	71,548,470
Sheriff-administration/support distributions	94,603	-	-	94,603
Other deductions	72,582	-	-	72,582
Total deductions	73,404,738	309,529	1,278,387	74,992,654
Change in net position	368,345	-	13,365	381,710
Net position, beginning of year	430,101	-	37,561	467,662
Net position, end of year	\$ 798,446	\$ -	\$ 50,926	\$ 849,372

This page intentionally left blank.

COUNTY OF KALAMAZOO, MICHIGAN

Component Unit

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

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

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

COUNTY OF KALAMAZOO, MICHIGAN

Balance Sheet

Drainage Districts Component Unit

December 31, 2022

Assets

Cash and cash equivalents	\$ 1,358,931
Accounts receivable	614,693
Special assessments receivable	<u>1,797,371</u>

Total assets

\$ 3,770,995

Liabilities

Accounts payable	\$ 284,920
Advance from primary government	<u>306,481</u>

Total liabilities

591,401

Deferred inflows of resources

Unavailable revenue - special assessment receivable	1,640,210
---	-----------

Fund balance

Unassigned	<u>1,539,384</u>
------------	------------------

Total liabilities, deferred inflows of resources and fund balance

\$ 3,770,995

COUNTY OF KALAMAZOO, MICHIGAN

Reconciliation

Fund Balance of Governmental Fund
to Net Position of Component Unit
Drainage Districts Component Unit
December 31, 2022

Fund balance - governmental fund \$ 1,539,384

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

Capital assets used in governmental activities are not financial resources, and therefore are not reported in the fund statements.

Capital assets not being depreciated	98,912
Capital assets being depreciated, net	5,649,454

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

Deferred special assessments receivable	1,640,210
---	-----------

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

Notes payable	(1,381,215)
Accrued interest on long-term debt	<u>(17,003)</u>

Net position of component unit \$ 7,529,742

COUNTY OF KALAMAZOO, MICHIGAN

Statement of Revenues, Expenditures

and Change in Fund Balance

Drainage Districts Component Unit

For the Year Ended December 31, 2022

Revenues

Other	\$ 487,041
Interest	6,944
	<hr/>

Total revenues

493,985

Expenditures

Current:

Public works 99,436

Debt service:

Principal 319,293

Interest expense 39,845

Total expenditures

458,574

Change in fund balance

35,411

Fund balance, beginning of year

1,503,973

Fund balance, end of year

\$ 1,539,384

COUNTY OF KALAMAZOO, MICHIGAN

Reconciliation

Net Change in Fund Balance of Governmental Fund
to Change in Net Position of Component Unit
Drainage Districts Component Unit
For the Year Ended December 31, 2022

Net change in fund balance - governmental fund \$ 35,411

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital assets purchased/constructed	98,912
Depreciation expense	(170,273)

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

Net change in deferred special assessments receivable	(354,563)
---	-----------

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

Principal payments on long-term debt	319,293
--------------------------------------	---------

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Change in accrued interest payable on long-term debt	<u>3,735</u>
--	--------------

Change in net position of governmental activities \$ (67,485)

COUNTY OF KALAMAZOO, MICHIGAN

Balance Sheet

Lake Level Districts Component Unit
December 31, 2022

Assets

Cash and cash equivalents	\$ 11,944
Receivables:	
Accounts	<u>13,260</u>
Total assets	<u><u>\$ 25,204</u></u>
Fund balance	
Unassigned	<u><u>\$ 25,204</u></u>

COUNTY OF KALAMAZOO, MICHIGAN

Reconciliation

Fund Balance of Governmental Fund
to Net Position of Component Unit
Drainage Districts Component Unit
December 31, 2022

Fund balance - governmental fund	\$ 25,204
---	-----------

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

Capital assets used in governmental activities are not financial resources, and therefore are not reported in the fund statements.

Capital assets not being depreciated	340,985
--------------------------------------	---------

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

Notes payable	<u>(400,000)</u>
---------------	------------------

Net position of component unit	<u><u>\$ (33,811)</u></u>
---------------------------------------	---------------------------

COUNTY OF KALAMAZOO, MICHIGAN

Statement of Revenues, Expenditures

and Change in Fund Balance

Lake Level Districts Component Unit

For the Year Ended December 31, 2022

Revenues

Other	\$ 271
Interest	284
	<hr/>

Total revenues

555

Expenditures

Capital outlay	<hr/> 190,396
----------------	---------------

Change in fund balance

(189,841)

Fund balance, beginning of year

215,045

Fund balance, end of year

\$ 25,204

COUNTY OF KALAMAZOO, MICHIGAN

Reconciliation

Net Change in Fund Balance of Governmental Fund
to Change in Net Position of Component Unit
Drainage Districts Component Unit
For the Year Ended December 31, 2022

Net change in fund balance - governmental fund	\$ (189,841)
---	--------------

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital assets purchased/constructed	<u>340,985</u>
--------------------------------------	----------------

Change in net position of governmental activities	<u><u>\$ 151,144</u></u>
--	--------------------------

COUNTY OF KALAMAZOO, MICHIGAN

Balance Sheet

Brownfield Redevelopment Authority Component Unit

December 31, 2022

Assets

Cash and cash equivalents	\$ 6,610,772
Investments	989,409
Accounts receivable	500,961
Due from other governments	<u>3,356</u>

Total assets

\$ 8,104,498

Liabilities

Accounts payable	\$ 895,770
------------------	------------

Deferred inflows of resources

Property taxes levied for subsequent period	453,310
---	---------

Fund balance

Unassigned	<u>6,755,418</u>
------------	------------------

Total liabilities, deferred inflows of resources and fund balance

\$ 8,104,498

COUNTY OF KALAMAZOO, MICHIGAN

Reconciliation

Fund Balance of Governmental Fund
to Net Position of Component Unit
Brownfield Redevelopment Authority Component Unit
December 31, 2022

Fund balance - governmental fund	\$ 6,755,418
---	--------------

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

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

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

Net position of component unit	<u><u>\$ 5,411,245</u></u>
---------------------------------------	----------------------------

COUNTY OF KALAMAZOO, MICHIGAN

Statement of Revenues, Expenditures

and Change in Fund Balance

Brownfield Redevelopment Authority Component Unit

For the Year Ended December 31, 2022

Revenues

Taxes	\$ 720,417
Charges for services	2,500
Intergovernmental	92,172
Investment earnings	<u>30,883</u>
Total revenues	845,972

Expenditures

Current -	
Community and economic development	<u>2,450,260</u>

Change in fund balance (1,604,288)

Fund balance, beginning of year 8,359,706

Fund balance, end of year \$ 6,755,418

STATISTICAL SECTION

This page intentionally left blank.

COUNTY OF KALAMAZOO, MICHIGAN

Statistical Section Table of Contents

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

		<u>Page</u>
Financial Trends Tables 1 - 4	These schedules contain trend information to help the reader understand and evaluate how the County’s financial condition, performance and well-being have changed over time.	182
Revenue Capacity Tables 5 - 8	These schedules contain information to help the reader assess the County’s ability to generate its most significant local revenue source, the property tax.	192
Debt Capacity Tables 9 - 12	These schedules present information to help the reader assess the affordability of the County’s current levels of outstanding debt and its ability to issue additional debt in the future.	198
Demographic and Economic Information Tables 13 - 15	These schedules present various demographic and economic indicators to help the reader understand the environment within which the County operates and how they affect the County’s financial activities.	204
Operating Information Tables 16 - 17	These schedules contain information about the County’s operations and resources to help the reader understand how the information in the County’s financial report relates to the services the County provides and the activities it performs.	208

COUNTY OF KALAMAZOO, MICHIGAN

Net Position By Component

Last Ten Fiscal Years

	2022	2021	2020	2019
Governmental activities				
Net investment in capital assets	\$ 88,290,754	\$ 74,296,286	\$ 73,348,642	\$ 70,585,884
Restricted	31,186,072	40,368,492	34,364,467	32,267,283
Unrestricted	79,237,328	55,356,653	42,186,601	28,678,958
Total governmental activities	<u>\$ 198,714,154</u>	<u>\$ 170,021,431</u>	<u>\$ 149,899,710</u>	<u>\$ 131,532,125</u>
Business-type activities				
Net investment in capital assets	\$ 50,457,926	\$ 47,084,190	\$ 48,609,105	\$ 50,239,227
Restricted	176,733	496,020	406,349	442,752
Unrestricted	25,034,621	24,680,661	23,748,794	23,414,065
Total business-type activities	<u>\$ 75,669,280</u>	<u>\$ 72,260,871</u>	<u>\$ 72,764,248</u>	<u>\$ 74,096,044</u>
Primary government				
Net investment in capital assets	\$ 138,748,680	\$ 121,380,476	\$ 121,957,747	\$ 120,825,111
Restricted	31,362,805	40,864,512	34,770,816	32,710,035
Unrestricted	104,271,949	80,037,314	65,935,395	52,093,023
Total primary government	<u>\$ 274,383,434</u>	<u>\$ 242,282,302</u>	<u>\$ 222,663,958</u>	<u>\$ 205,628,169</u>

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

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

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

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

GASB Statement No. 84 was implemented for the year ended December 31, 2019. This resulted in certain activity previously reported in agency funds being included in governmental activities. Prior years were not restated.

Table 1 - Unaudited

2018	2017	2016	2015	2014	2013
\$ 67,501,240	\$ 66,358,000	\$ 67,512,686	\$ 60,182,534	\$ 54,014,762	\$ 43,130,177
31,190,162	34,422,473	32,393,370	22,862,531	36,523,766	7,707,379
22,064,271	18,886,165	34,649,904	41,640,330	38,866,094	51,652,911
<u>\$ 120,755,673</u>	<u>\$ 119,666,638</u>	<u>\$ 134,555,960</u>	<u>\$ 124,685,395</u>	<u>\$ 129,404,622</u>	<u>\$ 102,490,467</u>
\$ 47,143,684	\$ 48,141,803	\$ 47,755,499	\$ 48,993,268	\$ 49,480,694	\$ 50,504,667
430,619	432,165	366,757	459,843	247,565	-
22,523,158	22,567,806	27,412,103	27,650,978	28,891,477	32,634,972
<u>\$ 70,097,461</u>	<u>\$ 71,141,774</u>	<u>\$ 75,534,359</u>	<u>\$ 77,104,089</u>	<u>\$ 78,619,736</u>	<u>\$ 83,139,639</u>
\$ 114,644,924	\$ 114,499,803	\$ 115,268,185	\$ 109,175,802	\$ 103,495,456	\$ 93,634,844
31,620,781	34,854,638	32,760,127	23,322,374	36,771,331	7,707,379
44,587,429	41,453,971	62,062,007	69,291,308	67,757,571	84,287,883
<u>\$ 190,853,134</u>	<u>\$ 190,808,412</u>	<u>\$ 210,090,319</u>	<u>\$ 201,789,484</u>	<u>\$ 208,024,358</u>	<u>\$ 185,630,106</u>

COUNTY OF KALAMAZOO, MICHIGAN

Change in Net Position

Last Ten Fiscal Years

	2022	2021	2020	2019
Expenses				
Governmental activities:				
General government	\$ 21,973,983	\$ 8,899,301	\$ 12,923,845	\$ 18,399,236
Public safety	33,995,442	33,872,354	31,581,494	28,291,340
Public works	505,596	552,800	550,334	465,388
Health and welfare	31,259,614	30,909,234	30,072,723	30,875,354
Cultural and recreation	4,367,262	4,390,610	2,844,492	4,549,433
Legislative	-	-	-	-
Judicial	31,392,758	25,476,207	26,235,706	30,175,753
Community and economic development	1,250,111	1,473,348	2,339,133	588,647
Interest and fiscal charges	484,419	1,578,623	668,516	715,789
	<u>125,229,185</u>	<u>107,152,477</u>	<u>107,216,243</u>	<u>114,060,940</u>
Business-type activities:				
Airport operations	7,144,431	6,468,754	6,805,031	7,516,636
Local government public works financing	1,926,288	857,769	147,766	156,643
Other enterprise funds	265,575	286,217	350,722	-
	<u>9,336,294</u>	<u>7,612,740</u>	<u>7,303,519</u>	<u>7,673,279</u>
Total primary government expenses	<u>134,565,479</u>	<u>114,765,217</u>	<u>114,519,762</u>	<u>121,734,219</u>
Program revenues				
Governmental activities:				
Charges for services:				
General government	1,390,512	5,733,465	4,521,633	4,429,880
Public safety	2,548,722	2,553,407	2,850,195	3,502,946
Public works	59,215	54,005	46,365	42,911
Health and welfare	1,727,419	1,670,830	1,742,937	1,869,719
Cultural and recreation	1,188,564	1,082,374	571,523	1,212,077
Judicial	3,548,171	3,187,275	3,075,590	3,600,923
Community and economic development	2,943,193	257,903	233,988	205,258
Operating grants and contributions:				
General government	7,195,387	6,652,214	7,770,676	5,376,480
Public safety	5,057,700	5,450,135	6,270,022	4,819,175
Public works	-	75,385	92,829	-
Health and welfare	13,972,415	14,273,986	14,170,234	14,305,227
Cultural and recreation	52,642	38,915	62,265	101,554
Judicial	10,914,033	7,937,784	8,221,140	10,742,701
Community economic development	93,273	90,654	77,834	-
Capital grants and contributions	-	-	-	-
	<u>50,691,246</u>	<u>49,058,332</u>	<u>49,707,231</u>	<u>50,208,851</u>

