

**ALLEGAN COUNTY
ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2014**



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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Commissioners
Allegan County, Michigan
Allegan, Michigan 49010

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Allegan County, Michigan (the "County"), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Independent Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Allegan County Road Commission and the Allegan County Community Mental Health Board, which represents 88 percent of the assets, 94 percent net position, and 96 percent revenues of the discretely presented component units. Also, we did not audit the financial statements of the Allegan County Medical Care Community, which represents 26 percent of the assets, 19 percent net position, and 86 percent revenues of the business-type activities. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Allegan County Road Commission, Allegan County Community Mental Health Board, and the Allegan County Medical Care Community, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating

the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Allegan County, as of December 31, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual fund financial statements and schedules, along with the transportation fund schedules, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

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

of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The supplemental information required by the Michigan Department of Transportation on schedules of mileage, vehicle hours, and number of passengers transported have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2015, on our consideration of the County’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County’s internal control over financial reporting and compliance.



Gabridge & Company, PLC
Grand Rapids, MI
June 24, 2015

Management's Discussion and Analysis

Allegan County Management's Discussion and Analysis

As management of Allegan County, Michigan (the "County") we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2014. We encourage readers to consider the information presented here in conjunction with the accompanying basic financial statements.

Financial Highlights

- The assets of the County, as presented in the government-wide financial statements, exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$80,465,243 (*net position*), an increase of \$608,093 in 2014. Of this amount, \$39,557,411 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the County's governmental funds (this includes the general fund, special revenue, capital projects, and debt service funds) reported combined ending fund balances of \$23,389,531, a decrease of approximately \$2,578,508 in comparison with the prior year. Of the fund balance amount, \$7,684,939 is *available for spending* at the government's discretion (*unassigned fund balance*).
- Total fund balance for the general fund was \$8,530,790, a decrease of \$3,556,367 for 2014. At the end of the year, the unassigned portion of the fund balance in the general fund was \$7,684,939, or approximately 15.9 percent of total general fund expenses and transfers out for the current year.
- The County's net investment in capital assets was \$32,257,787 at the end of 2014, compared to \$33,679,015 at the end of 2013.
- The County's total bonded debt equaled \$28,416,318 million at the close of 2014, a net increase of \$14,603,866 during the current fiscal year. This increase represents the \$15,060,000 pension bond that the County issued during the year to eliminate the unfunded portion of its pension liability less principal reductions made during the year.
- The County paid an additional \$18,574,286 into its defined benefit pension plan during the year. This was financed with a \$15,060,000 pension bond plus \$3,514,286 of the County's general fund's unassigned fund balance.

Overview of the Financial Statements

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

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

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

The *statement of activities* presents information showing how the 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 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 services (administration, clerk, and treasurer), public safety (sheriff, road patrol, marine safety), legislative, judicial (courts), public works, health and welfare (health and child care), and recreation and cultural. The business-type activities of the County include the Medical Care Community that provides long-term skilled nursing care and the delinquent tax revolving fund.

The government-wide financial statements include not only the County itself (known as the *primary government*), but also a legally separate drain commission and community mental health authority, for which the County is financially accountable. Financial information for these *component units* are reported separately from the financial information presented for the primary government itself. The Medical Care Community, although also legally separate, functions for all practical purposes as a department of the County, and therefore has been included as an integral part of the primary government.

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 the funds of the County are 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. Governmental fund financial statements focus on a *short-term view of spendable resources and the balance of those spendable resources* 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 *government funds* with similar information presented for *government activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions.

Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The County maintains thirty individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, senior millage, and the central dispatch E911 fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The County adopts an annual appropriated budget for its general fund and special revenue funds. Budgetary comparison schedules have been provided for all applicable funds to demonstrate compliance with their budgets.

Proprietary Funds. The County maintains two different types of proprietary funds. *Enterprise funds and Internal Service funds.* *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses two enterprise funds to account for its business-type activities. *Internal Service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for insurance, employee benefits, workers' compensation, and accident administrative expenses. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Medical Care Community and the delinquent tax revolving fund, which are considered to be major funds of the County. Conversely, the internal service fund is combined into a single, aggregated presentation in the proprietary fund financial statements.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the County's own programs. The County's fiduciary activities are reported in separate statements of fiduciary net position. The accounting used for fiduciary funds is similar to that used for proprietary funds. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

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 benefits to its employees and demonstrating the County's compliance with its budgets.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For Allegan County, assets exceeded liabilities by \$80,465,243 at the close of the most recent fiscal year. The schedule on the following page shows the County's assets by category.

Allegan County
Statement of Net Position for Fiscal Years Ended December 31, 2014 and December 31, 2013

	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
ASSETS						
<i>Current Assets</i>						
Cash and pooled investments	\$ 26,907,973	\$ 32,179,698	\$ 9,124,097	\$ 9,096,839	\$ 36,032,070	\$ 41,276,537
Accounts receivable	1,566,951	1,921,964	1,417,654	863,112	2,984,605	2,785,076
Property taxes receivable	3,812,276	3,298,967	3,841,614	4,314,249	7,653,890	7,613,216
Due from other governments	2,675,900	2,390,897	-	-	2,675,900	2,390,897
Inventory	19,641	44,482	-	-	19,641	44,482
Prepays	710,587	994,643	4,506	3,973	715,093	998,616
Net pension asset	18,574,286	-	-	-	18,574,286	-
Total Current Assets	54,267,614	40,830,651	14,387,871	14,278,173	68,655,485	55,108,824
<i>Noncurrent Assets</i>						
Capital assets not being depreciated	791,825	22,754,236	-	11,049	791,825	22,765,285
Capital assets being depreciated, net	42,367,260	21,548,121	2,946,395	3,178,061	45,313,655	24,726,182
Advance to component unit	180,000	182,000	-	-	180,000	182,000
Total Assets	97,606,699	85,315,008	17,334,266	17,467,283	114,940,965	102,782,291
LIABILITIES						
<i>Current Liabilities</i>						
Accounts payable	1,251,049	3,536,709	338,985	293,443	1,590,034	3,830,152
Accrued liabilities	1,063,627	870,278	221,101	133,258	1,284,728	1,003,536
Due to other governments	15,908	-	6,462	30,754	22,370	30,754
Unearned revenue	19,641	171,119	-	-	19,641	171,119
Accrued interest	65,466	65,917	-	9,680	65,466	75,597
Current portion of long-term debt	1,105,000	1,802,158	182,368	100,000	1,287,368	1,902,158
Internal balances	(491,375)	(871,838)	491,375	871,838	-	-
Total Current Liabilities	3,029,316	5,574,343	1,240,291	1,438,973	4,269,607	7,013,316
<i>Noncurrent Liabilities</i>						
Long-term debt	26,861,318	12,906,318	267,632	450,000	27,128,950	13,356,318
Compensated absences	1,146,324	1,446,024	93,330	125,291	1,239,654	1,571,315
Total Liabilities	31,036,958	19,926,685	1,601,253	2,014,264	32,638,211	21,940,949
DEFERRED INFLOWS OF RESOURCES						
Property taxes levied for subsequent year	1,837,511	984,192	-	-	1,837,511	984,192
Total Deferred Inflows of Resources	1,837,511	984,192	-	-	1,837,511	984,192
NET POSITION						
Net Investment in Capital Assets	30,252,767	31,039,905	2,005,020	2,639,110	32,257,787	33,679,015
Restricted	8,650,045	8,265,909	-	24,434	8,650,045	8,290,343
Unrestricted	25,829,418	25,098,317	13,727,993	12,789,475	39,557,411	37,887,792
Total Net Position	\$ 64,732,230	\$ 64,404,131	\$ 15,733,013	\$ 15,453,019	\$ 80,465,243	\$ 79,857,150

A significant portion of the County's net position (\$32,257,787, or 40%) represents its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The County uses capital assets to provide services to citizens; consequently, these assets are not cash and not available for future spending. Although the County's investment in 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 (\$8,650,045, or 11%) represents resources that are subject to external restrictions on how they may be used. The County's unrestricted net position is \$39,557,411 (or 49%) as of December 31, 2014. These assets may be used to meet the County's ongoing obligations to citizens and creditors.

At the end of the 2014 fiscal year, the County is able to report positive balances in all three net position categories (net investment in capital assets, restricted and unrestricted) both for the government as a whole, as well as for its separate governmental and business-type activities.

The County's total net position increased by \$608,093 during the fiscal year ended December 31, 2014. Governmental and business-type activities both accounted for this increase.

Allegan County
Change in Net Position for Fiscal Years Ended December 31, 2014 and December 31, 2013

	Governmental Activities		Business-type Activities		Total Government	
	2014	2013	2014	2013	2014	2013
Revenue						
Program Revenues						
Charges for services	\$ 9,540,820	\$ 28,198,382	\$ 8,858,873	\$ 8,513,624	\$ 18,399,693	\$ 36,712,006
Operating grants and contributions	11,340,024	12,955,588	791,244	802,602	12,131,268	13,758,190
Capital grants and contributions	185,385	421,758	-	-	185,385	421,758
Total Program Revenues	<u>21,066,229</u>	<u>41,575,728</u>	<u>9,650,117</u>	<u>9,316,226</u>	<u>30,716,346</u>	<u>50,891,954</u>
General Revenues						
Taxes and penalties	21,163,519	20,578,063	-	-	21,163,519	20,578,063
State revenues	1,878,605	1,792,524	-	-	1,878,605	1,792,524
Local revenues	265,421	312,406	-	-	265,421	312,406
Interest income	394,662	58,367	92,117	25,531	486,779	83,898
Other income	-	300,253	-	-	-	300,253
Transfers	794,558	4,935,808	(794,558)	(4,935,808)	-	-
Total General Revenues and Transfers	<u>24,496,765</u>	<u>27,977,421</u>	<u>(702,441)</u>	<u>(4,910,277)</u>	<u>23,794,324</u>	<u>23,067,144</u>
Total Revenues	<u>45,562,994</u>	<u>69,553,149</u>	<u>8,947,676</u>	<u>4,405,949</u>	<u>54,510,670</u>	<u>73,959,098</u>
Expenses						
Legislative	496,345	380,728	-	-	496,345	380,728
Judicial	5,541,369	5,273,425	-	-	5,541,369	5,273,425
General government	11,458,868	10,916,450	-	-	11,458,868	10,916,450
Public safety	14,223,854	13,923,249	-	-	14,223,854	13,923,249
Public works	200,479	257,251	-	-	200,479	257,251
Health and welfare	12,068,564	32,569,328	-	-	12,068,564	32,569,328
Recreation and cultural	293,288	229,068	-	-	293,288	229,068
Community and economic development	203,406	491,576	-	-	203,406	491,576
Other	366,557	-	-	-	366,557	-
Interest on long-term debt	382,165	394,582	-	-	382,165	394,582
Medical Care Community	-	-	8,427,013	8,310,950	8,427,013	8,310,950
Delinquent Tax Revolving Fund	-	-	240,669	234,778	240,669	234,778
Total Expenses	<u>45,234,895</u>	<u>64,435,657</u>	<u>8,667,682</u>	<u>8,545,728</u>	<u>53,902,577</u>	<u>72,981,385</u>
Change in Net Position	328,099	5,117,492	279,994	(4,139,779)	608,093	977,713
<i>Net Position at the Beginning of Period</i>	64,404,131	59,286,639	15,453,019	19,592,798	79,857,150	78,879,437
Net Position at the End of Period	<u>\$ 64,732,230</u>	<u>\$ 64,404,131</u>	<u>\$ 15,733,013</u>	<u>\$ 15,453,019</u>	<u>\$ 80,465,243</u>	<u>\$ 79,857,150</u>

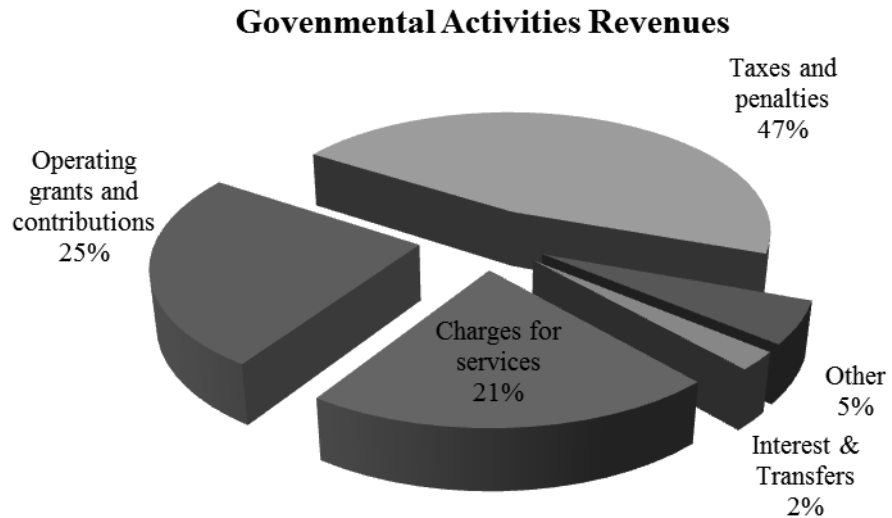
Governmental Activities. There was a transfer in from unrestricted sources during the year, allowing net position to show an overall increase of \$328,099 during the year. This was due to a transfer of revenue from the Delinquent Property Tax Revolving Fund for the payment of debt service on the Jail Construction Bonds.

Items of note include the following:

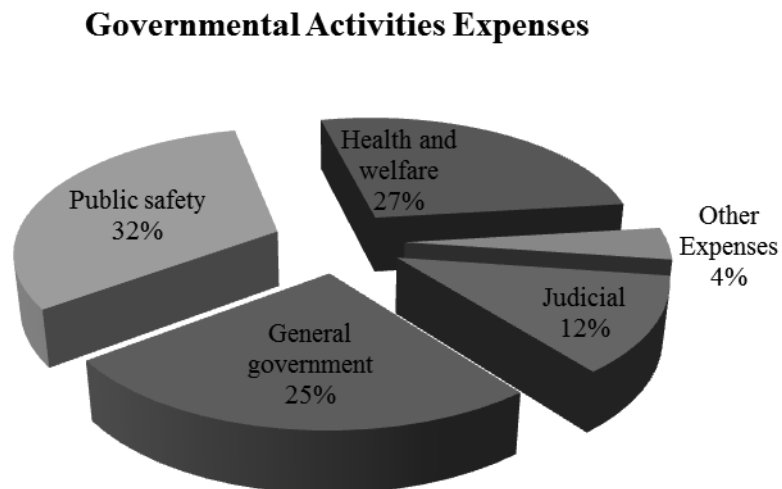
- The new Allegan County Sheriff's Office and Corrections Center opened during 2014.
- The County issued Pension Obligation Bonds in the amount of \$15,060,000 to effectively fund the County's previously Unfunded Actuarial Liability (UAL) on a permanent basis in December 2014.

- Allegan County Community Mental Health Services (ACCMHS) will become a Community Mental Health authority as of January 1, 2015. This led to ACCMHS being reclassified as a discretely presented component unit within these financial statements given the effective change in organizational structure.

The following chart summarizes the revenue sources for the governmental activities of the County for the most recent fiscal year end:



The following chart summarizes the expenses for the governmental activities of the County for the most recent fiscal year end:



Business-type activities.

The business-type activities of the County increased the County's net position by \$279,994 in 2014. The key elements of the revenue and expense activity for the current year are as follows:

- The Delinquent Tax Property Fund had income before transfers of \$1,239,946. There were transfers out of the fund of (\$738,750) to the Jail Debt Service Fund and (\$200,000) to the General Fund.
- The Medical Care Community fund experienced a decrease of net position of (\$21,202) which is a direct result of increases in resident accounts receivable and estimated third party payor settlements during 2014..

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.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$23,389,531, a decrease of \$2,578,508 in comparison with the prior year, with some factors that led to this decrease of fund balance listed below. Of the fund balance amount, \$7,684,939 constitutes unassigned fund balance, which is available for spending at the government's discretion.

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 \$7,684,939, while total fund balance was \$8,530,790. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to prior year expenditures. Unassigned fund balance represents 15.9 percent of total general fund expenditures and transfers out for the prior year thereby meeting the Government Finance Officer's Association recommended practices.

General fund balance decreased by \$3,556,367 from \$12,087,157 to \$8,530,790 during 2014. The County collapses certain funds into the general fund for external financial reporting purposes. A combining schedule is provided as supplementary information to show the various components. The decrease in fund balance of the general fund is primarily a result of a \$3,514,286 payment from unassigned fund balance to fund the County's defined benefit pension plan unfunded liability.

The central dispatch E911 fund experienced an increase to fund balance during 2014 of \$727,782, bringing its total fund balance to \$6,317,847. This increase in fund balance is primarily a result of a \$72,000 decrease in expenses and a \$635,000 increase in P.A. 32 funding.

The senior millage fund decreased their fund balance by \$354,007 during 2014, bringing its total fund balance to \$19,375. The senior millage fund was budgeted to decrease \$106,000, but expenditures for home delivered meals and transportation increased by \$126,000 and revenues were \$20,000 less than anticipated, resulting in the larger decrease to fund balance.

Nonmajor governmental funds increased total governmental fund balance by \$1,301,568 during 2014.

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

Unrestricted net position of the delinquent tax revolving fund and the Medical Care Community at the end of the year amounted to \$12,683,254 and \$1,044,739, respectively. Factors concerning the finances of these funds have already been addressed in the discussion of the County's business-type activities.

General Fund Budgetary Highlights

Original budget compared to final budget. During the year there was no need for any significant amendments to increase either the original estimated revenues or original budgeted appropriations. However, there was a need to make an amendment to reallocate appropriations among departments when it became clearer which departments would actually be charged for certain expenditures. Generally, the movement of the appropriations between departments was *not* significant.

Amended budgetary expenditures differed from the originally adopted General Fund budget for the following reasons:

- The County incurred additional expense over budget during 2014 in order to fully fund the Unfunded Actuarial Liability (UAL) from January 1, 2014 year until the closing of the Pension Bond issue in December 2014.
- There was additional unbudgeted overtime required related to the final preparation, transition and move to the new jail facility.
- Interest revenue on the County's deposits and investments was larger than budgeted due to improving trends in the investment market.

Final budget compared to actual results. The County had one significant expenditure in excess of final budgeted amounts in its general fund during the year relating to the expenditure resulting from the funding of the County's unfunded actuarial pension liability.

Capital Asset and Debt Administration

Capital assets. A capital asset is an asset with a cost that exceeds \$5,000 and a useful life that is greater than two years. Included in the cost of a capital asset are items such as labor, freight and any other costs associated with bringing the asset into full operation. Assets are depreciated using the straight-line method over the course of their useful lives.

The County's investment in capital assets (net of accumulated depreciation) as of December 31, 2014 for its governmental and business-type activities amounted to \$43,159,085 and \$2,946,395 respectively. These capital assets include land, buildings and improvements, equipment and furniture, vehicles, and road and bridge infrastructure.

The total decrease in the primary government's investment in capital assets for the 2014 fiscal year was \$1,385,987 and is primarily the result of depreciation expense exceeding capital asset additions.

Significant capital asset additions during 2014 included:

- Completion of the new Allegan County Sheriff's Office and Corrections Center.
- Two (2) Ford E450 Buses for Transportation Services.
- Seven (7) Ford Utility Vehicles for Law Enforcement.
- Kennel Installation and epoxy coating at the Animal Shelter.
- Application of sealer and stripping at four (4) County facilities.

Additional information on the County's capital assets can be found in the notes to the financial statements section of this report.

Long-term debt. At the end of the 2014, the County had total bonded debt outstanding of \$28,416,318, an increase of \$14,603,866 from 2013. The entire balance comprises debt backed by the full faith and credit of the County. The County issued \$15,060,000 of pension bonds during the year which were used to bring the County's unfunded defined benefit pension liability to zero.

The County has an "AA" rating for both general obligation bonds and tax anticipation notes from Standard & Poor's Rating Services.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation (i.e., State Equalized Value). The current debt limitation for the County is significantly higher than the County's total outstanding general obligation debt, resulting in the County maintaining significant available debt capacity.

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

Economic Factors and Next Year's Budgets

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

The economy continued to improve in Allegan County throughout 2014. Property tax revenues increased for the third straight year and are on track for an additional 2.6% increase for 2015.

The overall economic forecast for West Michigan, which Allegan County sits comfortably in the middle, remains very optimistic. The W.E. Upjohn Institute for Employment research in Kalamazoo stated in their October 2014 publication; the area's economic indicators are positive. There will be strong employment in 2015, building activity is returning and taxable value is stable. There has been an upswing in residential construction and it should continue into 2015.

The economic results for the County have been positive over the past three years and the forecast indicates an expectation for the trend to continue. However, there are still challenges facing Allegan County Government in the near future. The new Correction Center and Administrative offices for the Sheriff will have higher operating costs, the state's planned phase out of Personal Property Tax, and the recent decision of the Michigan Supreme Court to eliminate a material portion of court fees are a few of the financial pressures to be dealt with over the next several years. While the June 2014 Supreme Court decision that eliminated the material portion of court fees was corrected with P.A. 352 in October 2014 this new legislation is a temporary solution and that portion of the statute will sunset after three years and may cause a strain on County budgets in the near future.

Allegan County will continue to pass balanced operational budgets and continue to develop its five-year budget / planning document. This planning document and recently developed 15-year capital plan includes dedicated funding sources and will help position Allegan County for future growth with a stable foundation.

Contacting the County's Financial Management

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Allegan County Financial Services
3283 122nd Avenue
Allegan, Michigan 49010

Phone | (269) 673-0228

Additional information can be found at our website at www.allegancounty.org.

Basic Financial Statements

Allegan County
Statement of Net Position
December 31, 2014

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
<i>Current Assets</i>				
Cash and pooled investments	\$ 26,907,973	\$ 9,124,097	\$ 36,032,070	\$ 6,013,268
Accounts receivable	1,566,951	1,417,654	2,984,605	19,857,897
Property taxes receivable	3,812,276	3,841,614	7,653,890	2,788,764
Due from other funds	--	--	--	1,273,745
Due from other governments	2,675,900	--	2,675,900	1,879,734
Inventory	19,641	--	19,641	1,316,855
Prepays	710,587	4,506	715,093	435,486
Net pension asset	18,574,286	--	18,574,286	--
Total Current Assets	54,267,614	14,387,871	68,655,485	33,565,749
<i>Noncurrent Assets</i>				
Capital assets not being depreciated	791,825	--	791,825	90,671,492
Capital assets being depreciated, net	42,367,260	2,946,395	45,313,655	103,902,571
Advance to component unit	180,000	--	180,000	--
Total Assets	97,606,699	17,334,266	114,940,965	228,139,812
DEFERRED OUTFLOWS OF RESOURCES				
Loss on advance refunding	--	--	--	144,386
Total Deferred Outflows of Resources	--	--	--	144,386
LIABILITIES				
<i>Current Liabilities</i>				
Accounts payable	1,251,049	338,985	1,590,034	3,286,107
Accrued payroll	--	--	--	1,980
Bonds payable	--	--	--	16,280
Accrued liabilities	1,063,627	221,101	1,284,728	302,852
Due to other governments	15,908	6,462	22,370	31,933
Unearned revenue	19,641	--	19,641	72,345
Accrued interest	65,466	--	65,466	134,316
Current portion of long-term debt	1,105,000	182,368	1,287,368	2,496,984
Advances from other governments	--	--	--	180,300
Internal Balances	(491,375)	491,375	--	--
Total Current Liabilities	3,029,316	1,240,291	4,269,607	6,523,097
<i>Noncurrent Liabilities</i>				
Long-term debt	26,861,318	267,632	27,128,950	15,990,999
Advances from other funds	--	--	--	56,927
Compensated absences	1,146,324	93,330	1,239,654	623,739
Total Liabilities	31,036,958	1,601,253	32,638,211	23,194,762
DEFERRED INFLOWS OF RESOURCES				
Property taxes levied for subsequent year	1,837,511	--	1,837,511	3,107,290
Total Deferred Inflows of Resources	1,837,511	--	1,837,511	3,107,290
NET POSITION				
Net investment in capital assets	30,252,767	2,005,020	32,257,787	187,232,857
Restricted	8,650,045	--	8,650,045	4,668,675
Unrestricted	25,829,418	13,727,993	39,557,411	10,080,614
Total Net Position	\$ 64,732,230	\$ 15,733,013	\$ 80,465,243	\$ 201,982,146

The Notes to the Financial Statements are an integral part of these Financial Statements

**Allegan County
Statement of Activities
For the Year Ended December 31, 2014**

Functions/Programs	Program Revenues			Net (Expense) Revenue			Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities		Total
Primary Government								
Governmental Activities:								
Legislative	\$ 496,345	\$ --	\$ --	\$ --	\$ (496,345)	\$ --	\$ --	
Judicial	5,541,369	1,937,644	1,253,644	--	(2,350,081)	--	(2,350,081)	
General government	11,458,868	4,908,962	1,735,748	185,385	(4,628,773)	--	(4,628,773)	
Public safety	14,223,854	694,126	4,395,220	--	(9,134,508)	--	(9,134,508)	
Public works	200,479	--	99,954	--	(100,525)	--	(100,525)	
Health and welfare	12,068,564	1,948,294	3,745,088	--	(6,375,182)	--	(6,375,182)	
Recreation and cultural	293,288	32,998	31,522	--	(228,768)	--	(228,768)	
Community and economic development	203,406	18,796	78,848	--	(105,762)	--	(105,762)	
Other	366,557	--	--	--	(366,557)	--	(366,557)	
Interest on long-term debt	382,165	--	--	--	(382,165)	--	(382,165)	
Total Governmental Activities	45,234,895	9,540,820	11,340,024	185,385	(24,168,666)	--	(24,168,666)	
Business-type Activities:								
Delinquent Property Tax	240,669	1,388,498	--	--	--	1,147,829	1,147,829	
Medical Care Community	8,427,013	7,470,375	791,244	--	--	(165,394)	(165,394)	
Total Business-type Activities	8,667,682	8,858,873	791,244	--	--	982,435	982,435	
Total Primary Government	\$ 53,902,577	\$ 18,399,693	\$ 12,131,268	\$ 185,385	\$ (24,168,666)	\$ 982,435	\$ (23,186,231)	
Component Units								
Mental Health	\$ 24,051,493	\$ 21,167,740	\$ 2,462,794	\$ --	--	--	(420,959)	
Allegan County Road Commission	16,446,586	163,781	11,476,433	11,637,825	--	--	6,831,453	
Drains / Public Works	1,440,594	505,648	--	1,307,175	--	--	372,229	
Total Component Units	\$ 41,938,673	\$ 21,837,169	\$ 13,939,227	\$ 12,945,000	--	--	6,782,723	
General Purpose Revenues and Transfers:								
Revenues								
Taxes and penalties					21,163,519		21,163,519	
Intergovernmental revenues - State					1,878,605		1,878,605	
Intergovernmental revenues - Local					265,421		265,421	
Gain on sale of capital assets					--		--	
Interest income					394,662	92,117	486,779	
Transfers					794,558	(794,558)	--	
Total General Revenues and Transfers					24,496,765	(702,441)	23,794,324	
Change in Net Position					328,099	279,994	608,093	
<i>Net Position at Beginning of Period</i>					64,404,131	15,942,174	80,346,305	
<i>Prior Period Adjustment (See Note 14)</i>					--	(489,155)	(489,155)	
<i>Net Position at Beginning of Period - Restated</i>					64,404,131	15,453,019	79,857,150	
Net Position at End of Period					\$ 64,732,230	\$ 15,733,013	\$ 80,465,243	

The Notes to the Financial Statements are an integral part of these Financial Statements

**Allegan County
Balance Sheet
Governmental Funds
December 31, 2014**

	Special Revenue					Total Governmental Funds
	General	Central Dispatch E911 Fund	Mental Health Fund	Senior Millage	Other Governmental Funds	
ASSETS						
Cash and pooled investments	\$ 6,433,960	\$ 5,666,780	\$ --	\$ 261,873	\$ 7,292,439	\$ 19,655,052
Accounts receivable	343,750	712,509	--	3,448	507,244	1,566,951
Property taxes receivable	2,099,197	--	--	1,703,712	9,367	3,812,276
Due from other governments	896,274	72,691	--	--	1,706,935	2,675,900
Inventory	--	--	--	--	19,641	19,641
Prepays	204,011	5,986	--	3,535	48,268	261,800
Due from other funds	--	--	--	--	96,183	96,183
Advances to other funds	372,135	--	--	--	119,240	491,375
Advance to component unit	180,000	--	--	--	--	180,000
Total Assets	\$ 10,529,327	\$ 6,457,966	\$ --	\$ 1,972,568	\$ 9,799,317	\$ 28,759,178
LIABILITIES						
Accounts payable	\$ 389,740	\$ 100,784	\$ --	\$ 116,816	\$ 583,469	\$ 1,190,809
Accrued liabilities	477,391	39,335	--	4,045	162,289	683,060
Due to other governments	--	--	--	--	15,908	15,908
Unearned revenue	--	--	--	--	19,641	19,641
Due to other funds	1,183	--	--	--	95,000	96,183
Total Liabilities	868,314	140,119	--	120,861	876,307	2,005,601
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenues	1,130,223	--	--	--	396,312	1,526,535
Property taxes levied for subsequent year	--	--	--	1,832,332	5,179	1,837,511
Total Liabilities and Deferred Inflows of Resources	1,998,537	140,119	--	1,953,193	1,277,798	5,369,647
FUND BALANCE						
Nonspendable	756,146	5,986	--	3,535	187,149	952,816
Restricted	--	6,311,861	--	15,840	2,322,344	8,650,045
Committed	--	--	--	--	6,012,026	6,012,026
Assigned	89,705	--	--	--	--	89,705
Unassigned	7,684,939	--	--	--	--	7,684,939
Total Fund Balance	8,530,790	6,317,847	--	19,375	8,521,519	23,389,531
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 10,529,327	\$ 6,457,966	\$ --	\$ 1,972,568	\$ 9,799,317	\$ 28,759,178

The Notes to the Financial Statements are an integral part of these Financial Statements

Allegan County
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
December 31, 2014

Total Fund Balance - Governmental Funds	\$	23,389,531
Net Position of internal service funds that are treated as proprietary in the fund level statements are treated as governmental in the entity-wide statements.		7,260,901
Capital assets used in governmental activities are not financial resources, and therefore are not reported in the fund statement. This amount represents capital assets of \$71,575,501 less accumulated depreciation of \$28,416,416.		43,159,085
Other long-term assets are not available to pay current period expenditures and therefore are deferred in the funds.		1,526,535
Certain liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities are largely related to bonds payable of \$27,966,318.		(27,966,318)
Compensated absences are not due and payable in the current period and therefore are not reported in the funds.		(1,146,324)
In the statement of net position, interest is accrued on outstanding bonds, whereas in the governmental funds, the interest expenditure is reported when due.		(65,466)
The net pension asset is not an available resource and, therefore, is not reported in the funds.		18,574,286
Total Net Position - Governmental Funds	\$	<u>64,732,230</u>

The Notes to the Financial Statements are an integral part of these Financial Statements

Allegan County
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2014

	Special Revenue					Total Governmental Funds
	General	Central Dispatch E911 Fund	Mental Health Fund	Senior Millage	Other Governmental Funds	
Revenues						
Taxes and penalties	\$ 19,940,673	\$ --	\$ --	\$ 1,000,667	\$ 87,114	\$ 21,028,454
Licenses and permits	98,361	--	--	--	479,695	578,056
Intergovernmental revenues - Federal	948,600	--	--	--	1,113,920	2,062,520
Intergovernmental revenues - State	2,321,416	--	--	--	5,047,259	7,368,675
Intergovernmental revenues - Local	--	--	--	--	894,344	894,344
Charges for services	3,439,390	3,326,578	--	--	2,145,641	8,911,609
Fines and forfeitures	153,900	--	--	--	2,664	156,564
Interest and rentals	724,770	60,242	--	7,813	130,860	923,685
Other revenues	1,598,582	9,037	--	--	621,205	2,228,824
Total Revenues	29,225,692	3,395,857	--	1,008,480	10,522,702	44,152,731
Expenditures						
Legislative	482,988	--	--	--	--	482,988
Judicial	5,278,405	--	--	--	262,964	5,541,369
General government	27,418,257	--	--	--	1,642,868	29,061,125
Public safety	9,586,199	2,589,225	--	--	1,105,990	13,281,414
Public works	200,479	--	--	--	--	200,479
Health and welfare	745,551	--	697,484	1,387,487	8,571,047	11,401,569
Recreation and cultural	--	--	--	--	284,866	284,866
Community and economic development	119,999	--	--	--	83,407	203,406
Other	357,607	--	--	--	8,950	366,557
Capital outlay	96,966	78,850	--	--	1,187,458	1,363,274
Debt Service - Principal	--	--	--	--	350,000	350,000
Debt Service - Interest	--	--	--	--	388,750	388,750
Total Expenditures	44,286,451	2,668,075	697,484	1,387,487	13,886,300	62,925,797
Excess of Revenues Over (Under) Expenditures	(15,060,759)	727,782	(697,484)	(379,007)	(3,363,598)	(18,773,066)
Other Financing Sources (Uses)						
Pension obligation bonds issued	15,060,000	--	--	--	--	15,060,000
Transfers in	463,175	--	--	25,000	5,913,891	6,402,066
Transfers out	(4,018,783)	--	--	--	(1,248,725)	(5,267,508)
Net Other Financing Sources (Uses)	11,504,392	--	--	25,000	4,665,166	16,194,558
Net Change in Fund Balance	(3,556,367)	727,782	(697,484)	(354,007)	1,301,568	(2,578,508)
Fund Balance at Beginning of Period	12,087,157	5,590,065	697,484	373,382	7,219,951	25,968,039
Fund Balance at End of Period	\$ 8,530,790	\$ 6,317,847	\$ --	\$ 19,375	\$ 8,521,519	\$ 23,389,531

The Notes to the Financial Statements are an integral part of these Financial Statements

Allegan County
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and
Changes in Fund Balance with Statement of Activities
For the Year Ended December 31, 2014

Total Net Change in Fund Balances - Governmental Funds	\$ (2,578,508)
Changes in net position of internal service funds that are treated as enterprise fund changes in net position in the fund level statements are treated as governmental fund changes in net position in the entity-wide statements.	394,071
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. This amount is represented by which capital outlay expenditures of \$1,363,274 is less than depreciation expense of \$2,372,904 and net disposals of \$133,642.	(1,143,272)
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.	(118,366)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This amount represents bond proceeds of \$15,060,000 during the year less principal repayments of \$350,000.	(14,710,000)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds. This represents the current year decrease in accrued interest.	6,585
Compensated absences that are not payable from current year resources are not reported as expenditures of the current year in the funds. In the statement of activities, those costs represent expenses of the current year.	(96,697)
Payments in excess of the annual required contribution are expensed in the funds. However, they represent an asset in the statement of net position as the payments are treated as a prepaid pension cost. This represents the current year excess pension payments.	18,574,286
Changes in Net Position - Governmental Activities	\$ <u>328,099</u>

The Notes to the Financial Statements are an integral part of these Financial Statements

**Allegan County
Statement of Net Position
Proprietary Funds
December 31, 2014**

	<u>Business-type Activities - Enterprise Funds</u>			Governmental
	Delinquent Property Tax	Medical Care Community	Total Enterprise Funds	Activities Internal Service Funds
ASSETS				
<i>Current Assets</i>				
Cash and pooled investments	\$ 8,744,782	\$ 379,315	\$ 9,124,097	\$ 7,252,921
Accounts receivable	194,362	1,223,292	1,417,654	--
Property taxes receivable	3,841,614	--	3,841,614	--
Prepays	4,506	--	4,506	448,787
Total Current Assets	<u>12,785,264</u>	<u>1,602,607</u>	<u>14,387,871</u>	<u>7,701,708</u>
<i>Noncurrent Assets</i>				
Capital assets being depreciated, net	--	2,946,395	2,946,395	--
Total Assets	<u>12,785,264</u>	<u>4,549,002</u>	<u>17,334,266</u>	<u>7,701,708</u>
LIABILITIES				
<i>Current Liabilities</i>				
Accounts payable	92,223	246,762	338,985	60,240
Accrued liabilities	3,325	217,776	221,101	380,567
Due to other governments	6,462	--	6,462	--
Current portion of long-term debt	--	182,368	182,368	--
Advances from other funds	--	491,375	491,375	--
Total Current Liabilities	<u>102,010</u>	<u>1,138,281</u>	<u>1,240,291</u>	<u>440,807</u>
<i>Noncurrent Liabilities</i>				
Long-term debt	--	267,632	267,632	--
Compensated absences	--	93,330	93,330	--
Total Liabilities	<u>102,010</u>	<u>1,499,243</u>	<u>1,601,253</u>	<u>440,807</u>
NET POSITION				
Net investment in capital assets	--	2,005,020	2,005,020	--
<i>Unrestricted</i>	12,683,254	1,044,739	13,727,993	7,260,901
Total Net Position	<u>\$ 12,683,254</u>	<u>\$ 3,049,759</u>	<u>\$ 15,733,013</u>	<u>\$ 7,260,901</u>

The Notes to the Financial Statements are an integral part of these Financial Statements

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

	<u>Business-type Activities - Enterprise Funds</u>			Governmental
	<u>Delinquent Property Tax</u>	<u>Medical Care Community</u>	<u>Total Enterprise Funds</u>	<u>Internal Service Funds</u>
Operating Revenues				
Taxes and penalties	\$ 1,021,353	\$ --	\$ 1,021,353	\$ --
Charges for services	366,378	7,450,616	7,816,994	5,755,137
Interest and rentals	--	--	--	73,503
Other revenues	767	19,759	20,526	102,722
Quality assurance supplement	--	765,050	765,050	--
Total Operating Revenues	<u>1,388,498</u>	<u>8,235,425</u>	<u>9,623,923</u>	<u>5,931,362</u>
Operating Expenses				
General government	240,669	--	240,669	66,796
Medical services expense	--	8,380,663	8,380,663	--
Insurance and employee benefits expense	--	--	--	5,130,495
Total Operating Expenses	<u>240,669</u>	<u>8,380,663</u>	<u>8,621,332</u>	<u>5,197,291</u>
Operating Income (Loss)	<u>1,147,829</u>	<u>(145,238)</u>	<u>1,002,591</u>	<u>734,071</u>
Non-Operating Revenues (Expenses)				
Interest income	92,117	--	92,117	--
Contributions and donations	--	26,194	26,194	--
Interest expense	--	(46,350)	(46,350)	--
Net Non-Operating Revenues (Expenses)	<u>92,117</u>	<u>(20,156)</u>	<u>71,961</u>	<u>--</u>
Income Before Contributions and Transfers	<u>1,239,946</u>	<u>(165,394)</u>	<u>1,074,552</u>	<u>734,071</u>
Transfers in	--	144,192	144,192	--
Transfers out	(938,750)	--	(938,750)	(340,000)
Change In Net Position	<u>301,196</u>	<u>(21,202)</u>	<u>279,994</u>	<u>394,071</u>
<i>Net Position at Beginning of Period</i>	12,382,058	3,560,116	15,942,174	6,866,830
<i>Prior Period Adjustment (See Note 14)</i>	--	(489,155)	(489,155)	--
<i>Net Position at Beginning of Period</i>	12,382,058	3,070,961	15,453,019	6,866,830
Net Position at End of Period	<u>\$ 12,683,254</u>	<u>\$ 3,049,759</u>	<u>\$ 15,733,013</u>	<u>\$ 7,260,901</u>

The Notes to the Financial Statements are an integral part of these Financial Statements

Allegan County
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2014

	Business-type Activities		Total	Governmental
	Enterprise Funds			Activities
	Delinquent	Medical Care	Enterprise	Internal
	Tax	Community	Funds	Service
	Revolving	Funds	Funds	Funds
Cash flows from operating activities				
Cash received from interfund services provided	\$ -	\$ 765,050	\$ 765,050	\$ 6,107,611
Cash received from customers	-	6,845,367	6,845,367	-
Cash payments to suppliers for goods and services	(161,735)	(7,529,029)	(7,690,764)	(415,672)
Cash received from penalties and interest on delinquent taxes	1,568,644	19,759	1,588,403	-
Cash payments to employees for services	-	-	-	-
Cash payments for delinquent tax rolls	-	(485,090)	(485,090)	-
Cash payments for insurance claims	-	-	-	(5,130,495)
Net cash provided by (used in) operating activities	1,406,909	(383,943)	1,022,966	561,444
Cash Flows from non-capital financing activities				
Transfer from other funds	(938,750)	-	(938,750)	(340,000)
Transfers to other funds	-	144,192	144,192	-
Contributions and donations	-	26,194	26,194	-
Net cash (used in) provided by non-capital financing activities	(938,750)	170,386	(768,364)	(340,000)
Cash flows from capital and related financing activities				
Acquisition and construction of capital assets	-	(48,150)	-	-
Principal payments on long-term debt	-	(224,961)	-	-
Interest payments on long-term debt	-	(46,350)	(46,350)	-
Net cash used in capital and related financing activities	-	(319,461)	(319,461)	-
Cash flows from investing activities				
Interest received on investments	92,117	-	-	-
Net change in cash and cash equivalents	92,117	-	92,117	-
Net change in cash and cash equivalents	560,276	(533,018)	27,258	221,444
Cash and cash equivalents - beginning of Year	8,184,506	912,333	9,096,839	7,031,477
Cash and cash equivalents - end of year	\$ 8,744,782	\$ 379,315	\$ 9,124,097	\$ 7,252,921

The Notes to the Financial Statements are an integral part of these Financial Statements

**Allegan County
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2014**

	Business-type Activities Enterprise Funds		Total Enterprise Funds	Governmental Activities
	Delinquent Tax Revolving	Medical Care Community		Internal Service Funds
Reconciliation of operating income (loss) to Net cash provided (used) by operating activities				
Operating income	\$ 1,147,829	\$ (145,238)	\$ 1,002,591	\$ 734,071
Adjustments to reconcile operating income to net cash				
Provided (used) by operating activities				
Depreciation expense	6,400	284,465	284,465	-
Changes in assets & liabilities				
Accounts receivable	(24,491)	(228,585)	(253,076)	3,567
Delinquent property taxes receivable	472,635	(376,664)	95,971	-
Prepays	(533)	29,541	29,008	188,512
Accounts payable	78,934	12,394	91,328	(348,876)
Accrued liabilities	427	40,144	40,571	380,567
Compensated absences	-	-	-	(396,397)
Due to other funds	(250,000)	-	(250,000)	-
Due to other governments	(24,292)	-	(24,292)	-
Net cash provided by (used in) operating activities	\$ 1,406,909	\$ (383,943)	\$ 1,022,966	\$ 561,444

The Notes to the Financial Statements are an integral part of these Financial Statements

Allegan County
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2014

	Agency Funds
ASSETS	
Cash and pooled investments	\$ 3,182,561
<i>Total Assets</i>	3,182,561
LIABILITIES	
Assets held on behalf of others	3,182,561
<i>Total Liabilities</i>	3,182,561
NET POSITION	
Held in Trust	\$ --

The Notes to the Financial Statements are an integral part of these Financial Statements

Allegan County
Combining Statement of Net Position
Component Units
December 31, 2014

	<u>Mental Health</u>	<u>Drains / Public Works</u>	<u>Allegan County Road Commission</u>	<u>Total Component Units</u>
ASSETS				
<i>Current Assets</i>				
Cash and pooled investments	\$ 342,050	\$ 2,059,661	\$ 3,611,557	\$ 6,013,268
Accounts receivable	2,477,964	15,218,438	2,161,495	19,857,897
Property taxes receivable	--	--	2,788,764	2,788,764
Due from other funds	--	--	1,273,745	1,273,745
Due from other governments	--	2,157	1,877,577	1,879,734
Inventory	--	--	1,316,855	1,316,855
Prepays	267,273	--	168,213	435,486
Total Current Assets	3,087,287	17,280,256	13,198,206	33,565,749
<i>Noncurrent Assets</i>				
Capital assets not being depreciated	--	2,488,969	88,182,523	90,671,492
Capital assets being depreciated, net	66,431	8,616,130	95,220,010	103,902,571
Total Assets	3,153,718	28,385,355	196,600,739	228,139,812
DEFERRED OUTFLOWS OF RESOURCES				
Loss on advance refunding	--	144,386	--	144,386
Total Deferred Outflows of Resources	--	144,386	--	144,386
LIABILITIES				
<i>Current Liabilities</i>				
Accounts payable	1,969,551	325,054	991,502	3,286,107
Accrued payroll	--	1,980	--	1,980
Bonds payable	--	--	16,280	16,280
Accrued liabilities	223,183	--	79,669	302,852
Due to other governments	--	--	31,933	31,933
Unearned revenue	72,345	--	--	72,345
Accrued interest	--	134,316	--	134,316
Current portion of long-term debt	--	2,335,297	161,687	2,496,984
Advances from other governments	--	180,300	--	180,300
Total Current Liabilities	2,265,079	2,976,947	1,281,071	6,523,097
<i>Noncurrent Liabilities</i>				
Long-term debt	--	14,144,682	1,846,317	15,990,999
Advances from other funds	56,927	--	--	56,927
Compensated absences	420,558	--	203,181	623,739
Total Liabilities	2,742,564	17,121,629	3,330,569	23,194,762
DEFERRED INFLOWS OF RESOURCES				
Property taxes levied for subsequent year	74,601	--	3,032,689	3,107,290
Total Deferred Inflows of Resources	74,601	--	3,032,689	3,107,290
NET POSITION				
Net investment in capital assets	66,431	5,610,210	181,556,216	187,232,857
Restricted	--	4,668,675	--	4,668,675
Unrestricted	270,122	1,129,227	8,681,265	10,080,614
Total Net Position	\$ 336,553	\$ 11,408,112	\$ 190,237,481	\$ 201,982,146