Table 2 - Unaudited

2018	2017	2016	2015	2014	2013
\$ 13,146,316	\$ 12,005,684	\$ 18,745,016	\$ 21,807,060	\$ 17,791,407	\$ 18,178,504
33,251,992	29,226,541	30,068,549	26,082,119	25,452,319	26,770,373
440,731	458,479	223,444	493,776	843,526	118,527
32,503,422	28,358,828	25,352,602	30,666,561	28,763,908	33,943,631
4,566,708	4,294,714	4,614,096	5,029,523	4,690,557	4,746,386
-	-	932,316	789,219	1,032,729	915,035
24,545,359	23,306,159	20,181,383	19,884,101	20,157,134	19,913,091
868,624	803,110	637,206	331,984	178,482	162,897
755,701	1,020,546	1,082,933	1,329,290	1,268,294	1,334,369
110,078,853	99,474,061	101,837,545	106,413,633	100,178,356	106,082,813
7,177,992	6,865,096	6,811,127	8,119,278	7,144,340	7,231,919
164,390	182,021	201,631	-	-	-
357,654	1,135,113	1,546,620	816,195	630,876	812,633
7,700,036	8,182,230	8,559,378	8,935,473	7,775,216	8,044,552
117,778,889	107,656,291	110,396,923	115,349,106	107,953,572	114,127,365
3,657,793	3,480,241	3,432,129	4,839,529	4,953,679	5,264,150
3,335,737	3,034,532	3,597,799	2,556,031	2,029,458	2,189,115
46,450	50,545	-	371,576	108,770	112,768
1,822,398	1,851,619	2,225,346	1,825,814	1,685,714	1,699,642
1,226,658	1,231,210	1,199,359	3,763,599	3,524,463	3,331,511
3,648,823	3,548,605	3,826,966	4,121,357	4,066,792	4,523,285
210,050	230,077	-	-	-	-
4,371,800	5,145,180	4,966,044	5,638,554	5,019,816	4,210,224
4,672,491	4,243,117	3,085,903	1,302,264	1,390,921	1,573,156
-	84,124	198,805	186,508	79,247	118,350
15,896,804	13,669,745	12,435,279	13,019,722	17,251,266	21,826,508
204,220	168,242	106,217	2,640,112	2,562,781	2,551,873
5,369,723	5,442,305	5,979,336	8,342,056	7,584,795	7,179,923
5,000	5,000	-	-	-	80,115
-	-	689,000	-	-	-
44,467,947	42,184,542	41,742,183	48,607,122	50,257,702	54,660,620

continued...

COUNTY OF KALAMAZOO, MICHIGAN

Change in Net Position

Last Ten Fiscal Years

	2022	2021	2020	2019
Business-type activities:				
Charges for services:				
Airport operations	\$ 3,512,637	\$ 3,482,701	\$ 1,728,077	\$ 5,545,334
Delinquent tax collection and administration	2,019,324	1,862,493	1,783,118	1,777,053
Local government public works financing	115,225	138,375	147,682	156,448
Other enterprise funds	418,212	674,305	231,215	-
Operating grants and contributions:				
Airport operations	6,066,995	784,715	3,072,704	260,671
Delinquent tax collection and administration	-	36,074	39,640	81,017
Local government public works financing	237	-	23	160
Other enterprise funds	-	-	-	-
Capital grants and contributions:				
Airport operations	331,021	911,306	805,864	5,678,979
	<u>12,463,651</u>	<u>7,889,969</u>	<u>7,808,323</u>	<u>13,499,662</u>
Total primary government program revenues	<u>63,154,897</u>	<u>56,948,301</u>	<u>57,515,554</u>	<u>63,708,513</u>
Net (expense) revenue				
Governmental activities	(74,537,939)	(58,094,145)	(57,509,012)	(63,852,089)
Business-type activities	<u>3,127,357</u>	<u>277,229</u>	<u>504,804</u>	<u>5,826,383</u>
Total primary government net expense	<u>(71,410,582)</u>	<u>(57,816,916)</u>	<u>(57,004,208)</u>	<u>(58,025,706)</u>
General revenues and other changes in net position				
Governmental activities:				
Property taxes	77,347,010	68,241,673	60,826,553	58,788,815
Coronavirus State and Local Recovery funds	10,270,054	-	-	-
Opioid settlement	5,566,729	-	-	-
State revenue sharing	5,633,015	5,457,862	4,155,631	5,332,503
Lodging excise taxes	3,495,596	2,741,031	1,605,240	3,127,316
Unrestricted investment earnings	445,396	91,534	1,971,051	2,398,950
Gain on sale of capital assets	90,086	-	319,735	-
Other revenues	693,839	903,160	5,161,787	2,901,343
Transfers in	(311,063)	780,606	1,836,600	1,827,800
Total governmental activities	<u>103,230,662</u>	<u>78,215,866</u>	<u>75,876,597</u>	<u>74,376,727</u>
Business-type activities:				
Unrestricted investment earnings (loss)	(30,011)	-	-	-
Other	-	-	-	-
Transfers - internal activities	311,063	(780,606)	(1,836,600)	(1,827,800)
Total business-type activities	<u>281,052</u>	<u>(780,606)</u>	<u>(1,836,600)</u>	<u>(1,827,800)</u>
Total primary government	<u>103,511,714</u>	<u>77,435,260</u>	<u>74,039,997</u>	<u>72,548,927</u>
Changes in net position				
Governmental activities	28,692,723	20,121,721	18,367,585	10,524,638
Business-type activities	<u>3,408,409</u>	<u>(503,377)</u>	<u>(1,331,796)</u>	<u>3,998,583</u>
Total primary government changes in net position	<u>\$ 32,101,132</u>	<u>\$ 19,618,344</u>	<u>\$ 17,035,789</u>	<u>\$ 14,523,221</u>

Source: County of Kalamazoo, Michigan, Finance Office.

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

Table 2 - Unaudited

	2018	2017	2016	2015	2014	2013
\$	4,523,803	\$ 4,393,811	\$ 4,295,639	\$ 4,336,589	\$ 4,616,801	\$ 4,578,069
	1,677,671	1,866,637	1,772,140	1,832,230	1,987,138	2,586,938
	164,367	117,267	201,631	-	-	-
	918,589	1,100,003	875,502	1,128,377	1,243,266	1,856,636
	39,694	75,057	6,381	-	1,212,558	127,989
	90,272	56,302	15,098	-	-	-
	96	135	35	-	-	-
	-	-	-	249,649	-	-
	1,091,831	3,401,193	1,881,974	1,440,882	1,538,535	640,768
	8,506,323	11,010,405	9,048,400	8,987,727	10,598,298	9,790,400
	52,974,270	53,194,947	50,790,583	57,594,849	60,856,000	64,451,020
	(65,610,906)	(57,289,519)	(60,095,362)	(57,806,511)	(49,920,654)	(51,422,193)
	806,287	2,828,175	489,022	52,254	2,823,082	1,745,848
	(64,804,619)	(54,461,344)	(59,606,340)	(57,754,257)	(47,097,572)	(49,676,345)
	54,047,666	52,375,761	51,866,549	49,166,240	51,140,600	49,321,723
	-	-	-	-	-	-
	-	-	-	-	-	-
	5,292,086	5,255,201	5,204,061	-	-	-
	3,068,301	2,851,544	2,920,184	-	-	-
	852,631	876,523	595,652	503,800	1,784,898	311,871
	-	270,213	-	-	-	-
	1,588,657	1,698,019	1,664,583	1,537,244	1,647,760	651,375
	1,850,600	6,892,300	1,883,400	1,880,000	7,614,391	1,830,609
	66,699,941	70,219,561	64,134,429	53,087,284	62,187,649	52,115,578
	-	-	-	41,636	12,932	22,464
	-	-	-	37,500	-	-
	(1,850,600)	(6,892,300)	(1,883,400)	(1,880,000)	(7,614,391)	(1,830,609)
	(1,850,600)	(6,892,300)	(1,883,400)	(1,800,864)	(7,601,459)	(1,808,145)
	64,849,341	63,327,261	62,251,029	51,286,420	54,586,190	50,307,433
	1,089,035	12,930,042	4,039,067	(4,719,227)	12,266,995	693,385
	(1,044,313)	(4,064,125)	(1,394,378)	(1,748,610)	(4,778,377)	(62,297)
\$	44,722	\$ 8,865,917	\$ 2,644,689	\$ (6,467,837)	\$ 7,488,618	\$ 631,088

concluded

COUNTY OF KALAMAZOO, MICHIGAN

Fund Balances, Governmental Funds Last Ten Fiscal Years

	2022	2021	2020	2019
General fund				
Nonspendable	\$ 391,479	\$ 383,917	\$ 601,626	\$ 572,641
Restricted	2,504,073	2,500,000	2,500,000	2,500,000
Committed	647,656	656,046	651,914	4,048,723
Assigned	-	-	-	-
Unassigned	39,695,700	42,581,886	35,742,705	31,324,324
Total general fund	43,238,908	46,121,849	39,496,245	38,445,688
All other governmental funds				
Nonspendable	51,687	30,106	16,238	14,515
Restricted	39,711,727	69,136,007	7,018,073	7,003,174
Committed	-	-	-	78,050
Assigned	36,177,445	33,701,094	28,666,903	19,309,141
Unassigned (deficit)	-	-	-	-
Total all other governmental funds	75,940,859	102,867,207	35,701,214	26,404,880
Total fund balance for governmental funds	<u>\$ 119,179,767</u>	<u>\$ 148,989,056</u>	<u>\$ 75,197,459</u>	<u>\$ 64,850,568</u>

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

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

GASB Statement No. 84 was implemented in 2019. This resulted in certain activity previously reported in agency funds being included in governmental activities. Prior years were not restated.

COUNTY OF KALAMAZOO, MICHIGAN

Change in Fund Balances, Governmental Funds

Last Ten Fiscal Years

	2022	2021	2020	2019
Revenues				
Taxes	\$ 80,594,561	\$ 71,025,351	\$ 62,262,526	\$ 61,985,133
Licenses and permits	1,553,221	1,738,728	1,541,745	1,643,723
Intergovernmental	52,751,902	38,135,155	40,223,675	39,986,269
Charges for service	11,001,524	11,861,989	10,589,601	12,110,945
Fines and forfeitures	843,671	931,627	898,737	1,076,875
Investment earnings	445,396	91,534	1,971,051	2,398,950
Contributions, grants and reimbursements	436,617	1,841,780	596,956	691,371
Other	5,181,859	5,629,585	5,173,935	2,933,514
Total revenues	152,808,751	131,255,749	123,258,226	122,826,780
Expenditures				
General government	24,160,366	14,410,996	13,229,357	13,705,116
Public safety	35,668,401	33,485,202	29,826,601	29,865,105
Public works	473,712	526,559	493,133	381,619
Health and welfare	31,194,603	31,595,333	31,236,379	30,152,368
Cultural and recreation	3,800,796	3,323,408	2,239,382	3,833,161
Legislative	-	-	-	-
Judicial	30,096,369	26,469,312	26,171,000	28,468,018
Community economic development	2,246,824	1,786,738	2,565,341	790,096
Other	68,283	161,842	1,115,572	1,740,948
Debt service:				
Principal	1,290,000	1,190,000	1,195,000	1,145,000
Principal - leases	287,021	-	-	-
Interest and fiscal charges	782,665	822,956	869,074	914,106
Bond issuance costs	-	708,848	-	-
Capital outlay	55,438,867	17,908,072	5,912,091	6,748,526
Total expenditures	185,507,907	132,389,266	114,852,930	117,744,063
Excess of revenues over (under) expenditures	(32,699,156)	(1,133,517)	8,405,296	5,082,717
Other financing sources (uses)				
Transfers in	35,432,435	24,444,522	29,910,223	16,134,418
Transfers out	(32,632,654)	(24,119,446)	(28,548,604)	(15,827,618)
Proceeds from sale of capital assets	90,086	8,470	579,976	28,519
Issuance of notes	-	-	-	-
Issuance of bonds	-	71,750,000	-	-
Issuance of refunding bonds	-	-	-	-
Premium on bond	-	2,841,568	-	-
Payments to refunded bond escrow agent	-	-	-	-
Total other financing sources (uses)	2,889,867	74,925,114	1,941,595	335,319
Net change in fund balances	\$ (29,809,289)	\$ 73,791,597	\$ 10,346,891	\$ 5,418,036
Debt service as a percentage of noncapital expenditures	1.8%	1.8%	1.9%	1.8%

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

Table 4 - Unaudited

2018	2017	2016	2015	2014	2013
\$ 56,880,817	\$ 55,239,703	\$ 54,891,462	\$ 52,101,773	\$ 50,607,197	\$ 51,733,873
1,473,617	1,249,929	1,258,556	1,218,025	1,119,636	1,050,273
34,981,053	33,190,373	31,158,359	32,043,570	35,028,706	37,284,230
11,329,314	11,184,560	11,843,020	10,410,652	9,657,487	9,943,390
1,116,455	965,614	1,076,752	1,316,244	1,357,351	1,584,425
852,631	876,523	595,652	731,250	1,784,898	311,871
831,071	822,541	817,286	683,063	521,043	921,577
1,617,180	1,724,745	1,767,854	1,939,829	2,268,477	1,321,630
109,082,138	105,253,988	103,408,941	100,444,406	102,344,795	104,151,269
14,006,428	12,896,809	14,767,659	14,506,746	13,565,337	13,276,576
30,020,726	28,044,049	28,274,715	25,199,083	24,427,363	25,342,943
366,015	430,249	211,382	493,772	843,528	118,528
29,566,561	28,068,429	25,191,336	30,710,052	28,877,376	33,470,275
3,837,456	3,530,468	3,959,008	4,189,750	3,783,331	3,930,816
-	-	935,399	797,279	1,032,729	915,035
21,292,995	20,837,174	19,548,291	19,154,467	19,375,297	18,440,279
865,198	775,210	650,000	331,984	178,482	162,897
2,402,022	67,192	945,646	-	923,111	1,399,324
1,045,000	1,140,000	1,080,000	1,605,000	1,490,000	1,755,000
-	-	-	-	-	-
953,907	928,271	1,130,518	1,341,322	1,307,725	1,367,857
-	250,885	-	-	-	-
3,924,409	2,526,916	3,300,479	15,960,665	12,702,849	7,190,933
108,280,717	99,495,652	99,994,433	114,290,120	108,507,128	107,370,463
801,421	5,758,336	3,414,508	(13,845,714)	(6,162,333)	(3,219,194)
14,660,709	24,857,342	17,511,053	15,695,110	21,998,555	12,952,105
(14,205,980)	(23,183,587)	(15,676,367)	(13,890,269)	(14,391,581)	(11,120,503)
66,988	538,730	17,688	-	-	-
-	-	-	150,000	-	-
-	-	-	5,000,000	-	-
-	19,390,000	-	-	-	-
-	3,030,652	-	155,557	-	-
-	(22,508,711)	-	-	-	-
521,717	2,124,426	1,852,374	7,110,398	7,606,974	1,831,602
\$ 1,323,138	\$ 7,882,762	\$ 5,266,882	\$ (6,735,316)	\$ 1,444,641	\$ (1,387,592)
1.9%	2.1%	2.3%	3.1%	2.6%	3.1%

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

Last Ten Fiscal Years

Fiscal Year	State Equalized Real Property Value (a)						(b) Total Direct Tax Rate
	Agricultural	Commercial	Industrial	Residential	Personal	Total	
2013	\$ 246,429,582	\$ 1,494,605,525	\$ 363,764,345	\$ 5,419,836,318	\$ 901,028,023	\$ 8,425,663,793	6.3695
2014	260,740,862	1,536,258,273	376,652,416	5,583,276,707	874,725,038	8,631,653,296	6.3601
2015	278,782,491	1,569,670,300	381,032,065	5,857,974,999	915,603,263	9,003,063,118	6.4890
2016	298,493,875	1,617,143,141	399,137,804	6,147,579,563	670,976,890	9,133,331,273	6.4663
2017	314,205,704	1,791,444,752	441,009,523	6,446,770,891	656,559,953	9,649,990,823	6.4420
2018	333,502,116	1,912,116,583	434,847,395	6,636,198,436	640,101,811	9,956,766,341	6.7653
2019	328,446,799	2,079,513,788	434,818,350	7,079,917,979	655,834,791	10,578,531,707	6.7631
2020	330,606,231	2,326,235,900	465,439,650	7,586,881,125	665,952,503	11,375,115,409	7.3614
2021	331,597,775	2,340,501,150	490,927,550	8,065,825,737	641,999,275	11,870,851,487	8.0028
2022	350,492,400	2,400,817,500	510,446,350	8,617,217,828	676,435,503	12,555,409,581	7.9685

Fiscal Year	Taxable Real Property Value (a)						(b) Total Direct Tax Rate
	Agricultural	Commercial	Industrial	Residential	Personal	Total	
2013	\$ 125,192,900	\$ 1,389,983,754	\$ 345,318,005	\$ 5,108,027,139	\$ 899,131,746	\$ 7,867,653,544	6.3695
2014	129,398,410	1,403,033,284	356,358,958	5,197,236,563	873,525,166	7,959,552,381	6.3601
2015	131,035,680	1,444,832,170	358,203,022	5,323,405,225	913,393,709	8,170,869,806	6.4890
2016	132,631,977	1,430,404,974	372,677,644	5,420,542,336	670,550,960	8,026,807,891	6.4663
2017	133,787,037	1,471,168,974	405,890,405	5,576,598,604	656,293,152	8,243,738,172	6.4420
2018	136,926,976	1,543,182,165	391,590,521	5,795,151,687	639,889,884	8,506,741,233	6.7653
2019	140,721,483	1,624,267,839	391,532,797	6,041,928,253	655,672,342	8,854,122,714	6.7631
2020	145,807,349	1,706,485,656	409,528,356	6,283,873,425	665,805,811	9,211,500,597	7.3614
2021	150,084,351	1,744,131,167	433,236,647	6,518,075,380	641,890,584	9,487,418,129	8.0028
2022	154,983,154	1,819,571,158	451,187,284	6,908,672,259	676,429,694	10,010,843,549	7.9685

^(a) Property is assessed at the legal market value determined by the local assessor's office.

^(b) Per \$1,000 of value.

Source: County of Kalamazoo, Michigan, Equalization Department.

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

This page intentionally left blank.

COUNTY OF KALAMAZOO, MICHIGAN

Property Tax Rates - Direct and Overlapping Governments

Last Ten Fiscal Years

	Year Taxes Are Payable			
	2022	2021	2020	2019
County direct rates:				
Operating	4.6318	4.6514	4.6608	4.6810
Law enforcement	1.4380	1.4380	1.4409	1.4472
Juvenile home debt	0.1613	0.1685	0.1620	0.1851
Housing assistance fund	0.7453	0.7485	0.0993	0.0998
Senior millage	0.3462	0.3477	0.3484	0.3500
9-1-1	0.6459	0.6487	0.6500	0.0000
Total county direct rate	7.9685	8.0028	7.3614	6.7631
Kalamazoo County				
Transportation Authority	0.3110	0.3124	0.3131	0.3145
Central County Transportation	0.8956	0.7500	0.7470	0.7500
City rates:				
Galesburg	13.0000	12.0000	12.0000	9.8118
Kalamazoo	13.8000	13.8000	13.8000	13.8000
Parchment	16.4701	16.6854	16.7239	16.7239
Portage	10.6400	10.6400	10.6400	10.6400
Township rates	0.7643-11.0313	0.7692-11.2928	0.7739-11.4912	0.7782-11.5912
Village rates	9.5000-15.6327	9.5000-15.7939	9.5000-15.8178	9.5000-15.8527
Intermediate school rates	3.9507-6.9853	3.9649-7.0129	3.9783-7.2893	3.9783-6.4028
Local school rates	21.0000-28.5500	21.0000-28.5500	22.1400-28.5500	22.0000-27.6000
Library rates	0.4825-3.8999	0.4878-3.9117	0.4929-3.9213	0.4955-3.9487
Community college rates:				
Glen Oaks	2.7109	2.7186	2.7249	2.7249
Kalamazoo Valley	2.7802	2.7918	2.7970	2.8089
Kellogg	3.6109	3.6136	3.6136	3.6136
State education tax rates	6.0000	6.0000	6.0000	6.0000

Source: County of Kalamazoo, Michigan, Equalization Department.

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

Table 6 - Unaudited

Year Taxes Are Payable					
2018	2017	2016	2015	2014	2013
4.6810	4.6810	4.6871	4.6871	4.6871	4.6871
1.4472	1.4472	1.4491	1.4491	1.4491	1.4491
0.1873	0.2140	0.2301	0.2528	0.2239	0.2333
0.0998	0.0998	0.1000	0.0000	0.0000	0.0000
0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
6.7653	6.4420	6.4663	6.4890	6.3601	6.3695
0.3145	0.3145	0.4000	0.4000	0.4000	0.4000
0.7500	0.7500	0.0000	0.0000	0.0000	0.0000
9.8118	9.8118	9.8118	9.8118	9.8118	9.8512
13.8000	13.8000	21.0705	20.8205	20.8205	20.8205
16.7239	16.7239	16.7239	16.7239	16.6772	16.6377
10.8205	10.9205	10.9256	10.9256	10.9256	10.7778
0.7835-11.5912	0.78250-11.4891	0.7839-9.4785	0.7860-9.7199	0.7860-8.9691	0.7860-8.9691
9.0000-15.8257	9.0000-15.8527	9.0000-15.9005	9.5000-15.9005	9.5000-15.9005	9.5000-15.9005
2.9783-5.9469	2.7500-6.2057	2.9783-6.4066	2.9783-6.4066	2.9783-6.2057	2.6837-6.2057
22.0000-27.1000	21.9900-27.1000	21.9600-27.1000	22.3400-27.5900	22.3400-26.7796	22.1700-27.1000
0.5000-3.9487	0.4913-3.9487	0.4952-3.9583	0.4985-3.9583	0.4985-3.9583	0.5000-3.9583
2.7249	2.7249	2.7249	2.7249	2.7249	2.7249
2.8089	2.8089	2.8135	2.8135	2.8135	2.8135
3.6136	3.6136	3.6136	3.6136	3.6136	3.6136
6.0000	6.0000	6.0000	6.0000	6.0000	6.0000

Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2022			2013		
	Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Consumers Energy Company	\$ 267,236,422	1	2.62%	\$ 135,518,623	2	1.69%
Pfizer, Pharmacia & Upjohn	123,388,401	2	1.21%	407,316,337	1	5.09%
Zoetis	58,660,292	3	0.57%			
Edward Rose Etal	49,503,346	4	0.48%	30,405,131	5	0.38%
Stryker Corporation	46,981,064	5	0.46%	48,866,100	3	0.61%
Michigan Electric Transmission	40,295,463	6	0.39%			
19 Props, LLC etal	39,564,408	7	0.39%			
MIMG LXVI Drakes Pond, LLC/Etc.	29,748,090	8	0.29%			
Catalyst Development	29,205,050	9	0.29%	23,441,711	10	0.29%
Enbridge Energy	28,474,491	10	0.28%			
Kaiser Aluminum				31,471,633	4	0.39%
Graphic Packaging				30,347,000	6	0.38%
Target/Marshall Fields				26,209,250	7	0.33%
Meijer/Goodwill				24,719,326	8	0.31%
Connecticut General Life Ins. Co.				24,478,607	9	0.31%

Source: County of Kalamazoo, Michigan, Equalization Department.

Property Taxes, Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Taxes ^(a) Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2013	\$ 50,113,019	\$ 44,716,135	89.23%	\$ 1,481,275	\$ 46,197,410	92.19%
2014	50,623,549	45,259,899	89.40%	1,391,118	46,651,017	92.15%
2015	53,020,774	46,356,761	87.43%	1,152,593	47,509,354	89.61%
2016	51,903,748	45,776,972	88.20%	1,292,095	47,069,067	90.69%
2017	53,106,161	47,055,256	88.61%	1,130,814	48,186,070	90.74%
2018	57,550,656	48,267,616	83.87%	1,318,492	49,586,108	86.16%
2019	59,881,317	50,673,837	84.62%	1,324,530	51,998,367	86.84%
2020	68,285,775	51,704,088	75.72%	1,476,704	53,180,792	77.88%
2021	75,925,910	52,709,265	69.42%	1,654,559	54,363,824	71.60%
2022	79,771,407	54,635,761	68.49%	1,794,109	56,429,870	70.74%

^(a) Taxes levied for the fiscal year included the operating levy, law enforcement levy, juvenile home debt service, housing assistance levy, senior millage and 911 millage.

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

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

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities		Business-Type Activities	Total Outstanding Debt	Percentage of Personal Income	Population	Debt Per Capita
	General Obligation Bonds	Leases	General Obligation Bonds				
2013	\$ 31,544,067	\$ -	\$ 7,311,034	\$ 38,855,101	0.39%	256,725	\$ 151.35
2014	30,037,657	-	6,761,387	36,799,044	0.35%	258,818	142.18
2015	33,713,617	-	6,095,783	39,809,400	0.36%	260,263	152.96
2016	25,330,000	-	12,002,011	37,332,011	0.32%	261,654	142.68
2017	24,175,956	-	10,783,394	34,959,350	0.29%	262,985	132.93
2018	22,928,913	-	9,854,776	32,783,689	0.25%	264,870	123.77
2019	21,581,870	-	8,876,158	30,458,028	0.23%	265,066	114.91
2020	20,184,827	-	7,872,539	28,057,366	0.20%	261,670	107.22
2021	93,328,945	-	6,850,069	100,179,014	0.66%	261,108	383.67
2022	91,741,918	145,631	57,108,029	148,995,578	0.98%	261,108	570.63

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

Note: 2022 percentage of Personal Income and Per Capita calculated using 2021 personal income and 2021 per capita data, which is the most recent available.

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

Ratios of Net Bonded Debt Outstanding
Last Ten Fiscal Years

General Bonded Debt Outstanding							
Fiscal Year	Governmental Activities General Obligation Bonds	Business-Type Activities General Obligation Bonds	Total Primary Government	Less: Amounts Restricted to Repaying Principal	Net Bonded Debt Outstanding	Percentage of Actual Value of Taxable Property	Per Capita
2013	\$ 31,544,067	\$ 7,311,034	\$ 38,855,101	\$ -	\$ 38,855,101	0.49%	151.35
2014	30,037,657	6,761,387	36,799,044	-	36,799,044	0.46%	142.18
2015	33,713,617	6,095,783	39,809,400	236,488	39,572,912	0.48%	152.05
2016	25,330,000	12,002,011	37,332,011	75,219	37,256,792	0.46%	142.39
2017	24,175,956	10,783,394	34,959,350	77,707	34,881,643	0.42%	132.64
2018	22,928,913	9,854,776	32,783,689	63,577	32,720,112	0.38%	123.53
2019	21,581,870	8,876,158	30,458,028	130,100	30,327,928	0.34%	114.42
2020	20,184,827	7,872,539	28,057,366	157,876	27,899,490	0.30%	105.25
2021	93,328,945	6,850,069	100,179,014	-	100,179,014	1.06%	382.84
2022	91,741,918	57,108,029	148,849,947	-	148,849,947	1.49%	570.07

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

Note: 2022 percentage of Personal Income and Per Capita calculated using 2021 personal income and 2021 per capita data, which is the most recent available.