The Notes to the Financial Statements are an integral part of these Financial Statements

Allegan County
Combining Statement of Activities
Component Units
For the Year Ended December 31, 2014

	<u>Mental Health</u>	<u>Drains / Public Works</u>	<u>Allegan County Road Commission</u>	<u>Total Component Units</u>
Expenses				
Health and welfare	\$ 24,051,493	\$ --	\$ --	\$ 24,051,493
Road commission	--	--	16,446,586	16,446,586
Drains/public works	--	1,440,594	--	1,440,594
Total Expenses	<u>24,051,493</u>	<u>1,440,594</u>	<u>16,446,586</u>	<u>41,938,673</u>
Program Revenues				
Charges for services	21,167,740	505,648	163,781	21,837,169
Operating grants and contributions	2,462,794	--	11,476,433	13,939,227
Capital grants and contributions	--	1,307,175	11,637,825	12,945,000
Total Program Revenues	<u>23,630,534</u>	<u>1,812,823</u>	<u>23,278,039</u>	<u>48,721,396</u>
Net Program Revenues (Expenses)	<u>(420,959)</u>	<u>372,229</u>	<u>6,831,453</u>	<u>6,782,723</u>
General Revenue				
Taxes and penalties	--	--	3,071,923	3,071,923
Intergovernmental revenues - Local	752,175	--	--	752,175
Other revenues	--	6,985	--	6,985
Interest income	5,337	18,893	--	24,230
Total General Revenues	<u>757,512</u>	<u>25,878</u>	<u>3,071,923</u>	<u>3,855,313</u>
Change in Net Position	<u>336,553</u>	<u>398,107</u>	<u>9,903,376</u>	<u>10,638,036</u>
<i>Net Position at Beginning of Period</i>	--	11,010,005	180,334,105	191,344,110
Net Position at End of Period	<u>\$ 336,553</u>	<u>\$ 11,408,112</u>	<u>\$ 190,237,481</u>	<u>\$ 201,982,146</u>

The Notes to the Financial Statements are an integral part of these Financial Statements

Notes to the Financial Statements

Allegan County

Notes to the Financial Statements

Note 1 - Summary of Significant Accounting Policies

The County of Allegan, Michigan (the “County”) was organized in 1835 and covers an area of 829 square miles divided into 24 townships, 3 villages and 6 cities. The County seat is located in the City of Allegan. The County of Allegan operates under an elected Board of County Commissioners (11 members) and provides services to its more than 105,000 residents in many areas including; law enforcement, administration of justice, community enrichment and development, and human services.

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

The accompanying financial statements present the County (the primary government) and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the County’s operations, so data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the County.

Blended Component Unit

Allegan County Building Authority (the “Building Authority”)

The governing board is appointed by the Allegan County Board of Commissioners. The Building Authority’s purpose is to finance and construct the County’s public buildings. The Building Authority is included as a capital projects and debt service fund in the financial statements. A separate report is not prepared for the Building Authority.

Discretely-presented Component Units

Allegan County Road Commission (the “Road Commission”)

The Road Commission, which is established pursuant to the County Road Law (MCL 224.1), is governed by a three member Board of County Road Commissioners appointed by the County Board of Commissioners. The Road Commission may not issue debt or levy a tax without the approval of the County Board of Commissioners. The Road Commission’s taxes are levied under the taxing authority of the County, as approved by the County electors, and are included as part of the County’s total tax levy and reported in the County Road Commission Fund.

Allegan County

Notes to the Financial Statements

Complete financial statements of the Road Commission component unit can be obtained from its administrative offices at:

Allegan County Road Commission
1308 Lincoln Road, M-89
Allegan, Michigan 49010

The Allegan County Community Mental Health Authority

The Allegan County Community Mental Health Authority (“the Mental Health Authority”, under the State of Michigan’s Mental Health Code, was created to provide mental health services to the residents of Allegan County. The Mental Health Authority is governed by a 12 member board appointed by the Allegan County Board of Commissioners. The Mental Health Authority’s Board approves its annual budget, approves and authorizes all contracts for the provision of services, appoints the executive director of the Mental Health Authority, and establishes general policy guidelines within which the executive director shall execute the Mental Health Authority’s programs. The Mental Health Authority is considered a discretely presented component unit for these reasons.

Complete financial statements of the Mental Health Authority component unit can be obtained from its administrative offices at:

Allegan County Community Mental Health Authority
3283 122nd Avenue
Allegan, Michigan 49010

Drain Commission/Department of Public Works

Pursuant to Act 185, Public Acts of 1957, the County of Allegan entered into a program of water supply and sanitary sewer facility construction. The Allegan County Drain Commissioner was appointed as County agent by the Allegan County Board of Commissioners. The County appoints the voting majority to this organization’s governing body. These factors result in the Drain Commission/Department of Public Works being reported as a component unit of the County. The County agent manages water supply and sanitary sewer system construction projects that are financed through bonding by the County of Allegan. Pursuant to the Drain Code of 1956, the Drain Commissioner has the responsibility to administer the State Drain Code. The Allegan County Drain Commissioner is responsible for planning, developing and maintaining surface water drainage systems within the County. The Drain Commissioner as a County agent may issue debt or levy a tax as authorized by the Drain Code without approval of the County Board of Commissioners. A separate report is not prepared for the Drain Commission/Department of Public Works.

Allegan County

Notes to the Financial Statements

Allegan County Brownfield Redevelopment Authority (the "Brownfield Authority")

The Brownfield Authority was established in January 2007 under Public Act 381 of 1996 (as amended by Public Act 145 of 2000) for the purpose of identifying and facilitating improvement of environmentally distressed areas, in order to promote revitalization within the County. The Authority is governed by a 9-member Board. All applications for projects must be approved by the County Board of Commissioners. The Brownfield Authority had no financial activity, assets, or liabilities at December 31, 2013. As such, financial information is not presented within these financial statements.

Funds with Other Year Ends

The financial statements of the Mental Health Authority (a discretely presented component unit) have been included in the accompanying 2014 financial statements using their fiscal year ended September 30, 2014.

Interfund balances, due to/from account balances, indirect expense allocations, as well as transfers, may not agree across all funds due to the different year ends reported in these funds.

Government-wide and Fund Financial Statements

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

Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect expenses are charged based upon a County-wide cost allocation plan which allocates costs based upon the number of full time equivalents, number of transactions, and other pertinent information. 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

Allegan County

Notes to the Financial Statements

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. The fiduciary fund financial statements use the economic resources measurement focus, although the agency funds do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. After March 1 of the year for which they were levied, the delinquent tax revolving fund pays the County for any outstanding real property taxes as of that date. 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 180 days of the end of the current fiscal period, within 60 days for property taxes or within one year for reimbursement-based grants. Grant revenues are considered to be available when all eligibility requirements imposed by the provider have been met. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and compensated absences are recorded only when payment is due.

Property taxes, intergovernmental revenues, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenues are considered to be measurable and available only when cash is received by the County.

The County reports the following major governmental funds:

General fund – This fund is the County’s primary operating fund. It accounts for all financial resources of the general government, except those accounted for and reported in another fund.

Central dispatch E911 fund – This fund is used to account for restricted revenues from surcharges on cell phone services and State funding under Public Act 32. These amounts are expended to construct, maintain, and operate emergency dispatching within the County.

Allegan County

Notes to the Financial Statements

Senior millage fund – This fund is used to account for a dedicated property tax millage and related expenditures for senior services.

The County reports the following major enterprise funds:

Delinquent property tax fund – This fund is used to pay each local governmental unit, including the County itself, the respective amount of real property taxes not collected as of March 1 of each year. Financing is provided by subsequent collection of delinquent property taxes by the County Treasurer.

Medical Care Community fund – This fund accounts for the operations of the Allegan County Medical Care Community, which provides long-term health care to residents of the County.

Additionally, the County reports the following fund types:

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

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

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

Internal service funds account for insurance coverage provided to County departments on a cost reimbursement basis.

Agency funds are used to account for assets held on behalf of outside parties, including other governments. The library penal fines fund is used to account for the collection of penal fines and distribution to libraries (including an allocation to the County law library).

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are interest and penalties on delinquent taxes

Allegan County

Notes to the Financial Statements

and charges for services provided. The principal operating revenues of the County's internal service funds are charged to County departments for insurance coverage. Operating expenses for the enterprise funds consist of the costs of services, administrative expenses and depreciation on capital assets. Operating expenses for the internal service funds include the cost of services (including claims) and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Budgets and Budgetary Accounting

A budget is adopted by the Board of Commissioners in accordance with Michigan Public Act 621 of 1978, the Uniform Budgeting and Accounting Act, for the general and special revenue funds. The Board amends the budget as necessary during the year. The budget is adopted on the modified accrual basis of accounting consistent with the actual financial statements for these funds. The budget is adopted at the activity level and control is exercised at the activity level for the general fund and special revenue funds. The County Finance Director is authorized to transfer budget amounts for line items within activities without formal Board approval. The Board must approve any amendments at the activity level (department) for the general fund and other budgeted funds.

All budget appropriations lapse at the end of each fiscal year unless specific Board action is taken. All budgetary presentations include original and amended budgets.

Assets, Liabilities and Equity

Cash and Pooled Investments

The County maintains a cash and investment pool that is available for use by select funds. Each funds allocation of this pool is reported on the fund and government-wide statements as cash and pooled investments. For purpose of the statement of cash flows, the County considers all assets held in the cash and investment pools to be cash equivalents because the investments are not identifiable to specific funds and the assets can be withdrawn at any time, similar to a demand deposit account.

Restricted Cash and Cash Equivalents

Restricted cash is related to patient trust funds and capital campaign dollars for the Medical Care Community. The restricted cash is offset by a "due to patients" liability account, reported as a component of "accounts payable" in the accompanying statement of net position.

Allegan County

Notes to the Financial Statements

Investments

The County's investments consist primarily of certificates of deposit, money market accounts, and U.S. agencies and treasuries. Investments are carried at fair value.

Current Taxes Receivable

Property taxes are levied on the assessed taxable value of the property as established by local units, accepted by the County and equalized under State statute at approximately 50% of the current estimated market value. In March 1994, Michigan voters approved Proposal A, which limits annual increases in assessed values to the lesser of 5% or the rate of inflation with assessed value reverting to 50% of true cash value when the property is sold. 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.

Delinquent Taxes Receivable

Property taxes receivable in the delinquent tax revolving funds represent unpaid balances from the previous years' levies of 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 three year period. Interest at one percent per month (increased to 1.5 percent after 12 months, retroactive to the date of delinquency) and administrative fees at four percent 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 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.

Accounts Receivable and Due From Other Governments

All trade and property tax 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. Revenues received in advance of project costs being incurred are recorded as unearned revenue.

Leases and Special Assessments Receivable

The Drain Commission/Department of Public Works component unit has leases and special assessments receivable recorded in the amount of \$11,037,709 and \$4,180,729, respectively. Leases receivable represent amounts owed to the County by other local units of government for the retirement of bonds payable issued to finance construction of water/sewer infrastructure. Special assessments are levied on properties within a drainage district that are deemed to receive the primary benefit of the maintenance/construction. The amounts generally correspond to related

Allegan County

Notes to the Financial Statements

bonds and notes payable issued to finance the project and may be assessed over one year or multiple years. Of the leases and special assessment receivables, \$1,065,000 and \$835,169, respectively, are expected to be collected within one year while the remaining balances are long-term. Lease and special assessments receivable are recorded with an offsetting credit to deferred inflows of resources on the fund statements as the balances do not represent expendable available financial resources.

Deferred Inflows of Resources

Property taxes (excluding those for the general fund and soldiers' relief allocation, which are subject to a different timeline) are levied and attach as an enforceable lien of property on December 1. Property taxes are payable through February 14. Although the County's 2014 ad valorem tax (excluding the portion for general operations and soldiers' relief) is levied and collectible on December 1, 2014, 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, 2014 levy has been reported as deferred inflows of resources at year-end.

The County reports certain receivables in governmental funds that are not due and collectible soon enough to meet the criteria for revenue recognition under the current financial resources method of accounting. These amounts have also been reported as "deferred inflows of resources" in the fund financial statements, but are recognized when earned, regardless of the timing of collection, in the government-wide statements.

Due To/Due From

During the course of operations, numerous transactions occur between individual funds and/or between the primary government and component units for goods provided or services rendered. These receivables and payables are classified as "due from other funds/component units" or "due to other funds/component units" on the fund balance sheets.

Advances to Other Funds

Noncurrent portions of long-term interfund loans receivable in governmental funds are reported as advances and are offset by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and therefore are not available for appropriation.

Inventory and Prepaids

Road Commission (component unit) inventories are priced at cost as determined on the average unit cost method. Inventory items are charged to road construction and maintenance, and equipment repairs and operations, as used. Health department inventory is valued at cost, determined by the first-in, first-out (FIFO) method.

Allegan County

Notes to the Financial Statements

Payments made to vendors for services that will benefit periods beyond a fund’s fiscal year-end are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets (Excluding Road Commission - Component Unit)

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. The capitalization threshold for drain infrastructure is \$25,000. Capital assets other than infrastructure assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exists. Donated capital assets are valued at their estimated fair value on the date received. The amount reported for infrastructure includes only assets added since December 31, 2000.

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. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

No interest expense has been incurred or capitalized on capital assets reported in proprietary funds.

Depreciation on the capital assets (including infrastructure) is computed using the straight-line method, as follows:

Description	Years
Land improvements	20
Buildings and improvements	30-50
Infrastructure	8-50
Equipment and furniture	5-10

Capital Assets (Road Commission - Component Unit)

Capital assets, which include property, plant and equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exists. Donated capital assets are valued at their estimated fair value on the date received.

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. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Allegan County

Notes to the Financial Statements

Depreciation is computed on the sum-of-the-years'-digits method for road equipment and straight-line method for all other capital assets. The depreciation rates are designed to amortize the cost of the assets over their estimated useful lives, as follows: over the following estimated useful lives:

<u>Description</u>	<u>Years</u>
Buildings and improvements	30-50
Infrastructure	8-50
Equipment and furniture	4-10

Deferred Outflows of Resources

The Drain Commission/Department of Public Works component unit refunded certain bonds payable in order to secure lower interest rates and reduce future debt service expenditures. The difference between the carrying amount of the refunded debt and the amount placed in escrow for purposes of paying the remaining balance of refunded debt is reported as a loss on advance refunding. This amount is being amortized using the straight-line method over the life of the related bonds. Amortization expense for the year ending December 31, 2014 was \$9,764.

Compensated Absences

Eligible employees are permitted to accumulate earned but unused vacation and sick pay benefits in varying amounts based on length of service and certain other established criteria. Sick and vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured (e.g. – as a result of employee resignations and retirements).

Long-term Obligations

In the government-wide financial statements and proprietary fund type statements, the 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 (which approximates the effective interest method). Bonds payable are reported net of the applicable bond premium or discount.

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

Allegan County

Notes to the Financial Statements

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 County Board of Commissioners has not formally delegated the authority for assigning fund balance to a specific individual or department. Unassigned fund balance is the residual classification for the general fund.

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

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.

Note 2 - Stewardship and Budgetary Compliance

Budget Violations

Public Act 621 of 1978, as amended, requires the adoption of a balanced budget for general and special revenue funds, as well as budget amendments as needed to prevent actual expenditures

Allegan County

Notes to the Financial Statements

from exceeding those provided for in the budget. The approved budgets of the County for all budgetary funds were adopted at the department (activity) level.

During the year ended December 31, 2014, expenditures were incurred in excess of the amounts appropriated in the amended budget of the general fund and special revenue fund types of the primary government as follows:

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund			
Sick & Vacation	\$ 3,737,000	\$ 18,624,737	\$ 14,887,737
Central Dispatch E911 Fund			
Public Safety	2,565,240	2,589,225	23,985

Note 3 - Deposits and Investments

The captions on the government-wide and fund statements relating to cash and investments are as follows:

	<u>Primary Government</u>	<u>Component Units</u>	<u>Fiduciary Funds</u>	<u>Totals</u>
Cash & Cash Equivalents	\$ 36,032,070	\$ 6,013,268	\$ 3,182,561	\$ 45,227,899
Restricted Cash & Cash Equivalents	-	-	-	-
Total	<u>\$ 36,032,070</u>	<u>\$ 6,013,268</u>	<u>\$ 3,182,561</u>	<u>\$ 45,227,899</u>

Deposits and investments consisted of the following at December 31, 2014:

Cash on hand	\$ 16,375
Demand deposits (checking and savings accounts)	15,827,863
Certificates of deposits (due within one year)	4,352,130
Certificates of deposits (due within 1-5 years)	249,488
Investments	<u>24,782,043</u>
Total	<u>\$ 45,227,899</u>

These deposits are in seven (7) financial institutions located in Michigan in varying amounts. State policy limits the Treasurer's investing options to financial institutions located in Michigan. All accounts are in the name of the County and a specific fund or common account. They are recorded in the County records at cost. Interest is recorded when earned.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned. State law does not require and the County's investment policy does not have specific limits in excess of state law pertaining to custodial

Allegan County

Notes to the Financial Statements

credit risk. The County does a quarterly internal rating of the banks it has deposits in excess of the FDIC limit with utilizing outside sources to obtain the ratings. As of year-end, \$17,209,392 of the bank balance of \$19,958,879 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial Credit Risk – Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require and the County does not have a policy for investment custodial credit risk. As of December 31, 2014, none of the County’s investments were exposed to risk since the securities are held in the County’s name by the counterparty. The County’s investments at year-end are summarized as follows:

Money market accounts	\$ 12,729,320
U.S. government-backed securities	5,035,614
Municipal bonds	7,017,109
Total	\$ 24,782,043

Interest Rate Risk. State law limits the allowable investments and the maturities of some of the allowable investments as identified above. The County’s investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The maturity dates for investments held at year-end are summarized as follows:

Less than 1 year	\$ 1,648,055
1 to 5 years	6,126,901
6 or more years	4,277,767
No maturity	12,729,320
Total	\$ 24,782,043

Credit Risk. State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of the County’s specific financial institutions, qualified mutual funds, and qualified external investment pools as identified in “statutory authority” below. The investment policy does not have specific limits in excess of state law on investment credit risk.

The credit risk ratings for investments held at year-end are summarized as follows:

S&P AAA	\$ 1,583,846
S&P AA/AA-/AA+	10,468,877
Not rated	12,729,320
Total	\$ 24,782,043

Allegan County

Notes to the Financial Statements

Concentration of Credit Risk. State law limits allowable investments but does not limit concentration of credit risk. The County's investment policy does not have specific limits in excess of State law on concentration of credit risk. All investments held at year-end are reported above.

Investments

Statutes authorize the County to invest in the following:

- Bonds, securities, and other direct 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 which matures not more than 270 days after the day 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.
- Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles which are legal for direct investment by a public corporation.
- External investment pools as authorized by Public Act 20 as amended through December 31, 1997.

Interest income on cash deposits and investments is allocated only to those funds required by the State to earn income on interest-bearing accounts. Income is allocated based on the cash balance of each fund in comparison to the cash balance of the County as a whole. All interest income remaining after the allocation has been made is credited to the general fund.

Allegan County

Notes to the Financial Statements

Note 4 - Interfund Receivables and Payables

The amounts of interfund balances as of December 31, 2014 represent loans for cash flow purposes and are as follows:

	Interfund Receivable	Interfund Payable
General fund	\$ -	\$ 1,183
Nonmajor governmental funds	96,183	95,000
Delinquent property tax fund	-	-
Total	\$ 96,183	\$ 96,183

	Advance to Fund	Advance from Fund
General fund	\$ 372,135	\$ -
Nonmajor governmental funds	119,240	
Medical Care Community enterprise fund	-	491,375
Total	\$ 491,375	\$ 491,375

The advances to the Medical Care Community represent loans to finance capital improvements and building expansion. Timing differences are a result of certain funds having a fiscal year-end that is different from the County's year-end.

	Advance to Component Unit	Advance from Primary Government
General fund	\$ 180,000	\$ -
Drain/Department of Public Works component unit	-	180,000
Total	\$ 180,000	\$ 180,000

Allegan County

Notes to the Financial Statements

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

Transfers in	Transfers out				Totals
	General Fund	Nonmajor Governmental Funds	Delinquent Tax	Internal Service Funds	
General fund	\$ -	\$ 263,175	\$ 200,000	\$ -	\$ 463,175
Senior millage	25,000	-	-	-	25,000
Nonmajor governmental funds	3,849,591	985,550	738,750	340,000	5,913,891
Medical Care Community	144,192	-	-	-	144,192
Totals	\$ 4,018,783	\$ 1,248,725	\$ 938,750	\$ 340,000	\$ 6,546,258

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.