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

Computation of Direct and Overlapping Debt
December 31, 2022

Governmental Unit	Net General Obligation Debt	Estimated Percentage Applicable to County	Estimated Share of Direct and Overlapping Debt
Libraries			
Allegan	\$ 5,515,000	35.92%	\$ 1,980,988
Otsego	1,290,000	33.81%	436,149
Portage	6,185,000	100.00%	6,185,000
Total libraries			<u>8,602,137</u>
Townships			
Kalamazoo	4,950,000	100.00%	4,950,000
Ross	4,229,000	100.00%	4,229,000
Texas	6,395,000	100.00%	6,395,000
Total townships			<u>15,574,000</u>
Cities			
Galesburg	725,000	100.00%	725,000
Kalamazoo	150,905,000	100.00%	150,905,000
Portage	50,389,127	100.00%	50,389,127
Total cities			<u>202,019,127</u>
Villages			
Augusta	135,000	100.00%	135,000
Schoolcraft	255,000	100.00%	255,000
Vicksburg	3,634,000	100.00%	3,634,000
Total villages			<u>4,024,000</u>
School districts			
Climax Scotts	10,630,365	86.15%	9,158,059
Colon	4,750,000	1.58%	75,050
Comstock	49,685,000	100.00%	49,685,000
Galesburg Augusta	15,079,053	100.00%	15,079,053
Gull Lake	75,375,000	83.25%	62,749,688
Kalamazoo	203,381,667	100.00%	203,381,667
Lawton	22,282,137	0.64%	142,606
Mattawan	93,306,555	66.07%	61,647,641
Mendon	16,441,290	5.82%	956,883
Otsego	74,124,933	42.05%	31,169,534
Parchment	32,509,398	100.00%	32,509,398
Plainwell	70,631,804	36.35%	25,674,661
Portage	194,380,000	100.00%	194,380,000
Schoolcraft	36,136,297	100.00%	36,136,297
Vicksburg	31,770,000	97.58%	31,001,166
Total school districts			<u>753,746,703</u>

continued...

Computation of Direct and Overlapping Debt

December 31, 2022

Governmental Unit	Net General Obligation Debt	Estimated Percentage Applicable to County	Estimated Share of Direct and Overlapping Debt
Community colleges			
Glen Oaks	\$ 7,568,000	0.61%	\$ 46,165
Kalamazoo Valley Community College	5,780,000	94.28%	5,449,384
Kellogg Community College	9,355,000	0.35%	32,743
Total community colleges			5,528,291
Intermediate school districts			
Allegan	1,470,000	12.00%	176,400
Kalamazoo RESA	2,510,000	0.53%	13,303
St. Joseph	3,775,000	14.97%	565,118
Total intermediate school districts			754,821
Subtotal, overlapping debt			990,249,078
County direct debt, governmental activities			91,887,549
Total direct and overlapping debt			\$ 1,082,136,627

concluded

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

Note: Percentage of overlap based on assessed property values.

COUNTY OF KALAMAZOO, MICHIGAN

Computation of Legal Debt Margin for General Obligation Bonds

Last Ten Fiscal Years

	2022	2021	2020	2019
Legal debt margin				
Assessed value of property (SEV)	\$ 12,555,409,581	\$ 11,870,851,487	\$ 11,375,115,409	\$ 10,578,531,707
Debt limit, 10% of assessed value (SEV) (constitutional debt limit)	<u>1,255,540,958</u>	<u>1,187,085,149</u>	<u>1,137,511,541</u>	<u>1,057,853,171</u>
Amount of debt applicable to limit:				
Debt issues for purpose of the County functions only:				
Building authority	87,165,000	90,570,000	20,615,000	22,415,000
Brownfield redevelopment authority	-	-	-	-
Debt issues for benefit of local improvements:				
CMH capital improvements	-	4,275,000	4,475,000	4,650,000
Road Commission	55,235,000	-	-	-
Water	135,000	180,000	225,000	275,000
Sewage	-	-	135,000	270,000
Drainage	-	-	-	-
Total net debt applicable to limit	<u>142,535,000</u>	<u>95,025,000</u>	<u>25,450,000</u>	<u>27,610,000</u>
Legal debt margin	<u>\$ 1,113,005,958</u>	<u>\$ 1,092,060,149</u>	<u>\$ 1,112,061,541</u>	<u>\$ 1,030,243,171</u>
Total net debt applicable to limit as a percentage of debt limit	11.35%	8.00%	2.24%	2.61%

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

Note: Prior to Board of Review actions.

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

Table 12 - Unaudited

2018	2017	2016	2015	2014	2013
\$ 9,956,766,341	\$ 9,649,990,823	\$ 9,133,331,273	\$ 9,003,063,118	\$ 8,631,653,296	\$ 8,425,663,793
<u>995,676,634</u>	<u>964,999,082</u>	<u>913,333,127</u>	<u>900,306,312</u>	<u>863,165,330</u>	<u>842,566,379</u>
24,165,000	25,815,000	30,805,366	32,830,000	33,805,000	35,200,000
-	-	-	150,000	-	-
4,800,000	4,900,000	5,139,183	5,000,000	-	-
-	-	-	-	-	-
325,000	375,000	425,000	475,000	525,000	570,000
405,000	540,000	962,462	1,470,000	2,005,000	2,535,000
-	-	-	145,000	190,000	235,000
<u>29,695,000</u>	<u>31,630,000</u>	<u>37,332,011</u>	<u>40,070,000</u>	<u>36,525,000</u>	<u>38,540,000</u>
<u>\$ 965,981,634</u>	<u>\$ 933,369,082</u>	<u>\$ 876,001,116</u>	<u>\$ 860,236,312</u>	<u>\$ 826,640,330</u>	<u>\$ 804,026,379</u>
2.98%	3.28%	4.09%	4.45%	4.23%	4.57%

Demographic Statistics

Last Ten Fiscal Years

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Unemployment Percentage Rate
2013	256,725	\$ 10,055,548,000	\$ 39,169	7.1%
2014	258,818	10,658,638,000	41,182	5.6%
2015	260,263	11,207,427,000	43,062	3.2%
2016	261,654	11,703,476,000	44,729	3.4%
2017	262,985	12,199,565,000	46,389	3.9%
2018	264,870	12,905,261,000	48,723	3.3%
2019	265,066	13,118,941,000	49,493	2.7%
2020	261,670	13,938,547,000	52,403	4.5%
2021	261,108	15,281,103,000	58,524	3.8%
2022	N/A	N/A	N/A	3.8%

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

N/A Data is Not Available

Principal Employers

Current and Nine Years Ago

Industry	2022			2013		
	Employees ⁽¹⁾	Rank	Percentage of Total County Employment	Employees ⁽¹⁾	Rank	Percentage of Total County Employment
Health Care and Social Assistance	22,711	1	14.66%	20,357	1	13.96%
Manufacturing	20,458	2	13.20%	17,671	2	12.12%
Retail trade	15,819	3	10.21%	14,847	3	10.18%
Accommodation and food services	10,570	4	6.82%	12,226	4	8.39%
Professional, scientific, and technical services	8,650	5	5.58%	7,204	9	4.94%
Local government	8,567	6	5.53%	8,254	6	5.66%
Other services, except public administration	8,424	7	5.44%	8,059	8	5.53%
Administrative, support and waste management remediation services	8,293	8	5.35%	9,677	5	6.64%
Construction	7,888	9	5.09%			
Real estate and rental and leasing	7,809	10	5.04%	6,535	10	4.48%
Finance and insurance				8,216	7	5.64%
Total	119,189			113,046		
Total full-time and part-time County employment	154,941			145,786		

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

COUNTY OF KALAMAZOO, MICHIGAN

Full-Time Equivalent Government Employees by Function/Program

Last Ten Fiscal Years

	2022	2021	2020	2019
Function/program				
General government	126.4	120.7	112.0	116.8
Public safety	255.8	249.8	249.8	248.8
Health and welfare	220.0	220.0	221.7	218.7
Cultural and recreation	15.0	16.0	16.0	16.0
Legislative	-	-	-	-
Judicial	270.7	270.4	268.4	268.2
Other	25.1	24.4	23.4	22.4
Airport	22.0	21.5	21.5	21.5
Total	935.0	922.8	912.7	912.3

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

Table 15 - Unaudited

2018	2017	2016	2015	2014	2013
112.3	135.5	140.7	143.9	143.2	138.8
252.6	251.6	248.6	244.3	241.8	241.8
221.6	226.3	223.8	217.0	208.1	203.8
16.0	15.6	17.5	17.6	17.6	18.4
-	6.8	6.8	6.3	6.3	6.3
269.4	225.1	224.5	224.3	226.5	224.0
23.8	23.8	15.6	15.0	16.0	16.0
21.5	21.5	21.5	21.5	21.0	22.0
<u>917.2</u>	<u>906.2</u>	<u>899.0</u>	<u>889.9</u>	<u>880.5</u>	<u>871.1</u>

COUNTY OF KALAMAZOO, MICHIGAN

Operating Indicators by Function/Program

Last Ten Fiscal Years

	2022	2021	2020	2019
Function/program				
General government:				
Revenue from sale of maps, aerial directories	\$ -	\$ 913	\$ 3,018	\$ 1,758
Revenue from soil erosion and permits issued	58,315	53,255	44,715	40,625
Public safety:				
Jail bookings	6,580	6,352	6,442	11,740
Average daily population	298	231	223	378
Judicial:				
8th district court caseloads	36,080	33,697	34,728	45,507
Airport:				
Based aircraft	127	120	120	111
Enplanements	72,693	73,984	54,671	156,010

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

Table 16 - Unaudited



	2018	2017	2016	2015	2014	2013
\$	1,605	\$ 1,467	\$ 2,442	\$ 1,848	\$ 4,146	\$ 5,056
	43,725	49,995	32,340	34,158	24,107	30,285
	12,642	11,865	11,957	12,024	12,171	12,973
	385	359	371	391	400	404
	46,161	46,303	43,999	49,214	50,640	54,898
	111	111	111	110	110	109
	158,154	151,662	160,131	124,355	134,175	127,559

COUNTY OF KALAMAZOO, MICHIGAN

Capital Asset Statistics by Function/Program

Last Ten Fiscal Years

	2022	2021	2020	2019
Function/program				
Public safety:				
Correction facility capacity	482	482	482	482
Juvenile home capacity	64	64	64	64
Cultural and recreation:				
Parks	6	6	6	6
County fairgrounds	1	1	1	1
Judicial:				
Courthouse buildings	3	3	3	3
Airport operations:				
Number of runways	3	3	3	3
Number of hangars	84	84	84	84

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

Table 17 - Unaudited



2018	2017	2016	2015	2014	2013
482 64	482 64	482 64	482 64	327 64	327 64
6 1	6 1	6 1	6 1	6 1	6 1
3	3	3	3	3	3
3 84	3 84	3 84	3 84	3 84	3 84

This page intentionally left blank.

SINGLE AUDIT ACT COMPLIANCE

This page intentionally left blank.

**INDEPENDENT AUDITORS' REPORT ON THE SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE AND THE
SUPPLEMENTAL SCHEDULE OF EXPENDITURES BY SERVICE**

June 26, 2023

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the **County of Kalamazoo, Michigan** (the "County"), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated June 26, 2023, which contained unmodified opinions on those financial statements. Our report includes a reference to other auditors. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Additionally, the supplemental schedule of expenditures by service has also been presented for additional analysis. These schedules are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and the supplemental schedule of expenditures by service are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Rehmann Lobson LLC



COUNTY OF KALAMAZOO, MICHIGAN

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2022

Federal Agency / Cluster / Program Title	Assistance Listing Number	Passed Through	Pass-through / Grantor Number	Total Subawards	Federal Expenditures
U.S. Department of Agriculture					
Child Nutrition Cluster:					
School Breakfast Program	10.553	MDE	211970	\$ -	\$ 6,562
School Breakfast Program	10.553	MDE	221971	-	14,778
School Breakfast Program	10.553	MDE	231970	-	7,258
				<u>-</u>	<u>28,598</u>
National School Lunch Program:					
Section 11 - Free and Reduced	10.555	MDE	221960	-	12,838
Section 11 - Free and Reduced	10.555	MDE	231960	-	14,220
Section 11 - Free and Reduced	10.555	MDE	221961	-	25,947
				<u>-</u>	<u>53,005</u>
Total Child Nutrition Cluster					
				<u>-</u>	<u>81,603</u>
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) - Resident Services					
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) - Resident Services	10.557	MDHHS	20230138/50035	-	304,391
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) - Resident Services	10.557	MDHHS	20220346/50035	-	915,717
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) - Breastfeeding	10.557	MDHHS	20230138/50022/50035	-	29,926
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) - Breastfeeding	10.557	MDHHS	20220346/50022/50035	-	94,813
				<u>-</u>	<u>1,344,847</u>
Total U.S. Department of Agriculture					
				<u>-</u>	<u>1,426,450</u>
U.S. Department of Justice					
COVID-19 - Coronavirus Emergency Supplemental Funding	16.034	MSP	2020-VD-BX-0434	-	3,900
Crime Victim Assistance:					
Victims of Violence - Assistance Program	16.575	MDHHS	E20211537-00	-	99,608
Drug Court Discretionary Grant Program:					
BJA FY 22 OJJDP-Juvenile and Family Drug Courts	16.585	Direct	2018-DC-BX-0130	-	84,919
State Criminal Alien Assistance Program (SCAAP)	16.606	Direct	2019APBX0607	-	28,840
Edward Byrne Memorial Justice Assistance Grant Program:					
Adult Men's Drug Treatment Court 2021/2022	16.738	MDCGP	72159-SCAO-2022	-	79,713
Adult Men's Drug Treatment Court 2022/2023	16.738	MDCGP	72159-SCAO-2023	-	37,731
Adult Women's Drug Treatment Court 2021/2022	16.738	MDCGP	72159-SCAO-2022	-	48,585
Adult Women's Drug Treatment Court 2022/2023	16.738	MDCGP	72159-SCAO-2023	-	11,689
Kalamazoo County Sheriffs Department Byrne Justice	16.738	COK	2017-H2675-MI-DJ	-	20,200
				<u>-</u>	<u>197,918</u>
Total U.S. Department of Justice					
				<u>-</u>	<u>415,185</u>
U.S. Department of Transportation					
Airport Improvement Program:					
COVID-19 - Airport Improvement Program	20.106	Direct	3-26-0052-047-2020	-	3,169,076
COVID-19 - Airport Improvement Program	20.106	Direct	3-26-0052-048-2021	-	634,760
COVID-19 - Airport Improvement Program	20.106	Direct	3-26-0052-050-2021	-	2,150,063
				<u>-</u>	<u>5,953,899</u>
Highway Safety Cluster:					
State and Community Highway Safety:					
Strategic Traffic Enforcement Program - Police Traffic Services	20.600	MSP	PT21-84	-	116,163
Interagency Hazardous Materials Public Sector Training & Planning Grants:					
Hazardous Materials Emergency Preparedness Planning Program	20.703	MSP	HM-HMP-0558-19-01-00	-	3,919
Total U.S. Department of Transportation					
				<u>-</u>	<u>6,073,981</u>

continued...

COUNTY OF KALAMAZOO, MICHIGAN

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2022

Federal Agency / Cluster / Program Title	Assistance Listing Number	Passed Through	Pass-through / Grantor Number	Total Subawards	Federal Expenditures
U.S. Department of Treasury					
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	Direct	n/a	\$ -	\$ 10,270,054
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	COK	n/a	-	12,900
Total U.S. Department of Treasury				-	10,282,954
U.S. Environmental Protection Agency					
Drinking Water State Revolving Fund Cluster: Capitalization Grants for Drinking Water State Revolving Funds:					
Nontransient NCW System FY2021/2022	66.468	EGLE	FS97548719	-	200
Operator Assistance NCW System FY 2022/2023	66.468	EGLE	FS97548718	-	274
Operator Assistance NCW System FY 2021/2022	66.468	EGLE	FS97548719	-	3,711
				-	4,185
Brownfield Assessment Grants: Hazardous Substance Assessment Funds and Petroleum Assessment Funds					
	66.818	Direct	00E03048	-	80,839
Total U.S. Environmental Protection Agency				-	85,024
U.S. Department of Health and Human Services					
Special Programs for the Aging - Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect, and Exploitation:					
Title VII EAP Services	93.041	AASA	E20224105-00	-	6,445
Title VII EAP Services	93.041	AASA	E20234257-00	-	2,150
				-	8,595
Special Programs for the Aging - Title VII, Chapter 2 - Long Term Care Ombudsman Services for Older Individuals:					
Title VII/A LTC Ombudsman	93.042	AASA	E20224105-00	-	13,201
Title VII/A LTC Ombudsman	93.042	AASA	E20234257-00	-	2,523
				-	15,724
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services:					
Title III D Services	93.043	AASA	E20224105-00	-	27,865
Title III D Services	93.043	AASA	E20224105-00	-	2,235
				-	30,100
Aging Cluster: Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers:					
Expanding Older Adult Access	93.044	Direct	2101MIVAC5	-	310
Expanding Older Adult Access	93.044	Direct	E20234568-001	-	40
Title III B - Administration	93.044	AASA	E20224105-00	-	19,142
Title III B - Services (Program Development)	93.044	AASA	E20224105-00	-	33,700
Title III B - Services	93.044	AASA	E20224105-00	13,585	13,585
Title III B - Administration	93.044	AASA	E20234257-00	-	6,373
Title III B - Services (Program Development)	93.044	AASA	E20234257-00	-	11,130

continued...

COUNTY OF KALAMAZOO, MICHIGAN

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2022

Federal Agency / Cluster / Program Title	Assistance Listing Number	Passed Through	Pass-through / Grantor Number	Total Subawards	Federal Expenditures
U.S. Department of Health and Human Services (Continued)					
Aging Cluster (Concluded):					
Special Programs for the Aging - Title III,					
Part B - Grants for Supportive Services and					
Senior Centers (Concluded):					
Title III B - Services	93.044	AASA	E20234257-00	\$ 3,903	\$ 3,903
Title III B - Supported Services - Care Management	93.044	AASA	E20224105-00	-	116,318
Title III B - Services	93.044	AASA	E20234257-00	-	38,218
Title III B - Supported Services	93.044	AASA	E20224105-00	-	950
Title III B - Services	93.044	AASA	E20234257-00	-	267
Title III B - Supported Services	93.044	AASA	E20224105-00	-	2,400
Title III B - Services	93.044	AASA	E20234257-00	-	558
Title III B - Supported Services	93.044	AAA3B	R3b2020-5111	-	1,828
Title III B - Supported Services	93.044	AAA3C	2019-1597	-	1,500
Title III B - Services	93.044	AAA3B	R3b2020-5111	-	609
Title III B - Services	93.044	AAA3C	2020-2309	-	500
Title III B - Services	93.044	AASA	E20224105-00	-	9,250
Title III B - Services	93.044	AASA	E20234257-00	-	1,982
Title VII - Ombudsman	93.044	AASA	E20224105-00	-	17,000
Title III B - Services (HLP)	93.044	AASA	E20224105-00	-	26,548
Title III B - Supported Services - Care Management	93.044	AASA	E20224105-00	-	62,110
				<u>17,488</u>	<u>368,221</u>
Special Programs for the Aging - Title III,					
Part C - Nutrition Services:					
Home Del'd Meal IIIC2	93.045	AASA	E20224105-00	-	1,647
Home Del'd Meal IIIC2	93.045	AASA	E20234257-00	-	702
Title III C1 Administration	93.045	AASA	E20224105-00	-	24,797
Title III C2 Administration	93.045	AASA	E20224105-00	-	14,445
Congregate Meals IIIC1	93.045	AASA	E20224105-00	190,056	190,056
Home Del'd Meal IIIC2	93.045	AASA	E20224105-00	97,044	97,044
Title III C1 Administration	93.045	AASA	E20234257-00	-	8,279
Title III C2 Administration	93.045	AASA	E20234257-00	-	4,651
Title III C1 Services	93.045	AASA	E20234257-00	72,974	72,974
Title III C2 Services	93.045	AASA	E20234257-00	39,996	39,996
				<u>400,070</u>	<u>454,591</u>
Nutrition Services Incentive Program:					
Area Agency on Aging - USDA Senior Citizen Meals	93.053	AASA	E20224105-00	6,648	6,648
Area Agency on Aging - USDA Senior Citizen Meals	93.053	AASA	E20234257-00	31,805	31,805
Area Agency on Aging - USDA Senior Citizen Meals	93.053	AASA	E20224105-00	52,593	52,593
				<u>91,046</u>	<u>91,046</u>
Total Aging Cluster				<u>508,604</u>	<u>913,858</u>
National Family Caregiver Support:					
Title III, Part E:					
Title III E - Administration	93.052	AASA	E20224105-00	-	9,139
Title III E - NFCSP	93.052	AASA	E20224105-00	2,700	2,700
Title III E - Administration	93.052	AASA	E20234257-00	-	3,050
Title III E - NFCSP	93.052	AASA	E20234257-00	300	300
Title III E - Care Management	93.052	AASA	E20224105-00	-	42,144
Title III E - Caregiver Counseling	93.052	AASA	E20224105-00	-	2,548
Title III E - Care Management	93.052	AASA	E20234257-00	-	18,305
Title III E - Caregiver Counseling	93.052	AASA	E20234257-00	-	328
Title III E - Services	93.052	AASA	E20224105-00	-	652
Title III E - Information and Assistance	93.052	AASA	E20224105-00	-	35,223
Title III E - Information and Assistance	93.052	AASA	E20234257-00	-	7,863
				<u>3,000</u>	<u>122,252</u>

continued...

COUNTY OF KALAMAZOO, MICHIGAN

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2022

Federal Agency / Cluster / Program Title	Assistance Listing Number	Passed Through	Pass-through / Grantor Number	Total Subawards	Federal Expenditures
U.S. Department of Health and Human Services (Continued)					
Public Health Emergency Preparedness:					
Laboratory Services Bio - FY 22	93.069	MDHHS	20230138/251184	\$ -	\$ 124
Laboratory Services Bio - FY 23	93.069	MDHHS	20200072	-	377
				-	501
Medicare Enrollment Assistance Program	93.071	MMAP	2101MIMISH	-	1,400
Project Grants and Cooperative Agreements for					
Tuberculosis Control Programs:					
TB Control - FY22/23	93.116	MDHHS	20230138/251165	-	130
TB Control - FY21/22	93.116	MDHHS	20220346/251165	-	2,296
				-	2,426
Substance Abuse and Mental Health Service Admin:					
SAMHSA Treatment Drug Court - Men's 2021/2022	93.243	Direct	n/a	-	162,196
SAMHSA Treatment Drug Court - Men's 2022/2023	93.243	Direct	n/a	-	94,096
SAMHSA Treatment Drug Court - Women's 2021/2022	93.243	Direct	n/a	-	88,143
SAMHSA Treatment Drug Court - Women's 2022/2023	93.243	Direct	n/a	-	38,576
				-	383,011
Immunization Cooperative Agreements:					
Immunization Support Grant	93.268	AASA	E20214176;4361	-	31,923
Immunization Support Grant	93.268	AASA	E20230652-001	-	20
Vaccine Provided (non-cash assistance)	93.268	MDHHS	20220346	-	75,722
Immunization Action Plan - 2022/2023	93.268	MDHHS	20230138/251129	-	26,652
Immunization Action Plan - 2021/2022	93.268	MDHHS	20220346/251129	-	102,327
Immunizations Fixed Fees - 2021/2022	93.268	MDHHS	20220346/251129	-	500
Immunizations Fixed Fees - 2022/2023	93.268	MDHHS	20230138/251129	-	400
CSHCS Vaccine Initiative 2021/2022	93.268	MDHHS	20220346/251129	-	2,967
CSHCS Vaccine Initiative 2022/2023	93.268	MDHHS	20230138/251129	-	682
COVID-19 - Immunizations 2021/2022	93.268	MDHHS	20220195/251129	-	39,454
COVID-19 - Immunizations 2022/2023	93.268	MDHHS	20230183/251129	-	28,014
				-	308,661
Epidemiology and Laboratory Capacity for Infectious Diseases:					
COVID-19 - ELC Covid-19 Regional Lab FY 21/22	93.323	MDHHS	20220195/251156	-	120
COVID-19 - ELC Covid-19 - Infection Prevention FY 21/22	93.323	MDHHS	20220195/251156	-	1,858
COVID-19 - ELC Contact Tracing, Investigation, Monitoring FY 21/22	93.323	MDHHS	20220195/251156	-	103,203
COVID-19 - ELC Contact Tracing, Investigation, Monitoring FY 22/23	93.323	MDHHS	20230183/251156	-	15,954
				-	121,135
State Health Insurance Assistance Program:					
State Health Insurance Assistance Program	93.324	MMAP	90SAPG0090-02-00	563	563
State Health Insurance Assistance Program	93.324	MMAP	90SAPG0090-02-00	-	5,065
State Health Insurance Assistance Program	93.324	MMAP	E20225228-00	-	1,095
State Health Insurance Assistance Program	93.324	MMAP	E20225228-00	-	10,765
State Health Insurance Assistance Program	93.324	MMAP	90SAPG0010-02-00	341	341
State Health Insurance Assistance Program	93.324	MMAP	90SAPG0010-02-00	-	5,048
State Health Insurance Assistance Program	93.324	MMAP	90SAPG0010-02-00	-	4,062
State Health Insurance Assistance Program	93.324	MMAP	90SAPG0010-02-00	-	270
				904	27,209
Title IV-E Kinship Navigator Program:					
Families First (FFPSA)	93.471	MDHHS	20220346-90357	-	12,072
Child Support Enforcement (CSE):					
Federal Performance Incentive Payment	93.563	MDHHS	CSFOC17-39001	-	273,591
Federal Performance Incentive Payment	93.563	MDHHS	CS/FOC17-39001	-	87,256
Medical Support Enforcement	93.563	MDHHS	CSFOC17-39001	-	77,568

continued...