Allegan County

Notes to the Financial Statements

Note 5 - Capital Assets

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

Governmental activities	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 759,162	\$ -	\$ -	\$ -	\$ 759,162
Construction in progress	21,995,074	433,213	48,055	(22,347,569)	32,663
<i>Total capital assets not being depreciated</i>	<u>22,754,236</u>	<u>433,213</u>	<u>48,055</u>	<u>(22,347,569)</u>	<u>791,825</u>
Capital assets, being depreciated:					
Land improvements	2,520,563	7,455	-	-	2,528,018
Buildings and improvements	29,149,883	16,246	-	21,557,241	50,723,370
Equipment and furniture	14,506,028	906,361	336,056	790,328	15,866,661
Infrastructure	1,665,626	-	-	-	1,665,626
<i>Total capital assets being depreciated</i>	<u>47,842,100</u>	<u>930,062</u>	<u>336,056</u>	<u>22,347,569</u>	<u>70,783,675</u>
Less accumulated depreciation for:					
Land improvements	1,558,790	165,681	-	-	1,724,471
Buildings and improvements	11,565,888	1,456,244	-	-	13,022,132
Equipment and furniture	12,737,790	652,632	250,469	-	13,139,953
Infrastructure	431,512	98,347	-	-	529,859
<i>Total accumulated depreciation</i>	<u>26,293,980</u>	<u>2,372,904</u>	<u>250,469</u>	<u>-</u>	<u>28,416,415</u>
Total capital assets being depreciated, net	<u>21,548,120</u>	<u>(1,442,842)</u>	<u>85,587</u>	<u>22,347,569</u>	<u>42,367,260</u>
Governmental activities capital assets, net	<u>\$ 44,302,356</u>	<u>\$ (1,009,629)</u>	<u>\$ 133,642</u>	<u>\$ -</u>	<u>\$ 43,159,085</u>

Depreciation expense was charged to functions/programs of governmental activities as follows:

Governmental activities	
Judicial	\$ 13,357
General government	875,332
Public safety	942,440
Health and welfare	533,353
Recreation and cultural	8,422
Total depreciation expense - governmental activities	<u>\$ 2,372,904</u>

Allegan County

Notes to the Financial Statements

Business-type activities	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Capital assets, not being depreciated:					
Construction in progress	\$ 11,049	\$ -	\$ -	\$ (11,049)	\$ -
Capital assets, being depreciated:					
Land improvements	99,967	-	-	-	99,967
Buildings and improvements	6,470,757	32,898	-	-	6,503,655
Machinery and equipment	739,475	15,252	-	11,049	765,776
<i>Total capital assets being depreciated</i>	<u>7,310,199</u>	<u>48,150</u>	<u>-</u>	<u>11,049</u>	<u>7,369,398</u>
Less accumulated depreciation for:					
Land improvements	99,915	52	-	-	99,967
Buildings and improvements	3,621,889	203,245	-	-	3,825,134
Machinery and equipment	416,734	81,168	-	-	497,902
<i>Total accumulated depreciation</i>	<u>4,138,538</u>	<u>284,465</u>	<u>-</u>	<u>-</u>	<u>4,423,003</u>
Total capital assets being depreciated, net	<u>3,171,661</u>	<u>(236,315)</u>	<u>-</u>	<u>11,049</u>	<u>2,946,395</u>
Business-type activities capital assets, net	<u>\$ 3,182,710</u>	<u>\$ (236,315)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,946,395</u>

A summary of changes in the Road Commission capital assets was as follows:

Road Commission Component Unit	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land and improvements	\$ 80,625,706	\$ 7,556,817	\$ -	\$ -	\$ 88,182,523
Capital assets, being depreciated:					
Buildings	1,383,385	-	-	-	1,383,385
Machinery and equipment	12,720,768	654,813	157,132	-	13,218,449
Infrastructure	143,089,209	9,854,782	2,729,475	-	150,214,516
<i>Total capital assets being depreciated</i>	<u>157,193,362</u>	<u>10,509,595</u>	<u>2,886,607</u>	<u>-</u>	<u>164,816,350</u>
Less accumulated depreciation for:					
Buildings	823,742	21,878	-	-	845,620
Machinery and equipment	10,127,142	636,735	157,132	-	10,606,745
Infrastructure	54,155,077	6,718,373	2,729,475	-	58,143,975
<i>Total accumulated depreciation</i>	<u>65,105,961</u>	<u>7,376,986</u>	<u>2,886,607</u>	<u>-</u>	<u>69,596,340</u>
Total capital assets being depreciated, net	<u>92,087,401</u>	<u>3,132,609</u>	<u>-</u>	<u>-</u>	<u>95,220,010</u>
Road Commission capital assets, net	<u>\$ 172,713,107</u>	<u>\$ 10,689,426</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 183,402,533</u>

Allegan County

Notes to the Financial Statements

A summary of changes in the Mental Health Authority capital assets was as follows:

Mental Health, Component Unit	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Capital assets, being depreciated:					
Machinery and equipment	\$ 384,111	\$ -	\$ -	\$ -	\$ 384,111
<i>Total capital assets being depreciated</i>	<u>384,111</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>384,111</u>
Less accumulated depreciation for:					
Machinery and equipment	250,469	67,211	-	-	317,680
<i>Total accumulated depreciation</i>	<u>250,469</u>	<u>67,211</u>	<u>-</u>	<u>-</u>	<u>317,680</u>
Total capital assets being depreciated, net	<u>133,642</u>	<u>(67,211)</u>	<u>-</u>	<u>-</u>	<u>66,431</u>
<i>Mental Health capital assets, net</i>	<u>\$ 133,642</u>	<u>\$ (67,211)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 66,431</u>

A summary of changes in the Drain Commission/Department of Public Works capital assets was as follows:

Drain Commission/Department of Public Works Component Unit	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 853,800	\$ -	\$ -	\$ -	\$ 853,800
Construction in progress	602,346	1,032,823	-	-	1,635,169
<i>Total capital assets not being depreciated</i>	<u>1,456,146</u>	<u>1,032,823</u>	<u>-</u>	<u>-</u>	<u>2,488,969</u>
Capital assets, being depreciated:					
Machinery and equipment	47,481	13,680	9,940	-	51,221
Infrastructure	10,171,220	-	-	-	10,171,220
<i>Total capital assets being depreciated</i>	<u>10,218,701</u>	<u>13,680</u>	<u>9,940</u>	<u>-</u>	<u>10,222,441</u>
Less accumulated depreciation for:					
Machinery and equipment	41,484	7,820	9,940	-	39,364
Infrastructure	1,363,522	203,425	-	-	1,566,947
<i>Total accumulated depreciation</i>	<u>1,405,006</u>	<u>211,245</u>	<u>9,940</u>	<u>-</u>	<u>1,606,311</u>
Total capital assets being depreciated, net	<u>8,813,695</u>	<u>(197,565)</u>	<u>-</u>	<u>-</u>	<u>8,616,130</u>
<i>Drain Commission/DPW capital assets, net</i>	<u>\$ 10,269,841</u>	<u>\$ 835,258</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,105,099</u>

In September 2013, the County Drain Commission/Department of Public Works component unit issued general obligation limited tax bonds through the State Revolving Fund program to finance construction of a sewage disposal system. The expenditures of bond proceeds are accounted for in Kalamazoo Lake Sewer/Water capital projects fund of the Drain Commission/Department of Public Works component unit. These amounts have not been reported as construction in progress of the component unit, as the asset will be capitalized by the Kalamazoo Lake Sewer and Water Authority. The final draws on this bond occurred during 2014.

Allegan County

Notes to the Financial Statements

Note 6 - Long/Short-Term Debt

The individual long-term debt and other long-term obligations of Allegan County, and the changes therein, are summarized as follows:

Governmental Activities	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
General obligation bonds	\$ 13,150,000	\$ -	\$ 350,000	\$ 12,800,000	\$ 375,000
Pension obligation bonds	-	15,060,000	-	15,060,000	730,000
Net premium/discount	112,452	-	6,134	106,318	-
Compensated absences	1,446,024	-	299,700	1,146,324	-
Total Governmental Activities	\$ 14,708,476	\$15,060,000	\$ 655,834	\$ 29,112,642	\$ 1,105,000

Compensated absences in the governmental activities are liquidated by the general fund.

Business-type Activities	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
General obligation bonds	\$ 550,000	\$ -	\$ 100,000	\$ 450,000	\$ 100,000
Compensated absences	125,291	-	31,961	93,330	-
Total Business-type Activities	\$ 675,291	\$ -	\$ 131,961	\$ 543,330	\$ 100,000

The statement of net position includes an additional \$82,368 within business-type activities in its current portion of long-term debt for a scheduled reduction of interfund balances due to the general fund during 2015.

Road Commission Component Unit

Compensated absences	\$ 310,958	\$ 215,597	\$ 161,687	\$ 364,868	\$ 161,687
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Drains/DPW Component Unit

General obligation bonds	\$ 14,343,224	\$ 136,491	\$ 1,378,525	\$ 13,101,190	\$ 1,065,000
Notes payable	3,081,677	1,371,150	1,218,416	3,234,411	1,196,967
Total installment debt	17,424,901	1,507,641	2,596,941	16,335,601	2,261,967
Net Premium/discount	80,542	-	9,764	70,778	9,764
Short-term notes	146,600	73,600	146,600	73,600	73,600
Total Drains/DPW Component Unit	\$ 17,652,043	\$ 1,581,241	\$ 2,753,305	\$ 16,479,979	\$ 2,345,331

Governmental Activities

\$13,500,000 2012 Capital Improvement Bonds, due in annual installments of \$350,000 to \$1,000,000 plus interest ranging from 2.00 to 4.00%, payable semi-annually, through May 1, 2032.	\$ 12,800,000
\$15,060,000 2014 Pension Obligation Bonds, due in annual installments of \$680,000 to \$1,110,000 plus interest ranging from 0.30 to 4.00%, payable semi-annually, through May 1, 2032.	15,060,000
Total Governmental Activity Debt	\$ 27,860,000

Allegan County

Notes to the Financial Statements

Business-type Activities

\$1,375,000 1997 Building Authority Bonds, due in annual installments of \$50,000 to \$125,000 plus interest ranging from 4.20 to 5.25%, payable semi-annually, through May 1, 2018. \$ 450,000

Drains/DPW Component Unit

\$645,000 2004 Otsego Township Water Supply and Sewage Disposal General Obligation Limited Tax Bonds, due in annual installments of \$35,000 to \$70,000 plus interest ranging from 2.75 to 4.125%, payable semi-annually, through May 1, 2016. \$ 125,000

\$3,410,000 2004 CASCO-South Haven Wastewater Treatment and Water Supply System General Obligation Limited Tax Bonds, due in annual installments of \$70,000 to \$325,000 plus interest ranging from 3.00 to 4.00%, payable semi-annually, through May 1, 2017. 440,000

\$965,000 2006 City of Otsego Water and Sewer General Obligation Limited Tax Refunding Bonds, due in annual installments of \$25,000 to \$105,000 plus interest ranging from 3.80 to 4.50%, payable semi-annually, through May 1, 2020. 605,000

\$2,580,000 2007 Bear Swamp and Extension Drainage District Bonds Payable, due in annual installments of \$255,000 to \$260,000 plus interest at 4.59%, payable semi-annually, through June 1, 2017. 780,000

\$1,195,000 2012 Village of Martin Water System No. 8 General Obligation Limited Tax Refunding Bonds, due in annual installments of \$35,000 to \$55,000 plus interest ranging from 2.00 to 4.00%, payable semi-annually, through May 1, 2040. 1,115,000

\$659,000 2012 Moline Drainage District Bonds, due in annual installments of \$65,900 plus interest at 2.95%, payable semi-annually, through June 1, 2022. 527,200

\$1,930,000 2012 City of Wayland Sewage Disposal System No. 15 General Obligation Limited Tax Refunding Bonds, due in annual installments of \$180,000 to \$235,000 plus interest ranging from 2.00 to 2.50%, payable semi-annually, through October 1, 2020. 1,310,000

\$4,633,615 2012 Kalamazoo Lake Sewer and Water Authority Sewage Disposal System General Obligation Limited Tax Bonds (Clean Water Revolving Loan Program) Sewer Authority Bonds, due in annual installments of \$183,525 to \$295,000 plus interest at 2.50%, payable semi-annually, through April 1, 2033. 4,500,090

\$2,920,000 2013 Fillmore Township Water Supply and Sewage Disposal System No. 8 General Obligation Refunding Bonds, due in semi-annual installments of \$30,000 to \$335,000 plus interest ranging from 2.00 to 2.50%, payable semi-annually, through May 1, 2025. 2,890,000

\$427,000 2013 Coffey Drain Drainage District bonds payable, due in annual installments of \$42,700 plus interest at 2.30%, payable annually through June 1, 2023. 384,300

\$576,000 2014 Kelly Lake Intercounty Drain Drainage District note payable, due in annual installments of \$38,400 plus interest at 3.59%, payable annually through June 1, 2030. 284,400

\$5,590,871 Miscellaneous Drainage District Notes, due in annual installments plus interest ranging from .70 to 4.95%, payable annually, through June 1, 2023. 3,518,989

Total Drains/DPW Component Unit \$ 16,479,979

Allegan County

Notes to the Financial Statements

The annual requirements to maturity on the long-term installment debt outstanding at December 31, 2014, are as follows:

	Governmental Activities		Business-type Activities		Drain/DPW Component Unit	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 1,105,000	\$ 419,180	\$ 100,000	\$ 19,000	\$ 2,335,297	\$ 353,150
2016	1,055,000	448,730	100,000	14,250	1,755,112	305,469
2017	1,110,000	498,075	125,000	8,906	1,541,178	274,788
2018	1,145,000	546,958	125,000	2,969	1,156,143	245,703
2019	1,205,000	568,311	-	-	1,167,684	217,858
2020-2024	7,140,000	2,831,788	-	-	4,801,575	718,442
2025-2029	9,000,000	1,965,975	-	-	2,044,500	345,083
2030-2034	6,100,000	401,213	-	-	1,408,490	135,131
2035-2039	-	-	-	-	255,000	28,500
2040	-	-	-	-	15,000	300
Totals	\$ 27,860,000	\$ 7,680,230	\$ 450,000	\$ 45,125	\$ 16,479,979	\$ 2,624,424

Advance Refunding - In May 2013, the County issued \$2,920,000 of General Obligation Limited Tax Refunding Bonds to advance refund the County's 2005A Fillmore Township Water Supply System No. 8 General Obligation Limited Tax Bonds of \$2,790,000. The proceeds of the bonds were used to purchase U.S. government securities that were placed in an escrow fund for the purpose of generating resources for all future debt service payments on the refunded debt. As a result, the bonds are considered defeased and the liability has been removed from the statement of net position. At December 31, 2013, \$2,790,000 of defeased bonds were outstanding and scheduled to be paid by the escrow agent on May 1, 2014. The refunding resulted in a net cash savings of \$268,097 and an economic gain of \$240,505.

Note 7 - Compensated Absences

Primary Government

Accrued Vacation and Sick Leave Payable

The accumulated vested paid time off of the employees of various County departments was \$1,239,654 at December 31, 2014. This is reported as \$1,146,324 in governmental activities and \$93,330 in the Medical Care Community enterprise fund. The County has designated a portion of its general fund to fund future sick and vacation liabilities.

Road Commission - Component Unit

Vacation and Sick Leave Policies

Employees with six months of seniority are granted leave time of 16 hours per month. Office employees get an additional 16 hours per year at January 1. This leave time may be used to cover absences because of illness or vacation. Such leave may be accumulated to a maximum of 768 hours.

Allegan County

Notes to the Financial Statements

On the first payday of June each year, employees are paid an amount equal to all leave accrued in excess of 576 hours as shown in the records on December 31 of the preceding year.

Accumulated leave time is payable in full upon resignation or retirement. Office employees leave time is payable in full upon resignation, termination or retirement.

Note 8 - Net Investment in Capital Assets

The composition of the net investment in capital assets as of December 31, 2014, was as follows:

	Governmental Activities	Business-type Activities	Component Units
Capital assets:			
Capital assets not being depreciated	\$ 791,825	\$ -	\$ 90,671,492
Capital assets being depreciated, net	42,367,260	2,946,395	103,902,571
	43,159,085	2,946,395	194,574,063
Related debt:			
Total bonds and notes payable	12,800,000	450,000	18,326,296
Interfund Loans	-	491,375	-
Premiums/discounts on bonds payable	106,318	-	-
Premiums/discounts on bonds payable related to capital leases	-	-	(10,985,090)
	12,906,318	941,375	7,341,206
Net investment in capital assets	\$ 30,252,767	\$ 2,005,020	\$ 187,232,857

Certain bonds payable in the Drain Commission/Department of Public Works component unit are issued to fund construction projects for other local units of government (for which principal and interest payments on the related-debt will be repaid by the other entities in their entirety). The assets constructed with the debt proceeds are not owned by the County and therefore have been excluded from the calculation of the net investment in capital assets.

Allegan County

Notes to the Financial Statements

Note 9 - Fund Balances - Governmental Funds

The County has adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definition*. GASB 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Detailed information on fund balances of governmental funds was as follows:

<i>Primary Government</i>	General Fund	E-911	Mental Health	Senior Millage	Public Improvement	Nonmajor Funds	Totals
Nonspendable							
Long-term advances	\$ 552,135	\$ -	\$ -	\$ -	\$ -	\$ 135,091	\$ 687,226
Prepays	204,011	5,986	-	3,535	-	52,058	265,590
	<u>756,146</u>	<u>5,986</u>	<u>-</u>	<u>3,535</u>	<u>-</u>	<u>187,149</u>	<u>952,816</u>
Restricted							
E-911/dispatch services	-	6,311,861	-	-	-	223,434	6,535,295
Senior services	-	-	-	15,840	-	-	15,840
Friend of the court	-	-	-	-	-	278,857	278,857
Transportation	-	-	-	-	-	529,372	529,372
Register of deeds automation	-	-	-	-	-	600,923	600,923
Drug law enforcement	-	-	-	-	-	193,085	193,085
Corrections officer training	-	-	-	-	-	137,180	137,180
Housing assistance	-	-	-	-	-	61,136	61,136
State and Federal grants	-	-	-	-	-	289,442	289,442
Veterans' services	-	-	-	-	-	4,330	4,330
Jail construction	-	-	-	-	-	943	943
Debt service	-	-	-	-	-	3,642	3,642
	<u>-</u>	<u>6,311,861</u>	<u>-</u>	<u>15,840</u>	<u>-</u>	<u>2,322,344</u>	<u>8,650,045</u>
Committed							
Health/mental health	-	-	-	-	-	370,497	370,497
Parks and recreation	-	-	-	-	-	227,779	227,779
Transportation	-	-	-	-	-	162,500	162,500
Animal shelters	-	-	-	-	-	64,394	64,394
Child care	-	-	-	-	-	466,257	466,257
Soldiers and sailors	-	-	-	-	-	138,933	138,933
Fitness center	-	-	-	-	-	101,773	101,773
Capital improvements	-	-	-	-	-	2,542,631	2,542,631
Other purposes	-	-	-	-	-	1,937,262	1,937,262
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,012,026</u>	<u>6,012,026</u>
Assigned							
Other purposes	89,705	-	-	-	-	-	89,705
	<u>89,705</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>89,705</u>
Unassigned							
	7,684,939	-	-	-	-	-	7,684,939
Total fund balances - governmental funds	<u>\$ 8,530,790</u>	<u>\$ 6,317,847</u>	<u>\$ -</u>	<u>\$ 19,375</u>	<u>\$ -</u>	<u>\$ 8,521,519</u>	<u>\$ 23,389,531</u>

<i>Drain Commission/ DPW Component Unit</i>	General Fund	Fillmore Water and Sewer No. 9	CASCO/South Haven Water No. 7	Kalamazoo Lake Sewer/Water Authority	Nonmajor Funds	Totals
Restricted						
Debt service	\$ -	\$ 352	\$ 1,123	\$ -	\$ 261,076	\$ 262,551
Unassigned						
	1,129,227	-	-	-	-	1,129,227
Total fund balances - governmental funds	<u>\$ 1,129,227</u>	<u>\$ 352</u>	<u>\$ 1,123</u>	<u>\$ -</u>	<u>\$ 3,093,149</u>	<u>\$ 4,223,851</u>

Allegan County

Notes to the Financial Statements

Note 10 - Employees' Retirement Systems

Primary Government

Defined Benefit Plan Description

Plan Description. The County's defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The County participates in the Municipal Employees Retirement System of Michigan (MERS), an agent multiple-employer plan administered by the MERS Retirement Board. Michigan Public Act 427 of 1984, as amended, establishes and amends the benefit provisions of the participants in MERS. The Municipal Employees Retirement System of Michigan issues a publicly available financial report that includes financial statements and required supplementary information for MERS. That report may be obtained by writing to the Municipal Employees Retirement System of Michigan, 1134 Municipal Way, Lansing, Michigan 48917 or by calling (800) 767-6377.

Funding Policy. The County is required to contribute at an actuarially determined rate; the current rate is from 27.88% to 43.13% of annual covered payroll depending on employee position and valuation division, for closed divisions as of the December 31, 2012 valuation the rate is flat. County employees are required to contribute 4.00% to 10.79% of their annual covered payroll based on their classification or labor contract. The contribution requirements of the County are established and may be amended by the Retirement Board of MERS. The contribution requirements of plan members are established and may be amended by the County, depending on the MERS contribution program adopted by the County.

Annual Pension Cost. For the year ended December 31, 2014, the County's annual pension cost of \$2,512,440 for MERS was equal to the County's required and actual contributions. The required contribution was determined as part of the December 31, 2012 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included; (a) a rate of return on the investment of present and future assets of 8.0%, (b) projected salary increases of 4.5% per year compounded annually, attributable to inflation, (c) additional projected salary increases of 0.0% to 8.40% per year, depending on age, attributable to seniority/merit, and (d) the assumption that benefits will increase 2.5% per year after retirement for certain retirees depending on the benefit option selected. The actuarial value of MERS assets was determined on the basis of a valuation method that assumes the fund earns the expected rate of return, and includes an adjustment of 10% of the difference between assumed earnings and market value (10 year smoothing) to reflect fair value.

The County's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2013, the date of the latest actuarial valuation, was six or 23 years depending on division.

Allegan County

Notes to the Financial Statements

The three year trend information was as follows:

Year Ended December 31	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset
2012	\$ 1,324,208	100.00%	\$ -
2013	1,751,289	100.00%	-
2014	21,086,726	739.29%	18,574,286

Funded Status and Funding Progress. As of December 31, 2013, the most recent actuarial valuation date, the plan was 69 percent funded. The actuarial accrued liability for benefits was \$60,432,440, and the actuarial value of assets was \$41,941,737, resulting in an unfunded actuarial accrued liability (UAAL) of \$18,490,703. The covered payroll (annual payroll of active employees covered by the plan) was \$5,208,648, and the ratio of the UAAL to the covered payroll was 355 percent. The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The December 31, 2013 actuarial valuation does not take into the effect of the Pension Obligation Bonds the County issued in the fiscal year ending December 31, 2014.