COUNTY OF KALAMAZOO, MICHIGAN

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2022

Federal Agency / Cluster / Program Title	Assistance Listing Number	Passed Through	Pass-through / Grantor Number	Total Subawards	Federal Expenditures
U.S. Department of Health and Human Services (Continued)					
Child Support Enforcement (CSE) (Concluded):					
Medical Support Enforcement	93.563	MDHHS	CSFOC17-39001	\$ -	\$ 16,784
Child Support Enforcement	93.563	MDHHS	CS/FOC17-39001	-	1,088,851
Child Support Enforcement	93.563	MDHHS	CS/FOC17-39001	-	416,490
Child Support Enforcement	93.563	MDHHS	CSPA17-39002	-	385,691
Child Support Enforcement	93.563	MDHHS	CSPA17-39002	-	131,614
				-	2,477,845
Grants to States for Access and Visitation Programs	93.597	SCAO	SCAO-2022-023	-	2,430
ACA-State Innovation Models:					
MI Health Link SHIP/ADRC	93.624	MMAP	1J1CMS331626	-	9,006
MI Health Link SHIP/ADRC	93.624	MMAP	1J1CMS331626	-	368
				-	9,374
Medicaid Cluster:					
Medical Assistance Program:					
Targeted Case Management	93.778	AASA	E20224105-00	-	3,572
Targeted Case Management	93.778	AASA	E20234257-00	-	4,620
Nurse Family Partnership - 2022/2023	93.778	MDHHS	20230138/253001	-	37,950
Nurse Family Partnership - 2021/2022	93.778	MDHHS	20220346/253001	-	135,212
Medicaid Outreach - NFP - 2021/2022	93.778	MDHHS	20220346/253001	-	191,526
CSHCS Outreach and Advocacy - 2022/2023	93.778	MDHHS	20230138/253001	-	8,014
CSHCS Outreach and Advocacy - 2021/2022	93.778	MDHHS	20220346/253001	-	63,384
Care Coordination Services and Case Management - CSHCS - 2022/2023	93.778	MDHHS	20230138/253001/253002	-	800
Medicaid Outreach - CSHCS - 2021/2022	93.778	MDHHS	20220346/253001	-	861
Care Coordination Services and Case Management - CSHCS - 2021/2022	93.778	MDHHS	20220346/253001/253002	-	4,471
Medicaid Outreach 2021/2022	93.778	MDHHS	20220346/253001	-	2,618
Medicaid Outreach 2022/2023	93.778	MDHHS	20230138/253001	-	1,080
CSHCS Medicaid Elevated Blood Lead Case Management - Management - 2022/2023	93.778	MDHHS	20230138/253002	-	132
CSHCS Medicaid Elevated Blood Lead Case Management - Management - 2021/2022	93.778	MDHHS	20220346/253002	-	576
Immunization Michigan Care Improvement Registry 2022/2023	93.778	MDHHS	20230138/253001	-	9,295
Total Medicaid Cluster				-	464,111
Maternal, Infant and Early Childhood Home Visiting Program:					
Healthy Families America Expansion - 2022/2023	93.870	MDHHS	20230138/252300	-	63,795
Healthy Families America Expansion - 2021/2022	93.870	MDHHS	20220346/252300	-	232,481
Nurse Family Partnership Services - 2022/2023	93.870	MDHHS	20230138/252300	-	5,746
Nurse Family Partnership Services - 2021/2022	93.870	MDHHS	20220346/252300	-	35,750
ARP - Healthy Families America Expansion - 2022/2023	93.870	MDHHS	20230183/252306	-	2,448
ARP - Healthy Families America Expansion - 2021/2022	93.870	MDHHS	20220195/252304	-	8,776
ARP - Nurse Family Partnership Services - 2022/2023	93.870	MDHHS	20230183/252306	-	3,960
ARP - Nurse Family Partnership Services - 2021/2022	93.870	MDHHS	20220195/252304	-	23,355
				-	376,311
National Bioterrorism Hospital Preparedness Program:					
Public Health Emergency Preparedness (PHEP)					
10/1/2021 - 6/30/2022	93.889	MDHHS	20220346/251184	-	35,160
Public Health Emergency Preparedness (PHEP)					
7/1/2022 - 9/30/2022	93.889	MDHHS	20220346/251184	-	83,756
Public Health Emergency Preparedness (PHEP)					
10/1/2022 - 6/30/2023	93.889	MDHHS	20230138/251184	-	28,703
				-	147,619

continued...

COUNTY OF KALAMAZOO, MICHIGAN

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2022

Federal Agency / Cluster / Program Title	Assistance Listing Number	Passed Through	Pass-through / Grantor Number	Total Subawards	Federal Expenditures
U.S. Department of Health and Human Services (Concluded)					
Cancer Prevention and Control Programs for State, Territorial, and Tribal Organizations:					
MI Cancer Prevention Control Program	93.898	MDHHS	20220346/251183	\$ -	\$ 136,517
MI Cancer Prevention Control Program	93.898	MDHHS	20230138/251183	-	38,362
				<u>-</u>	<u>174,879</u>
Healthy Start Initiative:					
Healthy Start - 2021/2022	93.926	Direct	H49MC00047-21-00	-	317,729
Healthy Start - 2022/2023	93.926	Direct	H49MC00047-22-00	-	716,834
				<u>-</u>	<u>1,034,563</u>
HIV Prevention - 2021/2022	93.940	MDHHS	20220346/251124	-	960
Grants to States for Access and Visitation Programs	93.957	SCAO	SCAO-2021-022	-	7,830
Maternal and Child Health Services Block Grant to the States:					
MCH Block Grant - FIMR Interviews - FY 22/23	93.994	MDHHS	20230138/252208	-	125
MCH Block Grant - FIMR Interviews - FY 21/22	93.994	MDHHS	20220346/252208	-	375
MCH Block Grant - FIMR Case Abstractions - FY 22/23	93.994	MDHHS	20230138/252208	-	810
MCH Block Grant - FIMR Case Abstractions - FY 21/22	93.994	MDHHS	20220346/252208	-	4,860
MCH Block Grant - Immunizations - Children FY 21/22	93.994	MDHHS	20220346/252208	-	20,785
MCH Block Grant - Immunizations - Other FY 21/22	93.994	MDHHS	20220346/252208	-	7,500
MCH Block Grant - Immunizations - Children FY 22/23	93.994	MDHHS	20230138/252208	-	6,927
MCH Block Grant - Immunizations - Other FY 22/23	93.994	MDHHS	20230138/252208	-	2,500
MCH Block Grant - CSHCS - Other 22/23	93.994	MDHHS	20230138/252208	-	11,249
MCH Block Grant - CSHCS - Children 22/23	93.994	MDHHS	20230138/252208	-	2,500
MCH Block Grant - CSHCS - Children 21/22	93.994	MDHHS	20220346/252208	-	7,500
MCH Block Grant - CSHCS - Other 21/22	93.994	MDHHS	20220346/252208	-	33,751
Care Coordination Services and Case Management 2022/2023	93.994	MDHHS	20230138	-	1,439
Care Coordination Services and Case Management 2021/2022	93.994	MDHHS	20220346/252208	-	13,844
MCH Block Grant - IAP - 2022/2023	93.994	MDHHS	20230138/252208	-	3,000
MCH Block Grant - IAP - 2021/2022	93.994	MDHHS	20220346/252208	-	9,000
Childhood Lead Poisoning Prevention - 2022/2023	93.994	MDHHS	20230138/252208	-	9,945
Childhood Lead Poisoning Prevention - 2021/2022	93.994	MDHHS	20220346/252208	-	30,891
MCH Block Grant - Lead - Other 2022/2023	93.994	MDHHS	20230138/252208	-	10,251
MCH Block Grant - Lead - Other 2021/2022	93.994	MDHHS	20220346/252208	-	30,749
				<u>-</u>	<u>208,001</u>
Total U.S. Department of Health and Human Services				<u>512,508</u>	<u>6,850,867</u>
U.S. Department of Homeland Security					
Boating Safety Financial Assistance:					
Marine Safety Program	97.012	MDNR	MS21-067	-	24,500
Public Assistance Grants:					
COVID-19 - Statewide LHD Mobile Vaccine Support	97.036	MDHHS	20220195/251129	-	130,112
Emergency Management Performance Grants:					
Emergency Management Performance Grant (PY2020)	97.042	MSP	EMC-2020-EP-00005	-	33,171
Total U.S. Department of Homeland Security				<u>-</u>	<u>187,783</u>
Total Expenditures of Federal Awards				<u>\$ 512,508</u>	<u>\$ 25,322,244</u>

concluded

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Schedule of Expenditures of Federal Awards

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the **County of Kalamazoo, Michigan** (the "County") under programs of the federal government for the year ended December 31, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position or cash flows of the County.

The County's reporting entity is defined in Note 1 of the County's Financial Statements. The County's financial statements include the operations of the Kalamazoo County Road Commission and the Central County Transportation Authority discretely presented component units, which received federal awards that are not included in the Schedule for the year ended December 31, 2022, as the entities were separately audited.

Expenditures reported on the Schedule are reported on the accrual basis of accounting, which is described in Note 1 to the County's financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance or other applicable guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

2. 10% DE MINIMIS COST RATE

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

3. OTHER FEDERAL REVENUE

The County is an indirect beneficiary of federal funds that are expended directly by the Michigan Department of Transportation. These expenditures (which totaled \$164,477 for the year ended December 31, 2022) are not presented on the Schedule, as they will be included in the single audit for the State of Michigan.

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Schedule of Expenditures of Federal Awards

4. PASS-THROUGH AGENCIES

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

Pass-through Agency Abbreviation	Pass-through Agency Name
AAA3B	Area Agency on Aging Region 3B
AAA3C	Area Agency on Aging Region 3C
AASA	Aging & Adult Services Agency
COK	City of Kalamazoo
EGLE	Michigan Department of Environment, Great Lakes, and Energy
MDCGP	Michigan Drug Court Grant Program
MDHHS	Michigan Department of Health and Human Services
MDNR	Michigan Department of Natural Resources
MDE	Michigan Department of Education
MMAP	Michigan Medicare/Medicaid Assistance Program
MSP	Michigan State Police
SCAO	Michigan State Court Administrative Office



COUNTY OF KALAMAZOO, MICHIGAN

Supplemental Schedule of Expenditures by Service
For the Year Ended September 30, 2022

Service Category	Federal Admin	Title IIIB	Title IIIC-1	Title IIIC-2	Title IIID	NFCSP IIIE	Title VII/EAP	Title VIIA	NSIP
Care Management	\$ -	\$ 131,731	\$ -	\$ -	\$ -	\$ 54,971	\$ -	\$ -	\$ -
Case Coordination/Support	-	1,000	-	-	-	-	-	-	-
Information & Assistance	-	12,000	-	-	-	46,348	-	-	-
Transportation	-	3,538	-	-	-	-	-	-	-
Home Injury Control	-	2,560	-	-	-	-	-	-	-
Options Counseling	-	-	-	-	-	-	-	-	-
Homemaker	-	4,621	-	-	-	-	-	-	-
Home Delivered Meals	-	-	-	135,833	-	-	-	-	57,336
Medication Management	-	4,537	-	-	-	-	-	-	-
Personal Care	-	-	-	-	-	-	-	-	-
PERS/Assist Tech & Devices	-	-	-	-	-	-	-	-	-
Respite Care	-	5,100	-	-	-	652	-	-	-
Congregate Meals	-	-	242,909	-	-	-	-	-	26,309
Legal Assistance	-	14,700	-	-	-	-	-	-	-
Adult Day Care	-	-	-	-	-	-	-	-	-
Disease Prevent	-	-	-	-	27,865	-	-	-	-
Creating Confident Caregivers	-	-	-	-	2,860	-	-	-	-
LTC Ombudsman	-	3,200	-	-	-	-	8,594	15,723	-
Caregiver counseling	-	-	-	-	-	3,000	-	-	-
Caregiver Supplement	-	-	-	-	-	3,600	-	-	-
Program Development	-	44,700	-	-	-	-	-	-	-
Nutrition Education	-	-	1,000	-	-	-	-	-	-
	-	<u>227,687</u>	<u>243,909</u>	<u>135,833</u>	<u>30,725</u>	<u>108,571</u>	<u>8,594</u>	<u>15,723</u>	<u>83,645</u>
Administration	89,413	-	-	-	-	-	-	-	-
Total	<u>\$ 89,413</u>	<u>\$ 227,687</u>	<u>\$ 243,909</u>	<u>\$ 135,833</u>	<u>\$ 30,725</u>	<u>\$ 108,571</u>	<u>\$ 8,594</u>	<u>\$ 15,723</u>	<u>\$ 83,645</u>

COUNTY OF KALAMAZOO, MICHIGAN

Supplemental Schedule of Expenditures by Service

For the Year Ended September 30, 2022

	Merit Award Trust Fund	St. CG Support	St. Respite (Escheat)	State ANS	State Admin	Program Income	Cash Match	In-Kind Match	Totals
Care Management	\$ -	\$ -	\$ -	\$ 23,507	\$ -	\$ -	\$ 116,403	\$ -	\$ 486,167
Case Coordination/Support	-	-	-	-	-	-	4,414	-	5,414
Information & Assistance	-	-	-	-	-	-	31,552	-	89,900
Transportation	-	-	-	-	-	-	394	-	3,932
Home Injury Control	-	-	-	-	-	-	334	-	2,894
Options Counseling	-	-	-	-	-	-	663	-	1,863
Homemaker	-	-	-	-	-	-	14,041	-	140,356
Home Delivered Meals	-	-	-	-	-	23,114	42,979	-	510,229
Medication Management	-	-	-	-	-	-	505	-	5,042
Personal Care	-	-	-	-	-	-	527	-	41,914
PERS/Assist Tech & Devices	-	-	-	-	-	-	2,169	-	21,686
Respite Care	38,412	3,500	21,393	-	-	-	11,075	-	170,545
Congregate Meals	-	-	-	-	-	18,639	27,553	-	320,460
Legal Assistance	-	-	-	-	-	260	91,712	4,475	111,147
Adult Day Care	24,634	4,279	4,660	-	-	-	476	-	34,049
Disease Prevent	-	-	-	-	-	-	3,097	-	30,962
Creating Confident Caregivers	-	-	-	-	-	600	7,156	-	10,616
LTC Ombudsman	-	-	-	-	-	-	31,503	-	102,505
Caregiver counseling	-	-	-	-	-	-	1,247	-	4,247
Caregiver Supplement	-	-	-	-	-	-	596	-	4,196
Program Development	-	-	-	-	-	-	4,967	-	49,667
Nutrition Education	-	-	-	-	-	-	120	-	1,120
	<u>63,046</u>	<u>7,779</u>	<u>26,053</u>	<u>23,507</u>	<u>-</u>	<u>42,613</u>	<u>393,483</u>	<u>4,475</u>	<u>2,148,911</u>
Administration	<u>6,235</u>	<u>769</u>	<u>-</u>	<u>-</u>	<u>15,371</u>	<u>-</u>	<u>121,289</u>	<u>-</u>	<u>233,077</u>
Total	<u>\$ 69,281</u>	<u>\$ 8,548</u>	<u>\$ 26,053</u>	<u>\$ 23,507</u>	<u>\$ 15,371</u>	<u>\$ 42,613</u>	<u>\$ 514,772</u>	<u>\$ 4,475</u>	<u>\$ 2,381,988</u>

concluded

Note: The supplemental schedule of expenditures by service includes the federal and state grant activity of the County of Kalamazoo, Michigan's Aging program for the fiscal year ended September 30, 2022. As such, the amounts presented above will not agree with or directly reconcile to the amounts reported on the Schedule of Expenditures of Federal Awards for the year ended December 31, 2022.