Defined Contribution Plan

The County's defined contribution plan is offered through MERS; benefit provisions and contribution requirements are established and may be amended by the Allegan County Board of Commissioners. The County makes contributions of 4% of each participants' salary and will match up to 100% of employee contributions up to an additional 2% of salary (3% for non-bargaining employees). Total contributions for the year were \$1,335,612 (\$544,981 employee and \$790,631 employer).

Section 457 Deferred Compensation Plan

The County offers a supplemental retirement program in accordance with Section 457 of the Internal Revenue Code (IRC) that will provide for payments on retirement, as well as death benefits in the event of death prior to retirement. Inasmuch as the plan assets are held in trust for the exclusive benefit of participants and their beneficiaries, the amounts are not reported in the accompanying financial statements.

Allegan County

Notes to the Financial Statements

Road Commission - Component Unit

Defined Benefit Plan

Plan Description. The Allegan County Road Commission is in an agent multi-employer defined benefit pension plan with the Municipal Employees' Retirement System (MERS). The system provides the following provisions: normal retirement, deferred retirement, service retirement allowance, disability retirement allowance, non-duty-connected death and postretirement adjustments to plan members and their beneficiaries. The service requirement is computed using credited service at the time of termination of membership multiplied by the sum of 2% times the final average compensation (FAC). The most recent period for which actuarial data was available was for the fiscal year ended December 31, 2013.

MERS was organized pursuant to Section 12a of Act #156, Public Acts of 1851 (MSA 5.333(a); MCLA 46.12(a)), as amended, State of Michigan. MERS is regulated under Michigan Public Act 427 of 1984, sections of which have been approved by the State Pension Commission, which also establish and amend benefit provisions. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to MERS at 1134 Municipal Way, Lansing, Michigan 48917.

Funding Policy. The obligation to contribute to and maintain the system for these employees was established by negotiation with the Road Commission's competitive bargaining unit and personnel policy. Employees contribute 4.7% of annual compensation in accordance with the competitive bargaining agreements and personnel policy. The Road Commission as employer is required to contribute at an actuarially determined rate which was 4.94% on the annual payroll for all employees hired after December 31, 2012 and annual contributions of \$303,420 for the union and supervisors, \$90,816 for administration, and \$49,812 for non-union based on the 2011 actuarial valuation beginning on January 1, 2013.

Annual Pension Cost. During the year ended December 31, 2013, the Road Commission was required to make \$446,578 in contributions as determined by an actuarial valuation of the plan as of December 31, 2013 and employees contributed \$109,774 in accordance with the plan for a total amount of \$556,352. The employer contribution rate has been determined based on the entry age normal funding method. Under the entry age normal funding method, the total employer contribution is comprised of the normal cost plus the level annual percentage of payroll payment required amortizing the unfunded actuarial accrued liability over 30 years. The employer normal cost is, for each employee, the level percentage of payroll contribution (from entry age to retirement) required to accumulate sufficient assets at the member's retirement to pay for their projected benefit. Significant actuarial assumptions used include a long-term investment yield rate of 8% and annual salary increases of 4.5% based on an age-related scale to reflect merit, longevity, and promotional salary increases.

Allegan County

Notes to the Financial Statements

The three year trend information was as follows:

Year Ended December 31	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2011	\$ 430,870	100.00%	\$ -
2012	482,570	100.00%	-
2013	556,352	100.00%	-

Funded Status and Funding Progress. As of December 31, 2013, the most recent actuarial valuation date, the plan was 68 percent funded. The actuarial accrued liability for benefits was \$21,261,541 and the actuarial value of assets was \$14,397,783, resulting in an unfunded actuarial accrued liability (UAAL) of \$6,863,758. The covered payroll (annual payroll of active employees covered by the plan) was \$2,419,145, and the ratio of the UAAL to the covered payroll was 284 percent. The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Note 11 - Other Postemployment Benefits

Primary Government

In addition to the pension benefits described in Note 12, the County provides health insurance benefits to certain retirees. The benefit is equal to \$12/month for each year of service at the County, up to a maximum benefit of \$300/month. An actuarial valuation of the County's liability for these benefits in accordance with GASB Statements No. 43 and 45 has not been performed. Inasmuch as the plan is only open to a small number of County employees, and participation in the voluntary program has historically been very low, management has determined that the actuarially accrued liability would be immaterial to the financial statements taken as a whole.

Road Commission - Component Unit

Plan Description. In addition to the pension benefits described in Note 12, the Road Commission administers a single employer defined benefit healthcare plan. The Road Commission provides postemployment health care benefits through the Road Commission group health insurance plan in accordance with the respective bargaining agreements and personnel policy.

Funding Policy. The Road Commission provides health care insurance coverage, or payments toward such coverage, for a period of five years, for all members who retire and receive benefits from MERS. The level of benefits, or payments towards coverage, will be the same as in effect for active employees. The Road Commission will provide benefits only to the employee and the Road Commission's obligation does not include the coverage of a retired employee's spouse or dependents. The Road Commission shall provide no benefits to any employee after reaching the

Allegan County

Notes to the Financial Statements

age of 65. The retired employee shall be responsible for his/her health care insurance premium after five years from the date of retirement or at age 65, whichever comes sooner.

All employees who retire and who elect not to take the paid health insurance benefit from the Road Commission, will receive a lump sum payment of \$250 per month for all eligible time as an opt-out of taking the insurance.

Currently, fourteen (14) retirees meet those eligibility requirements. Expenditures for postemployment health care benefits are recognized as the insurance premiums become due. During the year, expenditures of \$48,687 were recognized for postemployment health care by the Road Commission. This consists of retiree health care insurance premiums. The Road Commission also contributed \$2,538 to the Health Care Savings Program, which is explained later in this note.

Annual OPEB Cost and Net OPEB Obligation. The Road Commission's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

Funded Status and Funding Progress. For the year ended December 31, 2014, the Road Commission has estimated the cost of providing retiree health care benefits using the alternative measurement method permitted by GASB Statement No. 45 for employers in plans with fewer than one hundred total plan members. The alternative measurement method computes an annual required contribution. The computed required contribution and actual funding are summarized as follows:

The computed required contribution and actual funding are summarized as follows:

Annual required contribution	\$	48,687
Net OPEB cost (expense)		48,687
Contributions made		<u>48,687</u>
Change in net OPEB obligation		-
Net OPEB obligation (asset), beginning of year		<u>-</u>
Net OPEB obligation (asset), end of year	\$	<u>-</u>

The schedule of employer contributions below presents trend information about the amounts contributed to the plan by employers in comparison to the ARC, an amount that is actuarially determined in accordance with the parameters of GASB Statement 43.

Allegan County

Notes to the Financial Statements

The annual OPEB cost, the percentage contributed to the plan, and the net OPEB obligation for the year ended December 31, 2014 and the two years prior were as follows:

Year Ended December 31	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation (Asset)
2012	\$ 37,556	260.82%	\$ 94,962
2013	167,113	43.17%	-
2014	48,687	100.00%	-

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The Road Commission expects to prepare an alternative measurement method actuarial valuation every year.

As of December 31, 2014, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$1,666,162, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$2,304,744, and the ratio of the UAAL to the covered payroll was 72 percent. The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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

The following actuarial assumptions were used in the development of the Road Commission's retiree health cost projections using the alternative measurement method.

1. Actuarial Cost Method: Alternate Method as provided under GASB 45 for plans with fewer than 100 employees
2. Interest Discount Rate: 5.5% compounded annually
3. Mortality Prior to Retirement: None
4. Turnover Prior to Retirement: Based on GASB 43 Table 2 – Expected Future Working Lifetimes of Employees, by Age - Default Values

Allegan County

Notes to the Financial Statements

5. Salary Scale: 3.3%
6. Post Retirement Interest Rate: 5.5%
7. Post Retirement Mortality: Based on life expectancy of age 77 for males and 81 for females

Note 12 - Risk Management/Self-Insurance Programs

Primary Government

The County is exposed to risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The government manages its risk exposures and provides certain employee benefits through a combination of self-insurance programs, risk management pools, and commercial insurance and excess coverage policies. Following is a summary of these self-insurance programs and risk management pool participation.

Liability

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

The County makes annual contributions to MMRMA based on actuarial studies using historical data and insurance industry statistics. These contributions are paid from an internal service fund (e.g., the self-insurance fund) using premiums paid into it by other funds of the government. Such contributions as received by MMRMA are allocated between its general and member retention funds. Economic resources in the MMRMA's general fund are expended for reinsurance coverage, claim payments and certain general and administrative costs, whereas resources in the member retention fund are used for loss payments and defense costs up to the members self-insurance retention limits along with certain other member-specific costs. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

Changes in the claims liability for the years ended December 31, 2013 and 2014 were as follows:

Year Ended December 31	Beginning of Year Liability	Current Year Claims and Changes in Estimates	Net Claim Payments	End of Year Liability
2013	\$ 66,190	\$ 304,901	\$ (310,116)	\$ 60,975
2014	60,975	106,457	(273,061)	105,629

Allegan County

Notes to the Financial Statements

There have been no significant reductions in insurance coverage from coverage in prior years and settlements have not exceeded insurance coverage for each of the past three years.

Coverage	Self-insured retention
Liability	\$150,000
Property and crime	\$1,000 deductible per occurrence; 10% of next \$100,000

Employee Health Insurance

County employees are eligible for life insurance available through insurance companies. Health and dental insurances are provided through the Self-Insurance Fund, an internal service fund. The self-insured programs are administered by a third-party administrator who provides claims review and process services as well as illustrated premium rates, which are anticipated, over time, to approximate the actual cost of benefits.

Premiums for both commercial and self-insured programs are paid into the internal service fund used to purchase insurance coverage from commercial carriers, or in the case of the self-insured programs, are available to pay health care claims, claim reserves, excess coverage and administrative funds by all other funds based on actual or illustrated rates. Excess coverage insurance purchased by the County covers individual claims in excess of \$120,000 annually. The liability at the end of the year is based on claims already incurred and an estimate of claims incurred but not yet reported.

There have been no significant reductions in insurance coverage from coverage in prior years and settlements have not exceeded insurance coverage for each of the past three years.

The changes in the claims liability for the years ended December 31, 2013 and 2014 were as follows:

Year Ended	Beginning of	Current Year	Net Claim	End of Year
December 31	Year Liability	Claims and	Payments	Liability
		Changes in		
		Estimates		
2013	\$ 254,171	\$ 5,325,753	\$ (5,366,742)	\$ 213,182
2014	213,182	4,373,002	(4,363,865)	222,319

Unemployment

The County is self-insured for unemployment benefits, which is accounted for in the General Fund. Unemployment claims are reimbursed annually to Michigan Employee Security Commission based on actual claims. The reserve for unemployment benefits is determined by

Allegan County

Notes to the Financial Statements

management based on prior experience. Unemployment benefits are expended when paid. There was no end of year claims liability for unemployment.

Workers' Compensation

The government maintains a self-insurance program for workers' compensation coverage which is accounted for in the Self Insurance Internal Service Fund. The specific risk retention associated with the worker's compensation self insurance activity is \$400,000 with a liability limit of \$1,000,000 provided to the County through excess insurance coverage. The program is administered by a third party administrator who conducts safety inspections and provides claims review and processing services. Premiums are paid into the internal service fund by all other funds based on payrolls and job classifications and are available to pay claims, claim reserves, excess coverage and administrative costs.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Changes in the claims liability for the years ended December 31, 2013 and 2014 were as follows:

Year Ended December 31	Beginning of Year Liability	Current Year Claims and Changes in Estimates	Net Claim Payments	End of Year Liability
2013	\$ 14,127	\$ 295,202	\$ (175,070)	\$ 134,259
2014	134,259	208,371	(290,787)	51,843

There have been no significant reductions in insurance coverage from coverage in prior years and settlements have not exceeded insurance coverage for each of the past three years.

Road Commission - Component Unit

The Road Commission is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries, as well as medical benefits provided to employees. The Road Commission has purchased commercial insurance for Inland Marine and physical damage (building and contents) and medical benefits claims. The Road Commission participates in the Michigan County Road Commission Self Insurance Pool for claims relating to general liability, excess liability, auto liability, errors and omissions and physical damage (equipment). The Road Commission participates in the County Road Commission Self-Insurance Fund (CRCSIF) for workers' compensation insurance. Settled claims for the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The County road commissions in the State of Michigan established a trust fund, known as the Michigan County Road Commission Self-Insurance Pool (Pool), pursuant to the provision of Act 138 of the Michigan Public Acts of 1982. The pool is to provide for joint and cooperative action relative to members' financial and administrative resources for the purpose of providing risk

Allegan County

Notes to the Financial Statements

management services along with property and liability protection. Membership is restricted to road commissions and related road commission activities with the State. The Allegan County Road Commission became a member in the pool in April 1984 and became a member in CRCSIF in 1981.

The Michigan County Self-Insurance Pool program operates as a common risk-sharing management program for road commissions in Michigan; member premiums are used to purchase excess insurance coverage and to pay member claims in excess of deductible amounts.

Note 13 - Litigation

In the normal course of its activities, the County is a party to various legal actions and subject to certain asserted and unasserted claims and assessments. Although other actions have been brought, the County has not experienced any additional significant losses or costs. It is the County's opinion that the outcome of any pending actions will not have a material effect on the County's financial position or results of operations.

Note 14 - Transportation Department Schedules

Cost Allocation Plans (CAP). The financial statements of the County include several transit schedules as required by the Bureau of Passenger Transportation (BPT) of the Michigan Department of Transportation. The Allegan County Transportation Department has three approved cost allocation plans: 2006 Indirect County Service, the 2006 Job Access Reverse Commute program, and the 2008 Specialized Service program. These cost allocation plans were adhered to in the preparation of the transit schedules.

Explanation of Ineligible Expenses per the BPT's R&E Manual. The Straits Regional Ride has determined and separated all ineligible expenses as required by BPT's R&E Manual. Ineligible expenses are classified appropriately according to the definition in the Local Public Transit Revenue and Expense Manual (R&E Manual). Audit costs are the only costs in which eligibility differs from the State R&E Manual and the Federal OMB Circular A-87. The Straits Regional Ride did not incur expenses associated with local non-contractual income and therefore, no expenses are subtracted out as ineligible on OAR Schedule 4.

Capital Used to Pay for Operating. No operating expenses are subtracted out as ineligible because no capital money was used to for operating expenses.

Depreciation. The depreciation expense reported in 51300 equals the ineligible depreciation reported in 55007. Therefore, the depreciation assurance regarding approval of useful life is not required.

Nonfinancial Methodology The methodology used for compiling mileage on Schedule 3N (NonUrban Regular Service) has been reviewed and the recording method was found to be adequate and reliable.

Allegan County

Notes to the Financial Statements

Retirement Benefits. During the State fiscal year October 1, 2013 through September 30, 2014, transit agency paid \$16,277 in 50201 Pension which was equal to the actuarial required contribution. The Transportation Authority is under the MERS actuarial valuation of Allegan County. The entire amount was expensed on the books and is included in total eligible expenses for the fiscal year ending December 31, 2014 or September 30, 2014, respectively. The transit agency did not incur, nor pay, any 50202 OPEB.

Expenses Associated with PTMS Codes 406 & 407. There are no expenses associated with 40620 Auxiliary Transportation Revenue or 40760 and 40799, and therefore, no expenses need to be deducted as ineligible. No expenses were incurred because there are no expenditures required relating to these income sources, commission on intercity ticket sales, NSF fees collected, sales of fixed assets, etc.

The methodology used for compiling mileage and hours, presented as nonfinancial data, has been reviewed and the recording method was found to be adequate and reliable.

Note 15 - Leases

The County is a lessor under an operating lease agreement for office space. The original cost of the leased assets constructed in 2002 is \$5,511,564 with accumulated depreciation of \$2,385,213 at year end. Future lease revenues for these facility leases are as follows:

Year Ended	
December 31	Amount
2015	\$ 394,283
2016	394,283
2017	394,283
2018	394,283
2019	394,283
2020-2023	1,445,704
Total	\$ 3,417,119

Note 16 - Contingencies

Amounts received or receivable under grant programs are subject to audit and adjustment by the grantor agencies, principally the Federal and State governments. Any disallowed claims, including amounts already collected, may constitute a liability of the transit agency. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the transit agency expects such amounts, if any, to be immaterial.

Required Supplementary Information

Allegan County
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
General Fund
For the Year Ended December 31, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative) Final to Actual
Revenues				
Taxes and penalties	\$ 20,096,779	\$ 20,096,779	\$ 19,940,673	\$ (156,106)
Licenses and permits	91,090	91,090	98,361	7,271
Intergovernmental revenues - Federal	947,200	950,300	948,600	(1,700)
Intergovernmental revenues - State	2,190,472	2,238,038	2,321,416	83,378
Charges for services	3,517,918	3,588,918	3,439,390	(149,528)
Fines and forfeitures	132,650	165,650	153,900	(11,750)
Interest and rentals	800,560	745,560	724,770	(20,790)
Other revenues	1,768,409	1,751,409	1,598,582	(152,827)
Total Revenues	<u>29,545,078</u>	<u>29,627,744</u>	<u>29,225,692</u>	<u>(402,052)</u>
Other Financing Sources				
Pension obligation bonds issued	--	--	15,060,000	15,060,000
Transfers in	220,368	220,368	463,175	242,807
Total Revenues and Other Financing Sources	<u>29,765,446</u>	<u>29,848,112</u>	<u>44,748,867</u>	<u>14,900,755</u>
Expenditures				
Legislative				
Board of commissioners	416,445	482,995	482,988	7
Judicial				
Circuit court	1,044,684	1,025,784	1,010,140	15,644
District court	1,436,554	1,466,404	1,466,401	3
Friend of the court	1,228,176	1,253,926	1,253,898	28
Jury board	10,136	9,136	9,133	3
Probate court	368,508	396,408	396,402	6
Probate court - juvenile	654,910	641,460	641,400	60
Gaurdian/conservators	47,500	32,580	32,580	--
Probation - circuit court	5,230	5,860	5,842	18
Probation - district court	436,693	454,293	454,279	14
Family counseling services	15,125	8,330	8,330	--
Total Judicial	<u>5,247,516</u>	<u>5,294,181</u>	<u>5,278,405</u>	<u>15,776</u>
General Government				
Administration Department	285,633	297,583	297,546	37
Elections	140,796	103,296	102,855	441
Accounting department	356,264	333,364	333,334	30
Auditing services	57,000	50,750	50,750	--
Clerk	550,101	584,651	582,906	1,745
Equalization	446,069	438,919	438,912	7
Personnel department	410,930	394,180	394,160	20
Victim's rights act	115,737	117,517	117,499	18
Prosecuting attorney	1,239,875	1,260,825	1,260,796	29
Register of deeds	287,161	284,361	284,345	16
Treasurer	500,361	490,241	475,984	14,257
Sick and vacation	--	3,737,000	18,624,737	(14,887,737)
Cooperative extension	79,849	64,649	64,551	98
Network system	1,307,985	1,208,635	1,207,343	1,292
Drain commissioner	348,202	364,802	364,759	43
Records management	104,546	98,046	98,044	2

Allegan County
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
General Fund
For the Year Ended December 31, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative)
				<u>Final to Actual</u>
Expenditures				
General Government				
Facilities Management				
Animal Control	30,050	42,900	42,855	45
Courthouse	267,100	310,950	310,948	2
Central dispatch building	119,100	159,900	141,065	18,835
Human services building	242,900	248,400	248,342	58
Medical care community building	253,125	321,925	321,918	7
General facilities management	592,841	598,541	598,531	10
Mail and copy services	211,380	171,230	166,563	4,667
ACC Building	10,850	16,050	16,033	17
CMH Clinic	15,800	24,700	24,628	72
Sheriff/jail building	342,616	540,116	540,014	102
County services building	104,600	113,700	113,687	13
Dumont Lake complex	49,800	45,850	45,808	42
Youth home building	117,800	149,500	149,344	156
Total General Government	<u>8,588,471</u>	<u>12,572,581</u>	<u>27,418,257</u>	<u>(14,845,676)</u>
Public Safety				
Sheriff	4,478,481	4,309,081	4,308,929	152
WEMET - sheriff	100,420	98,370	98,201	169
Secondary road patrol program	340,607	307,607	307,539	68
Sheriff services	53,837	63,837	63,830	7
Detective bureau	602,426	615,651	615,641	10
Courthouse security	117,919	131,519	131,467	52
Sheriff - radio	15,000	15,600	15,587	13
Marine law enforcement	143,791	138,691	138,675	16
Jail	3,208,457	3,442,182	3,441,784	398
Inmate programs	161,286	213,686	213,592	94
Emergency management	117,954	119,204	119,165	39
L.E.P.C.	34,011	27,211	27,200	11
Animal shelter	109,034	104,234	104,209	25
Livestock claims	4,250	4,250	380	3,870
Total Public Safety	<u>9,487,473</u>	<u>9,591,123</u>	<u>9,586,199</u>	<u>4,924</u>
Public Works				
Department of public works	11,785	12,035	12,029	6
Drains - public benefits	137,142	87,842	87,796	46
Monumentation program	50,000	100,666	100,654	12
Total Public Works	<u>198,927</u>	<u>200,543</u>	<u>200,479</u>	<u>64</u>

Allegan County
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
General Fund
For the Year Ended December 31, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative) Final to Actual
Expenditures				
Health and Welfare				
Substance abuse services	337,500	162,300	162,258	42
Communicable diseases	7,500	700	647	53
Multi agency collaborative	5,000	5,000	5,000	--
Medical examiner	196,091	177,641	177,616	25
Mental Health	317,446	317,446	317,446	--
Transportation services	--	7,500	4,843	2,657
Child care welfare	7,000	7,000	119	6,881
Veterans' services	96,842	77,642	77,622	20
Total Health and Welfare	967,379	755,229	745,551	9,678
Community and Economic Development				
Economic development	50,000	50,000	50,000	--
Plat board	156	156	48	108
Land information systems	69,952	69,952	69,951	1
Total Community and Economic Development	120,108	120,108	119,999	109
Other				
Employees' other fringe benefits	30,000	24,400	24,385	15
Insurance and bonds	520,000	416,600	333,222	83,378
Contingencies	368,700	17,886	--	17,886
Total Other	918,700	458,886	357,607	101,279
Capital outlay	97,100	97,100	96,966	134
Total Expenditures	26,042,119	29,572,746	44,286,451	(14,713,705)
Other Financing Uses				
Transfers out	3,701,027	4,025,907	4,018,783	7,124
Total Expenditures and Other Financing Uses	29,743,146	33,598,653	48,305,234	(14,706,581)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses				
Net Change in Fund Balance	22,300	(3,750,541)	(3,556,367)	194,174
<i>Fund Balance at Beginning of Period</i>	12,087,157	12,087,157	12,087,157	--
Fund Balance at End of Period	\$ 12,109,457	\$ 8,336,616	\$ 8,530,790	\$ 194,174

Allegan County
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Central Dispatch E911 Fund
For the Year Ended December 31, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative) Final to Actual
Revenues				
Charges for services	\$ 2,618,874	\$ 2,618,874	\$ 3,326,578	\$ 707,704
Interest and rentals	3,000	3,000	60,242	57,242
Other revenues	--	--	9,037	9,037
Total Revenues	<u>2,621,874</u>	<u>2,621,874</u>	<u>3,395,857</u>	<u>773,983</u>
Other Financing Sources				
Total Revenues and Other Financing Sources	<u>2,621,874</u>	<u>2,621,874</u>	<u>3,395,857</u>	<u>773,983</u>
Expenditures				
Public safety	2,505,240	2,565,240	2,589,225	(23,985)
Capital outlay	14,040	81,040	78,850	2,190
Total Expenditures	<u>2,519,280</u>	<u>2,646,280</u>	<u>2,668,075</u>	<u>(21,795)</u>
Other Financing Uses				
Transfers out	(340,295)	(295)	--	(295)
Total Expenditures and Other Financing Uses	<u>2,178,985</u>	<u>2,645,985</u>	<u>2,668,075</u>	<u>(22,090)</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>442,889</u>	<u>(24,111)</u>	<u>727,782</u>	<u>751,893</u>
Net Change in Fund Balance	<u>442,889</u>	<u>(24,111)</u>	<u>727,782</u>	<u>751,893</u>
<i>Fund Balance at Beginning of Period</i>	5,590,065	5,590,065	5,590,065	--
Fund Balance at End of Period	<u>\$ 6,032,954</u>	<u>\$ 5,565,954</u>	<u>\$ 6,317,847</u>	<u>\$ 751,893</u>

Allegan County
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Senior Millage
For the Year Ended December 31, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative)
				Final to Actual
Revenues				
Taxes and penalties	\$ 994,691	\$ 994,691	\$ 1,000,667	\$ 5,976
Interest and rentals	8,000	8,000	7,813	(187)
Total Revenues	<u>1,002,691</u>	<u>1,002,691</u>	<u>1,008,480</u>	<u>5,789</u>
Other Financing Sources				
Transfers in	25,000	25,000	25,000	--
Total Revenues and Other Financing Sources	<u>1,027,691</u>	<u>1,027,691</u>	<u>1,033,480</u>	<u>5,789</u>
Expenditures				
Health and welfare	1,272,586	1,387,586	1,387,487	99
Total Expenditures	<u>1,272,586</u>	<u>1,387,586</u>	<u>1,387,487</u>	<u>99</u>
Other Financing Uses				
Total Expenditures and Other Financing Uses	<u>1,272,586</u>	<u>1,387,586</u>	<u>1,387,487</u>	<u>99</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>(244,895)</u>	<u>(359,895)</u>	<u>(354,007)</u>	<u>5,888</u>
Net Change in Fund Balance	<u>(244,895)</u>	<u>(359,895)</u>	<u>(354,007)</u>	<u>5,888</u>
<i>Fund Balance at Beginning of Period</i>	373,382	373,382	373,382	--
Fund Balance at End of Period	<u>\$ 128,487</u>	<u>\$ 13,487</u>	<u>\$ 19,375</u>	<u>\$ 5,888</u>

Allegan County, Michigan
Required Supplementary Information
MERS Agent Multiple-Employer Defined Benefit Pension Plan
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a) /c)
12/31/2011	\$ 41,155,303	\$ 55,728,491	\$ 14,573,188	74%	\$ 5,494,216	265%
12/31/2012	41,059,778	57,884,132	16,824,354	71%	5,244,784	321%
12/31/2013	41,941,737	60,432,440	18,490,703	69%	5,203,635	355%

Schedule of Employer Contributions

Year Ended December 31,	Annual Required Contributions	Percentage Contributed
2012	\$ 1,324,208	100%
2013	1,796,539	100%
2014	2,129,016	100%

Allegan County, Michigan
Required Supplementary Information
Allegan County Road Commission Component Unit
MERS Defined Benefit Pension Plan
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a) /c)
12/31/2011	\$ 14,801,764	\$ 20,463,223	\$ 5,661,459	72%	\$ 2,162,334	262%
12/31/2012	14,485,795	20,508,865	6,023,070	71%	2,080,085	290%
12/31/2013	14,397,783	21,261,541	6,863,758	68%	2,419,145	284%

Schedule of Employer Contributions

Year Ended December 31,	Annual Required Contributions	Percentage Contributed
2011	\$ 430,870	100%
2012	482,570	100%
2013	556,352	100%

Allegan County, Michigan
Required Supplementary Information
Allegan County Road Commission Component Unit
Single Employer Defined Benefit Other Postemployment Benefits Plan
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a) /c)
12/31/2012	\$ -	\$ 1,126,668	\$ 1,126,668	0%	\$ 2,292,758	49%
12/31/2013	-	1,540,493	1,540,493	0%	2,428,206	63%
12/31/2014	-	1,666,162	1,666,162	0%	2,304,744	72%

Schedule of Employer Contributions

Year Ended December 31,	Annual Required Contributions	Percentage Contributed
2012	\$ 42,686	261%
2013	167,113	43%
2014	48,687	100%

Combining and Individual Fund Statements and Schedules

Allegan County
General Fund Combining Balance Sheet
All Funds Treated as General
December 31, 2014

	General Fund	Budget Stabilization Fund	Sick & Vacation Liability	Law Library	Grant Administration	Child Care Welfare	Total General Funds
ASSETS							
Cash and pooled investments	\$ 1,233,173	\$ 4,459,099	\$ 649,978	\$ 69,396	\$ 20,082	\$ 2,232	\$ 6,433,960
Accounts receivable	343,750	--	--	--	--	--	343,750
Property taxes receivable	2,099,197	--	--	--	--	--	2,099,197
Due from other governments	896,274	--	--	--	--	--	896,274
Prepays	204,011	--	--	--	--	--	204,011
Advances to other funds	372,135	--	--	--	--	--	372,135
Advance to component unit	180,000	--	--	--	--	--	180,000
Total Assets	\$ 5,328,540	\$ 4,459,099	\$ 649,978	\$ 69,396	\$ 20,082	\$ 2,232	\$ 10,529,327
LIABILITIES							
Accounts payable	\$ 387,735	\$ --	\$ --	\$ 1,886	\$ --	\$ 119	\$ 389,740
Accrued liabilities	477,391	--	--	--	--	--	477,391
Due to other funds	1,183	--	--	--	--	--	1,183
Total Liabilities	866,309	--	--	1,886	--	119	868,314
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenues	1,130,223	--	--	--	--	--	1,130,223
Total Liabilities and Deferred Inflows of Resources	1,996,532	--	--	1,886	--	119	1,998,537
FUND BALANCE							
Nonspendable	756,146	--	--	--	--	--	756,146
Assigned	89,705	--	--	--	--	--	89,705
Unassigned	2,486,157	4,459,099	649,978	67,510	20,082	2,113	7,684,939
Total Fund Balance	3,332,008	4,459,099	649,978	67,510	20,082	2,113	8,530,790
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 5,328,540	\$ 4,459,099	\$ 649,978	\$ 69,396	\$ 20,082	\$ 2,232	\$ 10,529,327

Allegan County
General Fund Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
All Funds Treated as General
For the Year Ended December 31, 2014

	General Fund	Budget Stabilization Fund	Sick & Vacation Liability	Law Library	Grant Administration	Child Care Welfare	Total General Funds
Revenues							
Taxes and penalties	\$ 19,940,673	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 19,940,673
Licenses and permits	98,361	--	--	--	--	--	98,361
Intergovernmental revenues - Federal	948,600	--	--	--	--	--	948,600
Intergovernmental revenues - State	2,321,416	--	--	--	--	--	2,321,416
Charges for services	3,439,390	--	--	--	--	--	3,439,390
Fines and forfeitures	147,400	--	--	6,500	--	--	153,900
Interest and rentals	723,862	--	--	685	206	17	724,770
Other revenues	1,596,583	--	--	--	1,999	--	1,598,582
Total Revenues	29,216,285	--	--	7,185	2,205	17	29,225,692
Expenditures							
Legislative	482,988	--	--	--	--	--	482,988
Judicial	5,254,309	--	--	24,096	--	--	5,278,405
General government	8,793,520	--	18,624,737	--	--	--	27,418,257
Public safety	9,586,199	--	--	--	--	--	9,586,199
Public works	200,479	--	--	--	--	--	200,479
Health and welfare	745,432	--	--	--	--	119	745,551
Community and economic development	119,999	--	--	--	--	--	119,999
Other	357,607	--	--	--	--	--	357,607
Capital outlay	96,966	--	--	--	--	--	96,966
Total Expenditures	25,637,499	--	18,624,737	24,096	--	119	44,286,451
Excess of Revenues Over (Under) Expenditures	3,578,786	--	(18,624,737)	(16,911)	2,205	(102)	(15,060,759)
Other Financing Sources (Uses)							
Pension obligation bonds issued	--	--	15,060,000	--	--	--	15,060,000
Transfers in	463,175	--	--	--	--	--	463,175
Transfers out	(5,642,082)	(323,811)	1,911,610	35,500	--	--	(4,018,783)
Net Other Financing Sources (Uses)	(5,178,907)	(323,811)	16,971,610	35,500	--	--	11,504,392
Net Change in Fund Balance	(1,600,121)	(323,811)	(1,653,127)	18,589	2,205	(102)	(3,556,367)
<i>Fund Balance at Beginning of Period</i>	4,932,129	4,782,910	2,303,105	48,921	17,877	2,215	12,087,157
Fund Balance at End of Period	\$ 3,332,008	\$ 4,459,099	\$ 649,978	\$ 67,510	\$ 20,082	\$ 2,113	\$ 8,530,790

Allegan County
 Combining Balance Sheet
 Nonmajor Governmental Funds
 December 31, 2014

	Special Revenue									
	Health	Animal Shelter	Register of Deeds Automation	Drug Law Enforcement	Soldiers Relief	Law Enforcement Training	Housing Assistance	State and Federal Grants	Law Enforcement Road Patrol	
ASSETS										
Cash and pooled investments	\$ 395,533	\$ 71,067	\$ 601,096	\$ 191,972	\$ 135,603	\$ 145,800	\$ 61,136	\$ 151,449	\$ 93,465	
Accounts receivable	2,915	--	--	1,256	288	--	--	3,504	148,282	
Property taxes receivable	--	--	--	--	9,367	--	--	--	--	
Due from other governments	504,386	--	--	--	--	--	--	162,109	--	
Inventory	19,641	--	--	--	--	--	--	--	--	
Prepays	32,417	--	--	438	--	--	--	--	--	
Due from other funds	--	--	--	--	--	--	--	275	--	
Advances to other funds	--	--	--	--	--	--	--	--	--	
Total Assets	\$ 954,892	\$ 71,067	\$ 601,096	\$ 193,666	\$ 145,258	\$ 145,800	\$ 61,136	\$ 317,337	\$ 241,747	
LIABILITIES										
Accounts payable	\$ 61,875	\$ 6,673	\$ 173	\$ 143	\$ 450	\$ 8,620	\$ --	\$ 23,619	\$ --	
Accrued liabilities	47,956	--	--	--	696	--	--	4,276	18,313	
Due to other governments	6,553	--	--	--	--	--	--	--	--	
Unearned revenue	19,641	--	--	--	--	--	--	--	--	
Due to other funds	--	--	--	--	--	--	--	--	--	
Total Liabilities	\$ 136,025	\$ 6,673	\$ 173	\$ 143	\$ 1,146	\$ 8,620	\$ --	\$ 27,895	\$ 18,313	
DEFERRED INFLOWS OF RESOURCES										
Property taxes levied for subsequent year	396,312	--	--	--	5,179	--	--	--	--	
Total Liabilities and Deferred Inflows of Resources	\$ 532,337	\$ 6,673	\$ 173	\$ 143	\$ 6,325	\$ 8,620	\$ --	\$ 27,895	\$ 18,313	
FUND BALANCE										
Nonspendable	52,058	--	--	438	--	--	--	--	--	
Restricted	--	--	600,923	193,085	--	137,180	61,136	289,442	223,434	
Committed	370,497	64,394	--	--	138,933	--	--	--	--	
Unassigned	--	--	--	--	--	--	--	--	--	
Total Fund Balance	\$ 422,555	\$ 64,394	\$ 600,923	\$ 193,523	\$ 138,933	\$ 137,180	\$ 61,136	\$ 289,442	\$ 223,434	
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 954,892	\$ 71,067	\$ 601,096	\$ 193,666	\$ 145,258	\$ 145,800	\$ 61,136	\$ 317,337	\$ 241,747	

Allegan County
 Combining Balance Sheet
 Nonmajor Governmental Funds
 December 31, 2014

	Special Revenue		Debt Service			Capital Projects			Total Nonmajor Governmental Funds
	Transportation	Public Improvement Fund	Local Revenue Sharing	Jail Construction Bonds	Building Authority	Youth Home CIP	Building Authority Capital	CIP Building Capital	
ASSETS									
Cash and pooled investments	\$ 400,164	\$ 1,720,308	\$ 5,201	\$ 943	\$ 3,642	\$ 241,009	\$ 19,622	\$ 2,231,798	\$ 7,292,439
Accounts receivable	107,741	92,140	68,439	--	--	--	--	--	507,244
Property taxes receivable	--	--	--	--	--	--	--	--	9,367
Due from other governments	277,202	--	--	--	--	--	--	--	1,706,935
Inventory	--	--	--	--	--	--	--	--	19,641
Prepays	15,413	--	--	--	--	--	--	--	48,268
Due from other funds	908	--	--	--	--	95,000	--	--	96,183
Advances to other funds	--	119,240	--	--	--	--	--	--	119,240
Total Assets	\$ 801,428	\$ 1,931,688	\$ 73,640	\$ 943	\$ 3,642	\$ 336,009	\$ 19,622	\$ 2,231,798	\$ 9,799,317
LIABILITIES									
Accounts payable	\$ 89,428	\$ 137,996	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 44,798	\$ 583,469
Accrued liabilities	4,715	--	--	--	--	--	--	--	162,289
Due to other governments	--	--	--	--	--	--	--	--	15,908
Unearned revenue	--	--	--	--	--	--	--	--	19,641
Due to other funds	--	--	--	--	--	--	--	--	95,000
Total Liabilities	\$ 94,143	\$ 137,996	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 44,798	\$ 876,307
DEFERRED INFLOWS OF RESOURCES									
Property taxes levied for subsequent year	--	--	--	--	--	--	--	--	401,491
Total Liabilities and Deferred Inflows of Resources	\$ 94,143	\$ 137,996	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 44,798	\$ 1,277,798
FUND BALANCE									
Nonspendable	15,413	119,240	--	--	--	--	--	--	187,149
Restricted	529,372	--	--	943	3,642	--	--	--	2,322,344
Committed	162,500	1,674,452	73,640	--	--	336,009	19,622	2,187,000	6,012,026
Unassigned	--	--	--	--	--	--	--	--	--
Total Fund Balance	\$ 707,285	\$ 1,793,692	\$ 73,640	\$ 943	\$ 3,642	\$ 336,009	\$ 19,622	\$ 2,187,000	\$ 8,521,519
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 801,428	\$ 1,931,688	\$ 73,640	\$ 943	\$ 3,642	\$ 336,009	\$ 19,622	\$ 2,231,798	\$ 9,799,317

Allegan County
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2014

	Special Revenue											
	Health	Animal Shelter	Register of Deeds Automation	Drug Law Enforcement	Soldiers Relief	Law Enforcement Training	Housing Assistance	State and Federal Grants	Law Enforcement Road Patrol			
Revenues	\$	--	\$	--	\$	87,114	\$	--	\$	--	\$	--
Taxes and penalties												
Licenses and permits												
Intergovernmental revenues - Federal	479,695	--	--	--	--	--	--	--	--	--	--	--
Intergovernmental revenues - State	433,455	--	--	--	--	--	24,483	213,795	--	--	--	--
Intergovernmental revenues - Local	537,360	--	--	--	--	10,542	--	264,821	--	--	--	--
Charges for services	--	--	--	--	--	--	--	--	--	--	627,298	--
Fines and forfeitures	749,541	51,353	110,175	--	--	23,583	18,796	1,550	--	--	--	--
Interest and rentals	4,299	462	6,436	2,664	1,013	1,573	549	--	--	--	--	--
Other revenues	446,515	12,197	--	2,444	5,441	20,006	--	4,829	--	--	--	--
Total Revenues	2,650,865	64,012	116,611	6,448	93,568	55,704	43,828	484,995	627,298	484,995	627,298	627,298
Expenditures												
Judicial	--	--	--	--	--	--	--	250,389	--	--	--	--
General government	--	--	122,284	--	--	--	--	--	--	--	--	--
Public safety	--	--	--	3,648	--	45,957	--	186,187	746,142	--	--	--
Health and welfare	3,739,997	116,347	--	--	91,619	--	--	--	--	--	--	--
Recreation and cultural	--	--	--	--	--	--	--	--	--	--	--	--
Community and economic development	--	--	--	--	--	--	--	54,365	--	--	--	--
Other	--	--	--	--	--	--	--	--	--	--	--	--
Capital outlay	--	31,115	--	32,282	--	--	--	--	--	--	--	--
Debt Service - Principal	--	--	--	--	--	--	--	--	--	--	--	--
Debt Service - Interest	--	--	--	--	--	--	--	--	--	--	--	--
Total Expenditures	3,739,997	147,462	122,284	35,930	91,619	45,957	29,042	490,941	746,142	490,941	746,142	746,142
Excess of Revenues Over (Under) Expenditures	(1,089,132)	(83,450)	(5,673)	(29,482)	1,949	9,747	14,786	(5,946)	(118,844)	(5,946)	(118,844)	(118,844)
Other Financing Sources (Uses)												
Transfers in	1,226,985	50,745	--	--	--	--	--	--	179,932	--	--	--
Transfers out	--	--	--	--	--	--	--	--	--	--	--	--
Net Other Financing Sources (Uses)	1,226,985	50,745	--	--	--	--	--	--	179,932	--	--	--
Net Change in Fund Balance	137,853	(32,705)	(5,673)	(29,482)	1,949	9,747	14,786	(5,946)	61,088	(5,946)	61,088	61,088
Fund Balance at Beginning of Period	284,702	97,099	606,596	223,005	136,984	127,433	46,350	295,388	162,346	295,388	162,346	162,346
Fund Balance at End of Period	422,555	64,394	600,923	193,523	138,933	137,180	61,136	289,442	223,434	289,442	223,434	223,434

Allegan County
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2014

D.A.R.E. Program	Special Revenue										Friend of the Court Fund		
	Social Welfare	Child Care Probate	Veterans' Trust Board	Farmland Preservation	Fitness Center	Annual Projects	Parks & Recreation Fund						
\$	--	\$	--	\$	--	\$	--	\$	--	\$	--	\$	--
Taxes and penalties	--	--	--	--	--	--	--	--	--	--	--	--	--
Licenses and permits	--	--	--	--	--	--	--	--	--	--	--	--	--
Intergovernmental revenues - Federal	--	51,917	--	--	--	--	--	--	--	--	--	--	--
Intergovernmental revenues - State	525	1,922,873	14,334	--	--	166,444	--	--	--	24,497	--	--	--
Intergovernmental revenues - Local	--	--	--	--	--	--	--	--	--	--	--	--	--
Charges for services	--	439,282	--	--	14,038	--	--	--	--	32,992	--	24,770	--
Fines and forfeitures	--	--	--	--	--	--	--	--	--	--	--	--	--
Interest and rentals	330	7,365	14	3	1,066	676	--	--	--	56,603	--	3,249	--
Other revenues	--	6,278	55	--	--	--	--	--	--	7,031	--	--	--
Total Revenues	855	2,427,715	14,403	3	15,104	167,120	--	--	--	121,123	--	28,019	--
Expenditures													
Judicial	--	--	--	--	--	--	--	--	--	--	--	--	12,575
General government	--	--	--	--	1,090	--	--	--	--	--	--	--	--
Public safety	--	--	--	--	--	--	--	--	--	--	--	--	--
Health and welfare	--	4,608,139	14,945	--	--	--	--	--	--	--	--	--	--
Recreation and cultural	--	--	--	--	--	--	--	--	--	284,866	--	--	--
Community and economic development	--	--	--	--	--	--	--	--	--	--	--	--	--
Other	--	--	--	--	--	--	--	--	8,950	--	--	--	--
Capital outlay	--	--	--	--	--	--	--	--	--	--	--	--	--
Debt Service - Principal	--	--	--	--	--	--	--	--	--	--	--	--	--
Debt Service - Interest	--	--	--	--	--	--	--	--	--	--	--	--	--
Total Expenditures	--	4,608,139	14,945	--	1,090	8,950	--	--	--	317,529	--	12,575	--
Excess of Revenues Over (Under) Expenditures	855	(2,180,424)	(542)	3	14,014	158,170	--	--	--	(196,406)	--	15,444	--
Other Financing Sources (Uses)													
Transfers in	--	--	--	--	--	--	--	--	--	--	--	--	--
Transfers out	--	2,391,929	--	--	--	--	--	--	--	192,065	--	--	--
	--	(578,592)	--	--	--	--	--	--	--	--	--	--	(20,368)
Net Other Financing Sources (Uses)	855	(367,087)	(542)	3	14,014	158,170	--	--	--	192,065	--	(20,368)	--
Net Change in Fund Balance	807	29,100	4,872	235	87,759	158,170	--	--	--	(4,341)	232,120	283,781	(4,924)
Fund Balance at Beginning of Period	807	29,955	4,330	238	101,773	158,170	--	--	--	227,779	278,857	278,857	278,857
Fund Balance at End of Period	807	29,955	4,330	238	101,773	158,170	--	--	--	227,779	278,857	278,857	278,857