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

June 26, 2023

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the **County of Kalamazoo, Michigan** (the "County"), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 26, 2023. Our report includes a reference to other auditors who audited the financial statements of the Kalamazoo County Transportation Authority, Central County Transportation Authority, Kalamazoo County Road Commission, and the Kalamazoo County Public Housing Commission, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the Kalamazoo County Transportation Authority and the Kalamazoo County Road Commission were not audited in accordance with *Government Auditing Standards*.

Report on Internal Control Over Financial Reporting

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



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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs, as items 2022-001, -002, and -003 that we consider to be material weaknesses.

Report on Compliance and Other Matters

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

County of Kalamazoo, Michigan's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the County's responses to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

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

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

June 26, 2023

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the compliance of the ***County of Kalamazoo, Michigan*** (the "County") with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2022. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

The County's basic financial statements include the operations of the Kalamazoo County Road Commission and the Central County Transportation Authority, which expended certain federal awards that are not included in the County's schedule of expenditures of federal awards for the year ended December 31, 2022. Our audit, described below, did not include the operations of the Kalamazoo County Road Commission or the Central County Transportation Authority because they arranged for separate financial statement audits. The Kalamazoo County Road Commission did not meet the criteria for a single audit in accordance with the Uniform Guidance.

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Independent Auditors' Responsibilities for the Audit of Compliance section of our report.



We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the County's federal programs.

Independent Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Independent Auditors’ Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Purpose of this Report

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

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

COUNTY OF KALAMAZOO, MICHIGAN

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2022

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

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

Unmodified

Internal control over financial reporting:

Material weakness(es) identified? X yes no

Significant deficiency(ies) identified? yes X none reported

Noncompliance material to financial statements noted?

yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? yes X no

Significant deficiency(ies) identified? yes X none reported

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

yes X no

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

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>	<u>Type of Report</u>
20.106	Airport Improvement Program	Unmodified
21.027	Coronavirus State and Local Fiscal Recovery Funds	Unmodified
93.044, 93.045, 93.053	Aging Cluster	Unmodified
93.563	Child Support Enforcement	Unmodified

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

\$ 759,667

Auditee qualified as low-risk auditee?

X yes no

COUNTY OF KALAMAZOO, MICHIGAN

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2022

SECTION II – FINANCIAL STATEMENT FINDINGS

2022-001 – Material Audit Adjustments

Finding Type. Material Weakness in Internal Control over Financial Reporting.

Criteria. Management is responsible for maintaining its accounting records in accordance with generally accepted accounting principles (GAAP).

Condition. During the audit, multiple adjustments were identified in order to properly record year-end balances. Audit adjustments included the following areas:

- Approximately \$897,000 to adjust amounts due from other governments and related revenue
- Approximately \$338,000 to adjust taxes receivable and related deferred inflows of resources
- Approximately \$211,000 to adjust debt deferred loss on refunding and \$182,000 for an unamortized premium
- Approximately \$340,000 to adjust capital assets and related depreciation expense
- Approximately \$1,379,000 to adjust cash and undistributed receipts

Cause. This condition was the result of internal controls not detecting all adjustments necessary to properly record year-end balances.

Effect. As a result of this condition, the County's accounting records were initially misstated by amounts material to the financial statements.

Recommendation. We recommend that the County prepare, review, and reconcile all year-end schedules that are used in financial reporting prior to audit fieldwork.

View of Responsible Officials. The Finance Director recognizes and agrees with the findings and recommendations of the auditors regarding material audit adjustments. The Finance Department will work with the appropriate administrative personnel in the affected departments to ensure that proper journal entries are made at year-end prior to audit fieldwork.

COUNTY OF KALAMAZOO, MICHIGAN

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2022

2022-002 – Reconciliation of Cash and Investments

Finding Type. Material Weakness in Internal Control over Financial Reporting.

Criteria. Timely preparation and review of bank reconciliations will help ensure that all related accounting transactions are recorded on a timely basis and that all reconciling items are efficiently identified and resolved. In addition, the State of Michigan recommends that bank reconciliations be completed within approximately six weeks of each month and year-end.

Condition. We observed that the County was still reconciling cash and investment accounts several months after fiscal year end, and based on our inquiries and observations noted that the reconciliations were not being fully completed in a timely manner during the fiscal year. Additionally, we noted that the County needed to record an adjustment of approximately \$160,000 in order to balance cash and investments to the general ledger.

Cause. This condition appears to be due to the lack of sufficient processes within the Treasurer's department over cash and investments to ensure that bank reconciliations and investment accounts not being reconciled timely.

Effect. As a result of this condition, the County is exposed to an increased risk that misstatements or misappropriations might occur and not be detected by management in a timely manner.

Recommendation. As cash and investment bank account reconciliations are an important internal control to detect potential misstatements, we recommend that the County complete bank account reconciliations on a timely basis, and ensure that an independent review of each reconciliation is being completed and documented.

View of Responsible Officials. The Treasurer recognizes and agrees with the findings and recommendations of the auditors regarding reconciliation of cash and investments. Work is ongoing to resolve the reporting backlogs in bank and investment reconciliations that, once complete, will allow the department to reconcile both procedures within the State of Michigan's recommended six-week timeframe. Furthermore, planned process improvements aim to implement daily bank reconciliation activity to complete these tasks well-in-advance of the recommended guidelines.

COUNTY OF KALAMAZOO, MICHIGAN

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2022

2022-003 – Reconciliation of Subsidiary Ledgers

Finding Type. Material Weakness in Internal Control over Financial Reporting.

Criteria. In order to determine whether balances recorded in the general ledger are accurate, the County should perform periodic reconciliations of subsidiary ledgers and supporting documentation to the underlying general ledger accounts.

Condition. We observed various audit areas that lacked timely and accurate reconciliation of subsidiary ledgers and other supporting documentation from the Treasurer's department. These areas included cash and investments, delinquent taxes receivable, and undistributed receipts.

Cause. This condition was caused by the absence of a standard procedure for reconciling accounts to their subsidiary detail for the above audit areas on a timely basis.

Effect. As a result of this condition, the County's accounting records were initially misstated by amounts which in many instances were material or significant to the financial statements. In addition, such unreconciled balances increase the risk that amounts may be materially misstated, whether by error or fraud, and remain undetected by management.

Recommendation. We recommend that the County reconcile all balance sheet accounts to subsidiary detail at least monthly, and follow-up on any variances in a timely manner. All such reconciliations should be independently reviewed, signed and dated, as evidence of this control.

View of Responsible Officials. The Treasurer agrees with the findings and recommendations of the auditors regarding reconciliation of subsidiary ledgers. The department will strive to reconcile all treasury-related balance sheet accounts to the subsidiary detail on a quarterly basis and will follow-up on any variances in a timely fashion. Planned process improvements aim to reconcile appropriate balance sheet activity on a monthly basis through workpapers that directly tie to the general ledger. These workpapers, along with their associated supporting documents, will be compiled and provided to the Finance Director for review.

COUNTY OF KALAMAZOO, MICHIGAN

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2022

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

COUNTY OF KALAMAZOO, MICHIGAN

Summary Schedule of Prior Audit Findings

For the Year Ended December 31, 2022

None reported.





June 26, 2023

Rehmann Robson
2330 East Paris Ave SE
Grand Rapids, Michigan 49546

Corrective Action Plan

Pursuant to federal regulations, Uniform Administrative Requirements Section 200.511, the following are the findings as noted in the County of Kalamazoo, Michigan Single Audit report for the year ended December 31, 2022, and corrective actions to be completed.

2022-001 – Material Audit Adjustments

Auditor Description of Condition and Effect. During the audit, multiple adjustments were identified in order to properly record year-end balances. As a result of this condition, the County's accounting records were initially misstated by amounts material to the financial statements.

Auditor Recommendation. We recommend that the County prepare, review, and reconcile all year-end schedules that are used in financial reporting prior to audit fieldwork.

Corrective Action. The Finance Director recognizes and agrees with the findings and recommendations of the auditors regarding material audit adjustments. The Finance Department will work with the appropriate administrative personnel in the affected departments to ensure that proper journal entries are made at year-end prior to audit fieldwork.

Responsible Person. Ryan Post, Director of Finance

Anticipated Completion Date. December 31, 2023

2022-002 – Reconciliation of Cash and Investments

Auditor Description of Condition and Effect. We observed that the County was still reconciling cash and investment accounts several months after fiscal year end, and based on our inquiries and observations noted that the reconciliations were not being fully completed in a timely manner during the fiscal year. Additionally, we noted that the County needed to record an adjustment of approximately \$160,000 in order to balance cash and investments to the general ledger. As a result of this condition, the County is exposed to an increased risk that misstatements or misappropriations might occur and not be detected by management in a timely manner.

Auditor Recommendation. As cash and investment bank account reconciliations are an important internal control to detect potential misstatements, we recommend that the County complete bank account reconciliations on a timely basis and ensure that an independent review of each reconciliation is being completed and documented.

Corrective Action. The Treasurer recognizes and agrees with the findings and recommendations of the auditors regarding reconciliation of cash and investments. Work is ongoing to resolve the reporting backlogs in bank and investment reconciliations that, once complete, will allow the department to reconcile both procedures within the State of Michigan’s recommended six-week timeframe. Furthermore, planned process improvements aim to implement daily bank reconciliation activity to complete these tasks well-in-advance of the recommended guidelines.

Responsible Person. Thomas Whitener, Treasurer

Anticipated Completion Date. December 31, 2023

2022-003 – Reconciliation of Subsidiary Ledgers

Auditor Recommendation. We recommend that the County reconcile all balance sheet accounts to subsidiary detail at least monthly, and follow-up on any variances in a timely manner. All such reconciliations should be independently reviewed, signed and dated, as evidence of this control.

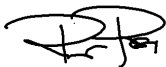
Corrective Action. The Treasurer agrees with the findings and recommendations of the auditors regarding reconciliation of subsidiary ledgers. The department will strive to reconcile all treasury-related balance sheet accounts to the subsidiary detail on a quarterly basis and will follow-up on any variances in a timely fashion. Planned process improvements aim to reconcile appropriate balance sheet activity on a monthly basis through workpapers that directly tie to the general ledger. These workpapers, along with their associated supporting documents, will be compiled and provided to the Finance Director for review.

Responsible Person. Thomas Whitener, Treasurer

Anticipated Completion Date. December 31, 2023



Kevin A. Catlin, County Administrator/Controller



Ryan J. Post, Finance Director

INDEPENDENT AUDITORS' COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

June 26, 2023

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the **County of Kalamazoo, Michigan** (the "County"), as of and for the year ended December 31, 2022, and have issued our report thereon dated June 26, 2023. We did not audit the financial statements of the Kalamazoo County Transportation Authority, Central County Transportation Authority, Kalamazoo County Road Commission, and the Kalamazoo County Public Housing Commission. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion on the financial statements and this report, insofar as they relate to the Kalamazoo County Transportation Authority, Central County Transportation Authority, Kalamazoo County Road Commission, and the Kalamazoo County Public Housing Commission, are based solely on the report of other auditors. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated January 11, 2023, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

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



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

We have provided our findings regarding internal control over financial reporting and compliance noted during our audit in a separate letter to you dated June 26, 2023. In addition, we noted a certain other matter which is included in Attachment A to this letter.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter and in our meeting about planning matters on March 22, 2023.

Compliance with All Ethics Requirements Regarding Independence

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

Significant Risks Identified

We have identified the risks of management override of internal control and revenue recognition as significant risks, and have obtained an understanding of the County's related controls, including control activities, relevant to such risks.