Allegan County
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2014

	Special Revenue		Debt Service				Capital Projects			Total Nonmajor Governmental Funds
	Transportation	Public Improvement Fund	Local Revenue Sharing	Jail Construction Bonds	Building Authority	Youth Home CIP	Building Authority Capital	CIP Building Capital		
Revenues										
Taxes and penalties	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 87,114
Licenses and permits	--	--	--	--	--	--	--	--	--	479,695
Intergovernmental revenues - Federal	390,270	--	--	--	--	--	--	--	--	1,113,920
Intergovernmental revenues - State	586,823	1,519,040	--	--	--	--	--	--	--	5,047,259
Intergovernmental revenues - Local	--	--	265,421	--	1,625	--	--	--	--	894,344
Charges for services	679,561	--	--	--	--	--	--	--	--	2,145,641
Fines and forfeitures	--	--	--	--	--	--	--	--	--	2,664
Interest and rentals	5,777	8,674	284	--	6	224	217	29,596	--	130,860
Other revenues	29,868	87,645	--	--	--	--	--	--	--	621,205
Total Revenues	1,692,299	1,615,359	265,705	--	1,631	224	217	29,596	--	10,522,702
Expenditures										
Judicial	--	--	--	--	--	--	--	--	--	262,964
General government	1,453,020	66,474	--	--	--	--	--	--	--	1,642,868
Public safety	--	124,056	--	--	--	--	--	--	--	1,105,990
Health and welfare	--	--	--	--	--	--	--	--	--	8,571,047
Recreation and cultural	--	--	--	--	--	--	--	--	--	284,866
Community and economic development	--	--	--	--	--	--	--	--	--	83,407
Other	--	--	--	--	--	--	--	--	--	8,950
Capital outlay	156,100	857,499	--	--	--	--	--	77,799	--	1,187,458
Debt Service - Principal	--	--	--	350,000	--	--	--	--	--	350,000
Debt Service - Interest	--	--	--	388,750	--	--	--	--	--	388,750
Total Expenditures	1,609,120	1,048,029	--	738,750	--	--	--	77,799	--	13,886,300
Excess of Revenues Over (Under) Expenditures	83,179	567,330	265,705	(738,750)	1,631	224	217	(48,203)	--	(3,363,598)
Other Financing Sources (Uses)										
Transfers in	--	797,700	--	738,750	--	335,785	--	--	--	5,913,891
Transfers out	--	--	(192,065)	--	--	--	--	(457,700)	--	(1,248,725)
Net Other Financing Sources (Uses)	--	797,700	(192,065)	738,750	--	335,785	--	(457,700)	--	4,665,166
Net Change in Fund Balance	83,179	1,365,030	73,640	--	1,631	336,009	217	(505,903)	--	1,301,568
Fund Balance at Beginning of Period	624,106	428,662	--	943	2,011	--	19,405	2,692,903	--	7,219,951
Fund Balance at End of Period	707,285	1,793,692	73,640	943	3,642	336,009	19,622	2,187,000	\$	8,521,519

Allegan County
Combining Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2014

	Agency	
	Trust and Agency	Library Penal Fine
ASSETS		
Cash and pooled investments	\$ 3,182,079	\$ 482
<i>Total Assets</i>	3,182,079	482
LIABILITIES		
Assets held on behalf of others	3,182,079	482
<i>Total Liabilities</i>	3,182,079	482
NET POSITION		
Held in Trust	\$ --	\$ --

Transportation Fund Schedules

**Allegan County Transportation
Local Revenues
Schedule 1
For the Year Ended December 31, 2014**

	1/1/2014 to 9/30/2014	10/1/2014 to 12/31/2014	Total
Nonurban regular service			
Farebox revenues	\$ 63,074	\$ 17,010	\$ 80,084
Contract with Allegan CMH	291,432	86,811	378,243
Contract with Allegan ACSET	24,408	8,692	33,100
Contracts with other agencies	114,235	38,445	152,680
<i>Total nonurban regular service</i>	493,149	150,958	644,107
Job access reverse commute			
Farebox revenues	4,602	1,554	6,156
Specialized services			
Farebox revenues	3,191	1,107	4,298
Contract Support	18,750	6,250	25,000
<i>Total specialized services</i>	21,941	7,357	29,298
<i>Total local revenue</i>	\$ 519,692	\$ 159,869	\$ 679,561

**Allegan County Transportation
Local Revenues
Schedule 1A
For the Year Ended September 30, 2014**

	10/1/2013 to 12/31/2013	1/1/2014 to 9/30/2014	Total
Nonurban - regular service			
Farebox revenues	\$ 11,052	\$ 63,074	\$ 74,126
Contract with Allegan CMH	86,231	291,432	377,663
Contract with Allegan ACSET	11,181	24,408	35,589
Contracts with other agencies	30,757	114,235	144,992
Interest income	1,034	-	1,034
<i>Total nonurban regular service</i>	140,255	493,149	633,404
Job access reverse commute			
Farebox revenues	1,258	4,602	5,860
Specialized services			
Farebox revenues	1,082	3,191	4,273
Contract Support	6,250	18,750	25,000
<i>Total specialized services</i>	7,332	21,941	29,273
<i>Total local revenue</i>	\$ 148,845	\$ 519,692	\$ 668,537

**Allegan County Transportation
Expenditures of Federal and State Awards
Schedule 2
For the Year Ended December 31, 2014**

Federal Grantor/Pass-through Grantor/ Program Title	CFDA Number	State Number	Program or Award Amount	Current Year's Expenditures			Prior Year Expenditures	Award Remaining
				Total	Federal	State		
<u>U.S. Department of Transportation</u>								
Passed through the Michigan Department of Transportation:								
2014 Operating assistance - Section 5311	20.509	2012-0028/P17	167,360	\$ 149,369	\$ -	\$ 14,638	\$ 3,353	
2015 Operating assistance - Section 5311	20.509	2012-0028/P24	89,768	22,442	-	-	67,326	
2012 Audit Adjustment				126			(126)	
U.S. DOT Operating Grant - RTAP	20.509	N/A	4,000	2,337	-	-	1,663	
2014 Job Access Reverse Commute - Section 5316	20.509	2012-0028/P15	51,150	38,362	-	12,788	-	
2015 Job Access Reverse Commute - Section 5316	20.509	2012-0028/P19	51,150	12,788	-	-	38,362	
Capital Grant - Section 5313(b)	20.509	2007-0157/Z16	225,250	18,984	-	-	206,266	
Capital Grant - Section 5309	20.500	2007-0157/Z24	478,750	7,423	-	4,528	466,799	
Capital Grant - Section 5311 ARRA	20.509	2012-0028/P18	62,949	62,949	-	-	-	
Capital Grant - Section 5309	20.500	2012-0028/P10	70,871	54,945	-	-	15,926	
Capital Grant - Section 5311	20.509	2012-0028/P12	50,920	803	-	-	50,117	
Capital Grant - Section 5317 New Freedom	20.521	2012-0028/P14	20,000	12,675	-	7,325	-	
Capital Grant - Section 5317 New Freedom	20.521	2012-0028/P22	26,000	7,067	-	-	18,933	
<u>Michigan Department of Transportation</u>								
2014 Operating assistance - Act 51	N/A	FY2014	411,078	311,888	-	76,017	23,173	
2015 Operating assistance - Act 51	N/A	FY2015	366,552	91,848	-	-	274,704	
2011 Audit Final			-	4,694	-	-	(4,694)	
Specialized Services 2014	N/A	2012-0028/P16	106,704	80,028	-	26,676	-	
Specialized Services 2015	N/A	2012-0028/P23	106,704	26,676	-	-	80,028	
2014 Job Access Reverse Commute - Section 5316	N/A	2012-0028/P15	51,150	38,362	-	12,788	-	
2015 Job Access Reverse Commute - Section 5316	N/A	2012-0028/P19	51,150	12,788	-	-	38,362	
Capital Grant - Section 5313(b)	N/A	2007-0157/Z16	225,250	18,984	-	4,746	206,266	
Capital Grant - Section 5309	N/A	2007-0157/Z24	478,750	7,423	-	1,856	466,799	
Capital Grant - Section 5309	N/A	2012-0028/P10	70,871	54,945	-	13,736	15,926	
Capital Grant - Section 5311	N/A	2012-0028/P12	50,920	803	-	201	50,117	
Totals			\$ 3,166,377	\$ 1,037,906	\$ 586,622	\$ 154,760	\$ 1,969,183	

**Allegan County Transportation
Federal and State Awards
Operating Revenue Only
Schedule 2A
For the Year Ended December 31, 2014**

	1/1/2014 to 9/30/2014	10/1/2014 to 12/31/2014	Total
Michigan Department of Transportation			
Local Bus Operating (Act 51)	\$ 311,888	\$ 91,848	\$ 403,736
2011 Audit Final	-	4,694	4,694
Total Local Bus Operating (Act 51)	311,888	96,542	408,430
Job Access Reverse Commute - 2012-0028/P15	38,362	-	38,362
Job Access Reverse Commute - 2012-0028/P19	-	12,788	12,788
Specialized Services - Contract 2012-0028/P16	80,028	-	80,028
Specialized Services - Contract 2012-0028/P23	-	26,676	26,676
Total Michigan Department of Transportation	430,278	136,006	566,284
Federal Transit Administration			
U.S. DOT Operating Grant - Section 5311:			
Contract 2012-0028/P17	149,369	-	149,369
Contract 2012-0028/P24	-	22,442	22,442
2012 Audit Adjustment	-	126	126
RTAP	2,337	-	2,337
U.S. DOT Job Access Reverse Commute:			
Contract 2012-0028/P15	38,362	-	38,362
Contract 2012-0028/P19	-	12,788	12,788
Total Federal Transit Administration	190,068	35,356	225,424
Total revenues - state and federal	\$ 620,346	\$ 171,362	\$ 791,708

**Allegan County Transportation
Federal and State Awards
Operating Revenue Only
Schedule 2B
For the Year Ended September 30, 2014**

	10/1/2013 to 12/31/2013	1/1/2014 to 9/30/2014	Total
Michigan Department of Transportation			
Local Bus Operating (Act 51)	\$ 76,017	\$ 311,888	\$ 387,905
Job Access Reverse Commute - MDOT 50%			
Contract 2012-0028/P15	12,788	38,362	51,150
Specialized Services - Contract 2012-0028/P16	26,676	80,028	106,704
<i>Total Michigan Department of Transportation</i>	115,481	430,278	545,759
Federal Transit Administration			
U.S. DOT Operating Grant - Section 5311			
Contract 2012-0028/P17	14,638	149,369	164,007
U.S. DOT Operating Grant - RTAP	-	2,337	2,337
Contract 2012-0028/P15	12,788	38,362	51,150
<i>Total Federal Transit Administration</i>	27,426	190,068	217,494
<i>Total revenues - state and federal</i>	\$ 142,907	\$ 620,346	\$ 763,253

**Allegan County Transportation
Operating and Contract Expenses
Schedule 3
For the Year Ended December 31, 2014**

	Nonurban	Job Access Reverse Commute	Specialized Services	Total
Labor	\$ 655,467	\$ 64,666	\$ 88,304	\$ 808,437
Fringe benefits	144,757	14,307	19,596	178,660
Services	35,769	3,622	4,913	44,304
Materials and supplies	202,746	20,006	27,334	250,086
Utilities	38,193	3,819	5,205	47,217
Casualty and liability costs	34,442	3,397	4,642	42,481
Miscellaneous	3,541	133	182	3,856
Leases and rentals	32,002	3,156	4,265	39,423
<i>Total transit programs</i>	1,147,346	113,147	154,500	1,414,993
Less: ineligible expenses	(9,940)	(6,774)	(827)	(17,541)
<i>Total eligible expenses</i>	\$ 1,137,406	\$ 106,373	\$ 153,673	\$ 1,397,452

**Allegan County Transportation
Operating and Contract Expenses Split Between a December 31 and September 30 Year End
Schedule 3A
For the Year Ended December 31, 2014**

	Nonurban		Job Access Reverse Commute		Specialized Services		
	1/1/2014 to 9/30/2014	10/1/2014 to 12/31/2014	1/1/2014 to 9/30/2014	10/1/2014 to 12/31/2014	1/1/2014 to 9/30/2014	10/1/2014 to 12/31/2014	Total
Labor	\$ 475,689	\$ 179,778	\$ 46,940	\$ 17,726	\$ 64,666	\$ 23,961	\$ 88,304
Fringe benefits	112,123	32,634	11,089	3,218	14,307	4,350	19,596
Services	29,498	6,271	3,004	618	3,622	836	4,913
Materials and supplies	154,027	48,719	15,203	4,803	20,006	6,493	27,334
Utilities	28,604	9,589	2,873	946	3,819	1,278	5,205
Casualty and liability costs	25,868	8,574	2,551	846	3,397	1,143	4,642
Taxes and fees	429	-	41	-	41	-	59
Miscellaneous	8,025	(4,484)	575	(442)	133	(598)	182
Leases and rentals	-	32,002	-	3,156	3,156	4,265	4,265
Total transit programs	\$ 834,263	\$ 313,083	\$ 82,276	\$ 30,871	\$ 113,147	\$ 41,728	\$ 154,500

**Allegan County Transportation
Schedule of Nonurban Regular Service Revenue
Schedule 4R (Nonurban)
For the Year Ended September 30, 2014**

Code	Description	Amount
401 :	Farebox revenue	
40100	Passenger fares	\$ 74,126
40200	Contract fares	558,244
407 :	Non-transportation revenue	
40760	Gains from the sale of capital assets (vehicles)	-
409 :	Local revenue	
40910	Local operating assistance (county general fund)	-
411 :	State formula and contracts	
41101	State operating assistance	411,078
413 :	Federal contracts	
41301	Federal section 5311 (operating funds only) (16.0% of budgeted)	164,007
41398	RTAP	2,337
41400	Interest income	1,034
	<i>Total revenues</i>	<u>\$ 1,210,826</u>

**Allegan County Transportation
Schedule of Nonurban Regular Service Expense
Schedule 4E (Nonurban)
For the Year Ended September 30, 2014**

<u>Code</u>	<u>Description</u>	<u>Operations</u>	<u>Maintenance</u>	<u>Gen. Admin.</u>	<u>Total</u>
501 :	Labor				
50101	Operators' salaries and wages	\$ 327,523	\$ -	\$ -	\$ 327,523
50102	Other salaries and wages	-	44,144	153,039	197,183
50103	Dispatchers' salaries and wages	96,655	-	-	96,655
502 :	Fringe benefits				
50200	Other fringe benefits	99,325	9,889	39,813	149,027
503 :	Services				
50302	Advertising fees	-	-	1,490	1,490
50305	Audit costs	-	-	-	-
50399	Other services	5,823	-	29,058	34,881
504 :	Materials and supplies				
50401	Fuel and lubricants	168,424	-	-	168,424
50402	Tires and tubes	6,863	-	-	6,863
50499	Other materials and supplies	15,257	-	9,752	25,009
505 :	Utilities				
50500	Utilities	18,086	-	19,019	37,105
506 :	Insurance				
50603	Liability insurance	4,369	-	-	4,369
50699	Other insurance	29,647	-	-	29,647
507 :	Taxes and fees				
50700	Taxes and fees	-	-	429	429
509 :	Miscellaneous expense				
50902	Travel, meetings and training	-	-	7,209	7,209
50903	Association dues and subscriptions	-	-	2,216	2,216
50999	Other Misc	-	-	-	-
512 :	Operating leases and rentals				
51200	Operating leases and rentals	-	-	14,035	14,035
550 :	Ineligible expenses				
55009	Association dues and subscriptions (17% of MPTA)	-	-	146	146
574 :	Ineligible expenses				
57402	Ineligible RTAP	-	-	2,337	2,337
580 :	Ineligible expenses				
58020	Ineligible DB Pensions	-	-	5,079	5,079
	Total eligible expenses	\$ 771,972	\$ 54,033	\$ 276,060	\$ 1,102,065
			Total expenses		\$ 1,102,065
			Total ineligible expenses		(7,562)
			Total eligible expenses		\$ 1,094,503

Allegheny County Transportation
Schedule of Nonurban Regular Service Nonfinancial Data (Unaudited)
Public Service
Schedule 4N (Nonurban)
For the Year Ended September 30, 2014

<u>Code</u>	<u>Description</u>	<u>Weekday</u>	<u>Saturday</u>	<u>Sunday</u>	<u>Total</u>
610	Vehicle hours	20,572	394	6	20,972
611	Vehicle miles	519,199	6,422	188	525,809
615	Passengers - regular	11,209	189	-	11,398
616	Passengers - elderly	2,644	7	-	2,651
617	Passengers - persons w/ disabilities	25,135	412	-	25,547
618	Passengers - elderly persons w/ disabilities	947	22	4	973
622	Total demand-response passengers	39,935	630	4	40,569
625	Days operated	269	52	2	323
	<i>Total passengers</i>				40,569
<u>Vehicle Information</u>					
655	Total demand-response vehicles				24
656	Demand-response vehicle w/ lifts				23
658	Total transit vehicles				24
	<i>Total vehicles</i>				24
<u>Miscellaneous Information</u>					
660	Diesel/gasoline gallons consumed				53,405
661	Total transit agency employees (FT equivalents)				23
662	Total revenue vehicle operators (FT equivalents)				17
663	Number of accidents				6

Allegan County Transportation
Schedule of Job Access Reverse Commute Service Revenue
Public Service
Schedule 4R (JARC)
For the Year Ended September 30, 2014

<u>Code</u>	<u>Description</u>	<u>Amount</u>
401 :	Farebox revenue	
40100	Passenger fares	\$ 5,860
411 :	State formula and contracts	
41199	Other state contracts and reimbursements	51,150
413 :	Federal contracts	
41399	Other federal transit contracts and reimbursements	51,150
	<i>Total revenues</i>	<u>\$ 108,160</u>

**Allegan County Transportation
Schedule of Job Access Reverse Commute Service Expenses
Schedule 4E (JARC)
For the Year Ended September 30, 2014**

Code	Description	Operations	Maintenance	Gen. Admin.	Total
501 :	Labor				
50101	Operators' salaries and wages	\$ 32,425	\$ -	\$ -	\$ 32,425
50102	Other salaries and wages	-	4,386	15,190	19,576
50103	Dispatchers' salaries and wages	9,711	-	-	9,711
502 :	Fringe benefits				
50200	Other fringe benefits	9,915	972	3,944	14,831
503 :	Services				
50302	Advertising fees	-	-	152	152
50399	Other services	583	-	2,966	3,549
504 :	Materials and supplies				
50401	Fuel and lubricants	16,723	-	-	16,723
50402	Tires and tubes	89	-	-	89
50499	Other materials and supplies	2,110	-	974	3,084
505 :	Utilities				
50500	Utilities	1,820	-	1,915	3,735
506 :	Insurance				
50603	Liability insurance	441	-	-	441
50699	Other insurance	2,936	-	-	2,936
507 :	Taxes and fees				
50700	Taxes and fees	-	-	41	41
509 :	Miscellaneous expense				
50902	Travel, meetings and training	-	-	450	450
50903	Association dues and subscriptions	-	-	217	217
50999	Other Misc	-	-	-	-
512 :	Operating leases and rentals				
51200	Operating leases and rentals	-	-	1,423	1,423
550 :	Ineligible expenses				
55000	Ineligible JARC and NF fares	5,860	-	-	5,860
55009	Association dues and subscriptions (17% of MPTA)	-	-	14	14
580 :	Ineligible expenses				
58020	Ineligible DB Pensions	-	-	483	483
	Total eligible expenses	\$ 76,753	\$ 5,358	\$ 27,272	\$ 109,383
			Total expenses		\$ 109,383
			Total ineligible expenses		(6,357)
			Total eligible expenses		\$ 103,026

Allegan County Transportation
Schedule of Job Access Reverse Commute Nonfinancial Data (Unaudited)
Public Service
Schedule 4N (JARC)
For the Year Ended September 30, 2014

<u>Code</u>	<u>Description</u>	<u>Weekday</u>	<u>Saturday</u>	<u>Sunday</u>	<u>Total</u>
610 :	Vehicle hours	2,084	-	-	2,084
611 :	Vehicle miles	48,125	-	-	48,125
615 :	Passengers - regular	2,647	-	-	2,647
617 :	Passengers - persons w/ disabilities	470	-	-	470
618 :	Elderly Passengers - persons w/ disabilities	96	-	-	96
622 :	Total demand-response passengers	3,213	-	-	3,213
625 :	Days operated	256	-	-	256
	<i>Total passengers</i>				<u>3,213</u>
 <u>Vehicle Information</u>					
655 :	Total demand-response vehicles				2
656 :	Demand-response vehicle w/ lifts				2
658 :	Total transit vehicles				<u>2</u>
	<i>Total vehicles</i>				<u>2</u>
 <u>Miscellaneous Information</u>					
660	Diesel/gasoline gallons consumed				4,958
661	Total transit agency employees (FT equivalents)				2
662	Total revenue vehicle operators (FT equivalents)				2
663	Number of accidents				3

**Allegan County Transportation
Schedule of Nonurban Specialized Service Revenue
Schedule 4R (Specialized Service)
For the Year Ended September 30, 2014**

Code	Description	Amount
401 :	Farebox revenue	
40100	Passenger fares	\$ 4,273
40200	Contract fares	25,000
409 :	Local revenue	
40910	Local operating assistance (county general fund)	-
411 :	State formula and contracts	
41199	Other state operating assistance	106,704
41113	Capital contract reimbursement for admin expense	-
	<i>Total revenues</i>	<u>\$ 135,977</u>

Allegan County Transportation
Schedule of Nonurban Specialized Service Expense
Schedule 4E (Specialized Service)
For the Year Ended September 30, 2014

Code	Description	Operations	Maintenance	Gen. Admin.	Total
501 :	Labor				
50101	Operators' salaries and wages	\$ 44,951	\$ -	\$ -	\$ 44,951
50102	Other salaries and wages		6,061	21,067	27,128
50103	Dispatchers' salaries and wages	13,456	-		13,456
502 :	Fringe benefits				
50200	Other fringe benefits	13,768	1,350	5,496	20,614
503 :	Services				
50302	Advertising fees	-	-	209	209
50305	Audit costs	-	-		-
50399	Other services	813	-	4,055	4,868
504 :	Materials and supplies				
50401	Fuel and lubricants	23,172	-		23,172
50402	Tires and tubes	125	-		125
50499	Other materials and supplies	2,905	-	1,370	4,275
505 :	Utilities				
50500	Utilities	2,515	-	2,649	5,164
506 :	Insurance				
50603	Liability insurance	634	-		634
50699	Other insurance	4,051	-		4,051
507 :	Taxes and fees				
50700	Taxes and fees	-	-	59	59
509 :	Miscellaneous expense				
50902	Travel, meetings and training	-	-	613	613
50903	Association dues and subscriptions	-	-	299	299
50999	Other Misc	-	-	-	-
512 :	Operating leases and rentals				
51200	Operating leases and rentals	-	-	2,042	2,042
550 :	Ineligible expenses				
55000	Ineligible JARC and NF fares	-	-	-	-
55009	Association dues and subscriptions (17% of MPTA)	-	-	18	18
580 :	Ineligible expenses				
58020	Ineligible DB Pensions	-	-	644	644
	Total eligible expenses	\$ 106,390	\$ 7,411	\$ 37,859	\$ 151,660
Total expenses					\$ 151,660
Total ineligible expenses					(662)
Total eligible expenses					\$ 150,998

Allegheny County Transportation
Schedule of Specialized Services Nonfinancial Data (Unaudited)
Public Service
Schedule 4N (Specialized Service)
For the Year Ended September 30, 2014

<u>Code</u>	<u>Description</u>	<u>Agency</u>	<u>Volunteer</u>	<u>Total</u>
610	Vehicle hours	2,888	-	2,888
611	Vehicle miles	89,675	-	89,675
615	Passengers - regular	-	-	-
616	Passengers - elderly	2,487	-	2,487
617	Passengers - persons w/ disabilities	774	-	774
618	Passengers - elderly persons w/ disabilities	2,808	-	2,808
625	Days operated	-	-	-
	<i>Total passengers</i>			<u>6,069</u>
<u>Vehicle Information</u>				
655	Total demand-response vehicles	2		
656	Demand-response vehicle w/ lifts	2		
658	Total transit vehicles	<u>2</u>		
	<i>Total vehicles</i>	<u>2</u>		

**Allegan County Transportation
Operating Assistance Calculation
Schedule 5
For the Year Ended September 30, 2014**

	<u>Nonurban</u>	
Total expenses	<u>\$ 1,102,065</u>	
Less ineligible expenses:		
Other ineligible	-	
DB Pension	(5,079)	
RTAP	(2,337)	
Association dues	(146)	
Total ineligible expenses	<u>(7,562)</u>	
Total state eligible expenses	1,094,503	
Eligible expenses for state reimbursement	1,094,503	
x Reimbursement percentage	39.3000%	
State operating assistance	<u>430,140</u>	
State operating assistance received		<u>411,078</u>
Amount due from state		<u>19,062</u>
Total federal eligible expenses	<u>1,094,503</u>	
Eligible expenses for federal reimbursement	1,094,503	
x Reimbursement percentage	16.0000%	
Federal operating assistance	<u>175,120</u>	
Federal operating assistance received		<u>164,007</u>
<i>Amount due from federal</i>		<u>\$ 11,113</u>

**Allegheny County Transportation
Mileage / Hourly Data (Unaudited)
Non Financial Data Summary
For the Year Ended September 30, 2014**

		Nonurban Transportation	JARC Transportation	Specialized Services Transportation	Total Transportation
<u>Mileage</u>					
First Quarter	10/13 - 12/13	115,721	10,875	22,300	148,896
Second Quarter	1/14 - 3/14	118,362	10,750	22,261	151,373
Third Quarter	4/14 - 6/14	145,597	13,250	22,297	181,144
Fourth Quarter	7/14 - 9/14	146,129	13,250	22,817	182,196
Total Operation		<u>525,809</u>	<u>48,125</u>	<u>89,675</u>	<u>663,609</u>
<u>Hours</u>					
First Quarter	10/13 - 12/13	4,674	474	680	5,828
Second Quarter	1/14 - 3/14	4,917	525	701	6,143
Third Quarter	4/14 - 6/14	5,652	540	780	6,972
Fourth Quarter	7/14 - 9/14	5,729	545	727	7,001
Total Operation		<u>20,972</u>	<u>2,084</u>	<u>2,888</u>	<u>25,944</u>
Percentage of total hours		80.8%	8.0%	11.1%	100.0%

The methodology used for compiling mileage and hours has been reviewed and found to be an adequate and reliable method for recording vehicle mileage and hours of service.

Component Units

**Drain Commission/Department of Public Works Component Unit
Balance Sheet
Governmental Funds
December 31, 2014**

	Debt Service						Total Governmental Funds
	General Funds Drains	Fillmore Water and Sewer No.9	CASCO/South Haven Water No.7	Kalamazoo Lake Sewer/Water Debt No.18	Other Governmental Funds		
ASSETS							
Cash and pooled investments	\$ 1,697,274	\$ 352	\$ 1,123	\$ --	\$ 267,684	\$ 1,966,433	
Special assessments receivable	835,169	--	--	--	--	835,169	
Leases receivable	--	2,899,544	440,766	4,527,637	3,169,762	11,037,709	
Due from Other Government	2,157	--	--	--	--	2,157	
Due from other funds	--	--	--	--	173,392	173,392	
Special Assessments - Long-term	3,345,560	--	--	--	--	3,345,560	
Total Assets	\$ 5,880,160	\$ 2,899,896	\$ 441,889	\$ 4,527,637	\$ 3,610,838	\$ 17,360,420	
LIABILITIES							
Accounts payable	\$ 323,212	\$ --	\$ --	\$ --	\$ --	\$ 323,212	
Advance from primary government	--	--	--	--	180,300	180,300	
Short-term debt	73,600	--	--	--	--	73,600	
Due to other funds	173,392	--	--	--	--	173,392	
Total Liabilities	570,204	--	--	--	180,300	750,504	
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenues - special assessments	4,180,729	--	--	--	--	4,180,729	
Unavailable revenues - leases	--	2,899,544	440,766	4,527,637	3,169,462	11,037,409	
Total Liabilities and Deferred Inflows of Resources	4,750,933	2,899,544	440,766	4,527,637	3,349,762	15,968,642	
FUND BALANCE							
Restricted	--	352	1,123	--	261,076	262,551	
Unassigned	1,129,227	--	--	--	--	1,129,227	
Total Fund Balance	1,129,227	352	1,123	--	261,076	1,391,778	
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 5,880,160	\$ 2,899,896	\$ 441,889	\$ 4,527,637	\$ 3,610,838	\$ 17,360,420	

**Drain Commission/Department of Public Works Component Unit
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
December 31, 2014**

Total Fund Balance - Governmental Funds	\$	1,391,778
Net Position of internal service funds that are treated as proprietary in the fund level statements are treated as governmental in the entity-wide statements		101,263
In the Statement of Activities, interest is accrued on outstanding debt, whereas in governmental funds, the interest expenditure is reported when due.		(134,316)
General government capital assets of \$12,660,189, net of accumulated depreciation of 1,566,947, are not financial resources and, accordingly, are not reported in the funds.		11,093,242
Long-term liabilities, including the current portion of long-term debt, are not payable in the current period and, therefore, are not reported in the funds.		(16,261,993)
Other long-term assets (receivables) are not available to pay current period expenditures and, therefore, are deferred in the funds.		15,218,138
Total Net Position - Governmental Funds	\$	<u>11,408,112</u>

**Drain Commission/Department of Public Works Component Unit
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds**

For the Year Ended December 31, 2014

	Debt Service				Other Governmental Funds	Total Governmental Funds
	General	Fillmore Water and Sewer No.9	CASCO/South Haven Water No.7	Kalamazoo Lake Sewer/Water Debt No.18		
Revenues						
Taxes and penalties	\$ 1,385,386	\$ --	\$ --	\$ --	\$ --	\$ 1,385,386
Intergovernmental - Local	--	91,700	317,784	296,585	724,554	1,430,623
Interest and rentals	13,986	--	308	--	3,626	17,920
Other revenues	387,654	--	--	--	--	387,654
Total Revenues	1,787,026	91,700	318,092	296,585	728,180	3,221,583
Expenditures						
Drains/Public Works	474,440	--	--	--	--	474,440
Capital outlay	1,046,503	--	--	--	136,152	1,182,655
Debt Service - Principal	1,218,416	30,000	295,000	183,525	870,000	2,596,941
Debt Service - Interest	97,191	61,600	22,809	113,060	163,205	457,865
Total Expenditures	2,836,550	91,600	317,809	296,585	1,169,357	4,711,901
Excess of Revenues Over (Under) Expenditures	(1,049,524)	100	283	--	(441,177)	(1,490,318)
Other Financing Sources (Uses)						
General Obligation Bonds Issued	--	--	--	--	136,491	136,491
Notes Issued	1,371,150	--	--	--	--	1,371,150
Transfers in	--	41	--	--	307,736	307,777
Transfers out	(307,736)	--	--	--	(41)	(307,777)
Net Other Financing Sources (Uses)	1,063,414	41	--	--	444,186	1,507,641
Net Change in Fund Balance	13,890	141	283	--	3,009	17,323
Fund Balance at Beginning of Period	1,115,337	211	840	--	258,067	1,374,455
Fund Balance at End of Period	\$ 1,129,227	\$ 352	\$ 1,123	\$ --	\$ 261,076	\$ 1,391,778

**Drain Commission/Department of Public Works Component Unit
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and
Changes in Fund Balance with Statement of Activities
For the Year Ended December 31, 2014**

Total Net Change in Fund Balances - Governmental Funds	\$	17,323
Changes in net position of internal service funds that are treated as enterprise fund changes in net position in the fund level statements are treated as governmental fund changes in net position in the entity-wide statements		(10,480)
Changes to accrued interest are not shown in the fund financial statements. The net effect of the current year decrease is to increase net position.		(18,600)
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.		829,398
Long-term debt payments are reported as financing uses in the governmental funds and thus contribute to the change in fund balance. However, debt payments reduce long-term debt on the Statement of Net Position. This represents the amount of principal payment made during the year on long-term debt.		1,089,300
Contractual payment from another governmental unit for debt service is not considered revenue in the Statement of Activities.		(1,508,834)
Changes in Net Position - Governmental Funds	\$	<u>398,107</u>

**Drain Commission/Department of Public Works Component Unit
Statement of Net Position
Internal Service Fund
December 31, 2014**

	Drain Equipment
ASSETS	
<i>Current Assets</i>	
Cash and pooled investments	\$ 93,228
<i>Total Current Assets</i>	93,228
<i>Noncurrent Assets</i>	
Capital assets being depreciated, net	11,857
<i>Total Assets</i>	105,085
LIABILITIES	
<i>Current Liabilities</i>	
Accounts payable	1,842
Accrued payroll	1,980
<i>Total Current Liabilities</i>	3,822
<i>Noncurrent Liabilities</i>	
<i>Total Liabilities</i>	3,822
NET POSITION	
Net investment in capital assets	11,857
<i>Unrestricted</i>	89,406
<i>Total Net Position</i>	\$ 101,263

**Drain Commission/Department of Public Works Component Unit
Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Fund
For the Year Ended December 31, 2014**

	Darin Equipment
Operating Revenues	
Charges for services	\$ 117,994
<i>Total Operating Revenues</i>	117,994
Operating Expenses	
Drains/Public Works	128,612
Depreciation expense	7,820
<i>Total Operating Expenses</i>	136,432
<i>Operating Income (Loss)</i>	(18,438)
Non-Operating Revenues (Expenses)	
Interest earned on investments	973
Sale of capital asset	6,985
<i>Net Non-Operating Revenues (Expenses)</i>	7,958
<i>Income Before Contributions and Transfers</i>	(10,480)
Transfers in	--
Transfers out	--
<i>Change In Net Position</i>	(10,480)
<i>Net Position at Beginning of Period</i>	111,743
<i>Net Position at End of Period</i>	\$ 101,263

Drain Commission/Department of Public Works Component Unit
Statement of Cash Flows
Internal Service Fund
For the Year Ended December 31, 2014

	Drain Equipment
Cash Flows from Operating Activities	
Cash received from interfund charges	\$ 117,994
Cash payments to suppliers for goods and services	(25,944)
Cash payments to employees for services	(102,527)
<i>Net cash provided (used) by Operating Activities</i>	(10,477)
 Cash Flows from Capital and Related Financing Activities	
Gain on Sale of Assets	6,985
Purchase of Capital Assets	(13,680)
<i>Net cash provided (used) by Capital and Related Financing Activities</i>	(6,695)
 Cash Flows from Investing Activities	
Interest on Deposits	973
<i>Net cash provided (used) by Investing Activities</i>	973
 <i>Net Increase (Decrease) in Cash and Equivalents</i>	(16,199)
<i>Cash and Equivalents - Beginning of Year</i>	109,427
<i>Cash and Equivalents - End of Year</i>	\$ 93,228
 Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Operating income (loss)	\$ (18,438)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities	
Depreciation	7,820
Changes in Assets and Liabilities	
Accounts payable	(125)
Accrued liabilities	266
Net Cash Provided by Operating Activities	\$ (10,477)

Drain Commission/Department of Public Works Component Unit
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2014

	Debt Service						
	Fillmore Township Sewage	City of Wayland Sewer 1999 Bonds	City of Wayland Sewage 1998 Bonds	Sewer No.13 Saugatuck	Water & Sewer No.3 Olsego Twp	Martin Village	Fillmore Water and Sewer No.8
ASSETS							
Cash and pooled investments	\$ 1,745	\$ 1,301	\$ 1,253	\$ 384	\$ 1,737	\$ 909	\$ 532
Leases receivable	--	--	--	--	123,898	--	--
Due from other funds	--	--	--	--	--	--	--
Total Assets	\$ 1,745	\$ 1,301	\$ 1,253	\$ 384	\$ 125,635	\$ 909	\$ 532
LIABILITIES							
Advance from primary government	--	--	--	--	--	--	--
Total Liabilities	--	--	--	--	--	--	--
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenues - leases	--	--	--	--	123,898	--	--
Total Liabilities and Deferred Inflows of Resources	--	--	--	--	123,898	--	--
FUND BALANCE	1,745	1,301	1,253	384	1,737	909	532
Restricted	--	--	--	--	--	--	--
Unassigned	1,745	1,301	1,253	384	1,737	909	532
Total Fund Balance	1,745	1,301	1,253	384	1,737	909	532
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 1,745	\$ 1,301	\$ 1,253	\$ 384	\$ 125,635	\$ 909	\$ 532

Total Liabilities, Deferred Inflows of Resources and Fund Balance

Drain Commission/Department of Public Works Component Unit
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2014

	Debt Service						
	Otsego Water/Sewer Refunding	City of Wayland Refunding	Martin Village Refunding	Bear Swamp	McConnell Drain	Gudith Drain	Kuipers Drain
ASSETS							
Cash and pooled investments	\$ 1,074	\$ 29	\$ 632	\$ 251,064	\$ 2	\$ 151	\$ 18
Leases receivable	608,003	1,317,249	1,120,612	--	--	--	--
Due from other funds	--	--	--	--	--	--	--
Total Assets	\$ 609,077	\$ 1,317,278	\$ 1,121,244	\$ 251,064	\$ 2	\$ 151	\$ 18
LIABILITIES							
Advance from primary government	--	300	--	--	--	--	--
Total Liabilities	--	300	--	--	--	--	--
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenues - leases	608,003	1,316,949	1,120,612	--	--	--	--
Total Liabilities and Deferred Inflows of Resources	608,003	1,317,249	1,120,612	--	--	--	--
FUND BALANCE							
Restricted	1,074	29	632	251,064	2	151	18
Unassigned	--	--	--	--	--	--	--
Total Fund Balance	1,074	29	632	251,064	2	151	18
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 609,077	\$ 1,317,278	\$ 1,121,244	\$ 251,064	\$ 2	\$ 151	\$ 18

Drain Commission/Department of Public Works Component Unit
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2014

	Debt Service			Capital Projects			Total Nonmajor Governmental Funds
	Sunset Shores	Nelson Gilkey	Fillmore Township	Revolving Drain	Kalamazoo Lake Sewer/Water Authority	Martin Village Water No.8	
ASSETS							
Cash and pooled investments	\$ 5	\$ 237	\$ 1	\$ 6,608	\$ --	\$ 2	\$ 267,684
Leases receivable	--	--	--	--	--	--	3,169,762
Due from other funds	--	--	--	173,392	--	--	173,392
Total Assets	\$ 5	\$ 237	\$ 1	\$ 180,000	\$ --	\$ 2	\$ 3,610,838
LIABILITIES							
Advance from primary government	--	--	--	\$ 180,000	\$ --	--	\$ 180,300
Total Liabilities	--	--	--	\$ 180,000	\$ --	--	\$ 180,300
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenues - leases	--	--	--	--	--	--	3,169,462
Total Liabilities and Deferred Inflows of Resources	--	--	--	\$ 180,000	\$ --	--	\$ 3,349,762
FUND BALANCE							
Restricted	5	237	1	--	--	2	261,076
Unassigned	--	--	--	--	--	--	--
Total Fund Balance	5	237	1	--	--	2	261,076
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 5	\$ 237	\$ 1	\$ 180,000	\$ --	\$ 2	\$ 3,610,838

Drain Commission/Department of Public Works Component Unit
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2014

	Debt Service							
	Fillmore Township Sewage	City of Wayland Sewer 1999 Bonds	City of Wayland Sewage 1998 Bonds	Sewer No.13 Saugatuck	Water & Sewer No.3 Otsego Twp	Martin Village	Fillmore Water and Sewer No.8	
Revenues								
Intergovernmental - Local	\$ --	\$ --	\$ --	\$ 79,600	\$ 72,158	\$ --	\$ 153,225	
Interest and rentals	20	15	13	6	81	10	533	
Total Revenues	20	15	13	79,606	72,239	10	153,758	
Expenditures								
Capital outlay	--	--	--	--	--	--	--	
Debt Service - Principal	--	--	--	75,000	65,000	--	150,000	
Debt Service - Interest	--	--	--	4,650	6,408	--	5,113	
Total Expenditures	--	--	--	79,650	71,408	--	155,113	
Excess of Revenues Over (Under) Expenditures	20	15	13	(44)	831	10	(1,355)	
Other Financing Sources (Uses)								
General Obligation Bonds Issued	--	--	--	--	--	--	--	
Transfers in	--	--	--	--	--	--	--	
Transfers out	--	--	--	--	--	--	(41)	
Net Other Financing Sources (Uses)	--	--	--	--	--	--	(41)	
Net Change in Fund Balance	20	15	13	(44)	831	10	(1,396)	
Fund Balance at Beginning of Period	1,725	1,286	1,240	428	906	899	1,928	
Fund Balance at End of Period	\$ 1,745	\$ 1,301	\$ 1,253	\$ 384	\$ 1,737	\$ 909	\$ 532	

Drain Commission/Department of Public Works Component Unit
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2014

	Debt Service							
	Otsego Water/Sewer Refunding	City of Wayland Refunding	Martin Village Refunding	Bear Swamp	McConnell Drain	Gudith Drain	Kuipers Drain	
Revenues								
Intergovernmental - Local	\$ 98,433	\$ 243,963	\$ 71,863	\$ 5,312	\$ --	\$ --	\$ --	\$ --
Interest and rentals	91	16	84	2,748	2	1	--	--
Total Revenues	<u>98,524</u>	<u>243,979</u>	<u>71,947</u>	<u>8,060</u>	<u>2</u>	<u>1</u>	<u>--</u>	<u>--</u>
Expenditures								
Capital outlay	--	--	--	--	--	--	--	--
Debt Service - Principal	70,000	215,000	35,000	260,000	--	--	--	--
Debt Service - Interest	28,208	32,338	38,413	47,736	--	--	--	--
Total Expenditures	<u>98,208</u>	<u>247,338</u>	<u>73,413</u>	<u>307,736</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Excess of Revenues Over (Under) Expenditures	<u>316</u>	<u>(3,359)</u>	<u>(1,466)</u>	<u>(299,676)</u>	<u>2</u>	<u>1</u>	<u>--</u>	<u>--</u>
Other Financing Sources (Uses)								
General Obligation Bonds Issued	--	--	--	--	--	--	--	--
Transfers in	--	--	--	307,736	--	--	--	--
Transfers out	--	--	--	--	--	--	--	--
Net Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>307,736</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net Change in Fund Balance	<u>316</u>	<u>(3,359)</u>	<u>(1,466)</u>	<u>8,060</u>	<u>2</u>	<u>1</u>	<u>--</u>	<u>--</u>
Fund Balance at Beginning of Period	758	3,388	2,098	243,004	--	150	18	18
Fund Balance at End of Period	<u>\$ 1,074</u>	<u>\$ 29</u>	<u>\$ 632</u>	<u>\$ 251,064</u>	<u>\$ 2</u>	<u>\$ 151</u>	<u>\$ 18</u>	<u>\$ 18</u>

Drain Commission/Department of Public Works Component Unit
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2014

	Debt Service			Capital Projects			Total Nonmajor Governmental Funds
	Sunset Shores	Nelson Gilkey	Fillmore Township	Revolving Drain	Kalamazoo Lake Sewer/Water Authority	Martin Village Water No.8	
Revenues							
Intergovernmental - Local	\$ --	\$ --	--	\$ --	\$ --	--	\$ 724,554
Interest and rentals	--	3	1	--	--	2	3,626
Total Revenues	--	3	1	--	--	2	728,180
Expenditures							
Capital outlay	--	--	--	--	136,152	--	136,152
Debt Service - Principal	--	--	--	--	--	--	870,000
Debt Service - Interest	--	--	--	--	339	--	163,205
Total Expenditures	--	--	--	--	136,491	--	1,169,357
Excess of Revenues Over (Under) Expenditures	--	3	1	--	(136,491)	2	(441,177)
Other Financing Sources (Uses)							
General Obligation Bonds Issued	--	--	--	--	136,491	--	136,491
Transfers in	--	--	--	--	--	--	307,736
Transfers out	--	--	--	--	--	--	(41)
Net Other Financing Sources (Uses)	--	--	--	--	136,491	--	444,186
Net Change in Fund Balance	--	3	1	--	--	2	3,009
Fund Balance at Beginning of Period	5	234	--	--	--	--	258,067
Fund Balance at End of Period	5	237	1	\$ --	\$ --	2	261,076