Qualitative Aspects of the County's Significant Accounting Practices

Significant Accounting Policies

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

The County changed accounting policies related to the accounting for leases by adopting Statement of Government Accounting Standards (GASB Statement) No.87, *Leases*.

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

Significant Accounting Estimates

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

The most sensitive accounting estimates affecting the financial statements were:

- Management's estimate of the useful lives of depreciable capital assets is based on the length of time it is believed that those assets will provide some economic benefit in the future.
- Management's estimate of the accrued compensated absences is based on current hourly rates and policies regarding payment of sick and vacation banks.
- Management's estimate of the allowance for uncollectible receivable balances is based on past experience and future expectation for collection of various account balances.
- Management's estimate of the insurance claims incurred but not reported is based on information provided by the entity's third party administrators and subsequent claims activity.
- The assumptions used in the actuarial valuations of the pension and other postemployment benefit plans are based on historical trends and industry standards.
- Management's estimate of the liability for delinquent tax distributions is based on actual and expected claims and payments for excess sales proceeds received.
- Management's estimate of the fair value of certain investments (primarily those that are not traded on a national or international exchange) is based on a variety of factors including the purchase price, changes in the financial condition and prospects of the issuer, calculations of the total enterprise value using discounted cash flow projections, trading comparables of securities of comparable companies engaged in similar businesses, estimates of liquidation value, the existence of restrictions on transferability, prices received in recent significant placements of securities of the same issuer, and other analytical data relating to the investment.
- Management's estimate of the discount rate used for leases, the lease term and lease payments/receipts is based on the County's incremental borrowing rate and consideration of the noncancelable period of the lease and reasonably certain lease options.

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

Significant Difficulties Encountered During the Audit

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

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The material misstatements detected as a result of audit procedures and corrected by management are described in the Schedule of Findings and Questioned Costs issued in connection with the Single Audit.

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

Disagreements with Management

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

Representations Requested from Management

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

Management's Consultations with Other Accountants

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

Other Significant Matters, Findings, or Issues

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

Other Information in Documents Containing Audited Financial Statements

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

Upcoming Changes in Accounting Standards

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

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

Very truly yours,

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

COUNTY OF KALAMAZOO, MICHIGAN

Attachment A – Comments and Recommendations

For the December 31, 2022 Audit

During our audit, we became aware of a certain other matter that is an opportunity for strengthening internal control and/or improving operating efficiency. This memorandum summarizes our comments and recommendations regarding this matter. Our consideration of the County's internal control over financial reporting is described in our report, dated June 26, 2023, issued in accordance with *Government Auditing Standards*. This memorandum does not affect that report or our report dated June 26, 2023, on the financial statements of the County of Kalamazoo, Michigan.

Internal Controls over Cash Disbursements

We noted that a positive pay file is sent to the bank listing each check that the bank can clear against the County's accounts for general fund checks issued. However, positive pay has not been a process in place for all other bank accounts, which can cause potential issues when a check would be voided and accumulating an accurate outstanding check listing. To enhance processes and internal controls over cash disbursements, we recommend that the County utilize positive pay for all bank accounts.

Management's Response

On the remaining sixteen (16) accounts, we will add either add check block, positive pay, or ACH debit block. We already have payee positive pay on Fund 101 (General Fund), Fund 714 (Inmates Custodial Trust) and the payroll account. Payee positive pay goes one step further than positive pay to combat payee fraud. On the debt accounts where money is wired to pay the debt service, we do not need payee positive pay as there are no checks written on debt service accounts. We will place an ACH debit block and check block on those accounts to further enhance internal controls. This will be completed by the end of June 2023.

Administration and Finance identified four (4) of seven (7) Court accounts that are not set up on payee positive pay. Circuit Court is looking at these accounts, the state statute, and will be reconvening a meeting with PNC Bank to set up the best course of action on these accounts to enhance internal controls.



COUNTY OF KALAMAZOO, MICHIGAN

Attachment B – Upcoming Changes in Accounting Standards / Regulations

For the December 31, 2022 Audit

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

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

Effective 06/15/2023 (your FY 2023)

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

GASB 96 ■ Subscription-Based Information Technology Arrangements

Effective 06/15/2023 (your FY 2023)

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

GASB 99 ■ Omnibus 2022

Effective 06/15/2023 (your FY 2023)

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

GASB 100 ■ Accounting Changes and Error Corrections

Effective 06/15/2024 (your FY 2024)

This standard clarifies the presentation and disclosure requirements for prior period adjustments to beginning net position. We do not expect this standard to have any significant effect on the County.

GASB 101 ■ Compensated Absences

Effective 12/15/2024 (your FY 2024)

This standard revises the liability governments record for compensated absences payable to include any sick, vacation, personal time, or other PTO reasonably expected to be used by employees or paid out to them at termination.



COUNTY OF KALAMAZOO, MICHIGAN

■ Attachment C – Management Representations

For the December 31, 2022 Audit

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



June 26, 2023

Rehmann Robson
2330 East Paris Ave SE
Grand Rapids, Michigan 49546

This representation letter is provided in connection with your audit of the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the **County of Kalamazoo, Michigan** (the "County"), as of and for the year ended December 31, 2022, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows, where applicable, and the respective budgetary comparison for the general fund and each major special revenue fund of the County in conformity with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

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

We confirm that, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of June 26, 2023:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated January 11, 2023, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
2. The financial statements referred to above have been fairly presented in accordance with U.S. GAAP, and include all properly classified funds, required supplementary information, and notes to the basic financial statements.
3. We have reviewed and approved the various adjusting journal entries that were proposed by you for recording in our books and records and reflected in the financial statements.
4. With respect to any assistance you provided in drafting the financial statements and related notes, we have performed the following:
 - a. Made all management decisions and performed all management functions;
 - b. Assigned a competent individual to oversee the services;
 - c. Evaluated the adequacy of the services performed;
 - d. Evaluated and accepted responsibility for the result of the service performed; and

- e. Established and maintained internal controls, including monitoring ongoing activities.
5. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
6. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
7. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
8. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP. For the purposes of this letter, related parties mean members of the governing body; board members; administrative officials; immediate families of administrative officials, board members, and members of the governing body; and any companies affiliated with or owned by such individuals.
9. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
10. The effects of uncorrected misstatements summarized in the attached schedule and aggregated by you during the current engagement are immaterial, both individually and in the aggregate, to the applicable opinion units and to the financial statements as a whole.
11. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
12. With regard to items reported at fair value:
 - a. The underlying assumptions are reasonable, and they appropriately reflect management's intent and ability to carry out its stated courses of action.
 - b. The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
 - c. The disclosures related to fair values are complete, adequate, and in conformity with U.S. GAAP.
 - d. There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
13. All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
14. All funds and activities are properly classified.
15. All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, and GASB Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
16. All components of net position and fund balance classifications have been properly reported.
17. All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
18. All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.

19. All interfund and intra-entity transactions and balances have been properly classified and reported.
20. Deposit and investment risks have been properly and fully disclosed.
21. Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
22. All required supplementary information is measured and presented within the prescribed guidelines.
23. We believe that the actuarial assumptions and methods used to measure pension and other postemployment assets/liabilities and costs for financial accounting purposes are appropriate in the circumstances.
24. There were no omissions from the participants' data provided to the single-employer pension/OPEB Plan's actuary for the purpose of determining the actuarial present value of the Plan's benefit obligations and the other actuarially determined amounts in the financial statements.
25. The single-employer pension/OPEB Plan's administrator agrees with the actuarial methods and assumptions and methods used by the actuary for funding purposes and for determining the Plan's benefit obligations and has no knowledge or belief that such methods or assumptions are inappropriate in the circumstances. We did not give any, nor cause any, instructions to be given to the Plan's actuary with respect to the values of amounts derived, and we are not aware of any matters that have impacted the independence or objectivity of the Plan's actuary.
26. The following have been properly recorded and disclosed in the financial statements:
 - a. The actuarial methods or assumptions used in calculating amounts recorded or disclosures in the financial statements.
 - b. Changes in the single-employer pension/OPEB Plan's provisions between the actuarial valuation date and the date of this letter.
27. All required filings of the single-employer pension/OPEB Plan's documents with the appropriate agencies have been made.
28. The single-employer pension/OPEB Plan (and the trust established by the Plan) is qualified under the appropriate section of the internal revenue code and we intend to continue as a qualified plan (and trust). The Plan sponsor has operated the Plan in a manner that did not jeopardize this tax status.
29. The single-employer pension/OPEB Plan has complied with the Department of Labor's regulations concerning the timely remittance of participants' contributions to trusts containing assets of the Plan.
30. The single-employer pension/OPEB Plan's management has obtained and reviewed the relevant service auditor's SOC-1 reports and management is performing the applicable user control.
31. In March 2020, the World Health Organization declared the novel coronavirus outbreak (COVID-19) to be a global pandemic. While the pandemic has resulted in an increase in the demands on the County for providing emergency services to its citizens, the Federal Government has also provided significant resources to help mitigate the impacts of COVID-19. Between 2021 and 2022, the County received approximately \$51.5 million in payments related to the State and Local Fiscal Recovery Fund. As of December 31, 2022, the County had \$41.2 million of that allocation remaining to spend and recorded as unearned revenue.

Information Provided

32. We have provided you with:
 - a. Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
 - b. Additional information that you have requested from us for the purpose of the audit; and
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
33. All transactions have been recorded in the accounting records and are reflected in the financial statements.
34. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
35. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - d. Management;
 - e. Employees who have significant roles in internal control; or
 - f. Others where the fraud could have a material effect on the financial statements.
36. We have no knowledge of any instances, that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance, whether communicated by employees, former employees, vendors (contractors), regulators, or others.
37. We have no knowledge of any instances that have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that has a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
38. We have no knowledge of any instances that have occurred or are likely to have occurred of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
39. We have a process to track the status of audit findings and recommendations.
40. We have identified for you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
41. We have provided views on your reported audit findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
42. To the best of our knowledge and belief, we have reviewed and disclosed pending or threatened litigation and claims whose effects should be considered when preparing financial statements, handled by the County's Corporation Counsel and outside law firm, Cummings, McClorey, Davis & Acho, PLC and we are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements.
43. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

44. There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
45. The County has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
46. We have disclosed to you all guarantees, whether written or oral, under which the County is contingently liable.
47. We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
48. There are no:
 - g. Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
 - h. Unasserted claims or assessments to best of our belief and knowledge that the County's Corporation Counsel and outside legal counsel, Cummings, McClorey, Davis & Acho, PLC have advised are probable of assertion and must be disclosed in accordance with GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.
 - i. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB Statement No. 62.
49. The County has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
50. We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
51. We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.

Supplementary Information in Relation to the Financial Statements as a Whole

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

Required Supplementary Information

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

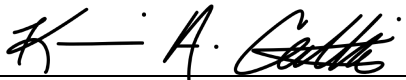
Uniform Guidance (2 CFR 200)

54. With respect to federal awards, we represent the following to you:
- a. We are responsible for understanding and complying with and have complied with the requirements of the Uniform Guidance.
 - b. We are responsible for the preparation and presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance.
 - c. We believe the schedule of expenditures of federal awards, including its form and content, is fairly presented in accordance with the Uniform Guidance.
 - d. The methods of measurement or presentation have not changed from those used in the prior period.
 - e. We believe the significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.
 - f. We are responsible for including the auditor's report on the schedule of expenditures of federal awards in any document that contains the schedule and that indicates that the auditor has reported on such information.
 - g. We have identified and disclosed all of our government programs and related activities subject to the Uniform Guidance compliance audit.
 - h. When the schedule of expenditures of federal awards is not presented with the audited financial statements, management will make the audited financial statements readily available to the intended users of the schedule of expenditures of federal awards no later than the date of issuance by the entity of the schedule of expenditures of federal awards and the auditor's report thereon.
 - i. We have, in accordance with the Uniform Guidance, identified in the schedule of expenditures of federal awards, expenditures made during the audit period for all awards provided by federal agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees,

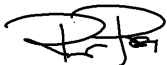
property (including donated surplus property), cooperative agreements, interest subsidies, food commodities, direct appropriations, and other assistance.

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

- v. We have considered the results of subrecipients' audits and have made any necessary adjustments to our own books and records.
- w. We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance, and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
- x. We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
- y. We are responsible for and have accurately completed the appropriate sections of the Data Collection Form as required by the Uniform Guidance, and we are responsible for preparing and implementing a correction action plan for each audit finding.
- z. The reporting package does not contain protected personally identifiable information.
 - aa. We have disclosed all contracts or other agreements with service organizations and disclosed to you all communications from these service organizations relating to noncompliance at the organizations.
 - bb. We have reviewed, approved, and taken responsibility for the financial statements and related notes.
 - cc. We have disclosed to you the nature of any subsequent events that provide additional evidence with respect to conditions that existed at the end of the reporting period that affect noncompliance during the reporting period.



Kevin A. Catlin, County Administrator/Controller



Ryan J. Post, Finance Director

COUNTY OF KALAMAZOO, MICHIGAN

Schedule of Adjustments Passed (SOAP)

For the December 31, 2022 Audit

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

	Effect of Passed Adjustment - Over(Under)Statement				
	Assets	Liabilities	Beginning Equity	Revenues	Expenses/ Expenditures
Delinquent tax revolving fund					
Over accrual of delinquent taxes receivable	\$ 24,501	\$ -	\$ -	\$ 24,501	\$ -
Misstatement as a percentage of total assets	0.14%	0.00%	0.00%	0.14%	0.00%