

# **Kalamazoo County Road Commission**

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**Financial Report  
with Supplemental Information  
December 31, 2014**

# **Kalamazoo County Road Commission**

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## Independent Auditor's Report

To the Board of Directors  
Kalamazoo County Road Commission

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and the Road Fund of the Kalamazoo County Road Commission (the "Road Commission"), a component unit of Kalamazoo County, as of and for the year ended December 31, 2014 and the related notes to the financial statements, which collectively comprise the Kalamazoo County Road Commission'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.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 opinion.

To the Board of Directors  
Kalamazoo County Road Commission

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the Road Fund of the Kalamazoo County Road Commission as of December 31, 2014 and the changes in its financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplemental Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the Road Fund budgetary comparison schedule, and the pension and other postemployment benefit plan schedules of funding progress 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, which 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 supplemental 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 Kalamazoo County Road Commission's basic financial statements. The other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The other supplemental information, as identified in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 other supplemental information, as identified in the table of contents, is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Plante & Morse, PLLC*

March 17, 2015

# **Kalamazoo County Road Commission**

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## **Management's Discussion and Analysis**

The Kalamazoo County Road Commission (the "Road Commission") is a special purpose government engaged in a single government program of road and bridge maintenance, preservation, and construction for the County of Kalamazoo, Michigan. The Kalamazoo County Road Commission was established by a vote of the citizens of Kalamazoo County in 1909.

The following financial statements are presented in accordance with prescribed methods of accounting. The financial statements related to the governmental fund are prepared in modified accrual format, commonly referred to as governmental fund level accounting. The full accrual method of accounting focuses on the entity as a whole (the Road Commission's net position) and is referred to as government-wide level accounting. The significant differences between the governmental fund statements and the government-wide statements relate to capital assets (buildings and equipment) and the infrastructure (roads, bridges, and signals). Capital assets and infrastructure costs are expensed when incurred in the governmental fund statements. In the government-wide statements, these costs are capitalized and recognized over their estimated useful lives through depreciation expense.

With respect to the statements of net position and activities, the fund-level financial statements and the government-wide financial statements have been combined and are presented on the same page.

### **Management's Discussion and Analysis**

This section of Kalamazoo County Road Commission's annual financial report presents our discussion and analysis of the Road Commission's financial performance during the fiscal year that ended on December 31, 2014. Please read it in conjunction with the Road Commission's basic financial statements, which follow this section.

### **Using this Annual Report**

This annual report consists of four parts: management's discussion and analysis (this section), the basic financial statements, required supplemental information, and other supplemental information.

The basic financial statements are the governmental fund balance sheet/statement of net position, statement of governmental fund revenue, expenditures, and changes in fund balance/statement of activities, and notes to the financial statements. The notes to the financial statements are an integral part of the document that explain some of the information in the financial statements and provide more detailed data.

Additional data and schedules that further explain and support the information in the financial statements are provided in both the required supplemental information and the other supplemental information.

# Kalamazoo County Road Commission

## Management's Discussion and Analysis (Continued)

### Financial Analysis of the Road Commission as a Whole

The following tables provide condensed information about the Road Commission as of December 31, 2014 and 2013 and for the years then ended. Over time, increases or decreases in the Road Commission's net position may serve as an indicator of the overall financial position. To assess the overall health of the Road Commission, additional nonfinancial factors need to be considered, such as the condition of the roads in our jurisdiction and changes in the laws related to gas taxes and their distribution.

### Condensed Statement of Net Position

	December 31	
	2014	2013
<b>Assets</b>		
Other assets	\$ 9,766,529	\$ 7,040,893
Capital assets	119,075,290	115,650,661
Total assets	128,841,819	122,691,554
<b>Liabilities - Current liabilities</b>	1,218,028	772,047
<b>Net Position</b>		
Unrestricted net position	8,548,501	6,268,846
Net investment in capital assets	119,075,290	115,650,661
Total net position	<u>\$ 127,623,791</u>	<u>\$ 121,919,507</u>

# Kalamazoo County Road Commission

## Management's Discussion and Analysis (Continued)

### Condensed Statement of Activities

	Year Ended December 31	
	2014	2013
<b>Revenue</b>		
Intergovernmental	\$ 22,253,870	\$ 16,494,210
Other contributions and service charges	345,669	1,020,571
Other	99,826	21,440
Total revenue	22,699,365	17,536,221
<b>Expenses</b>		
Primary maintenance	3,463,841	4,751,439
Local maintenance	4,796,297	4,624,338
Depreciation	8,083,870	8,214,290
Administrative	1,004,964	979,679
Equipment rental and other charges	(497,872)	(716,553)
Nonroad-related projects	143,981	87,335
Total expenses	16,995,081	17,940,528
<b>Change in Net Position</b>	<b>\$ 5,704,284</b>	<b>\$ (404,307)</b>

The Road Commission's revenue for the year ended December 31, 2014 increased approximately 29 percent from the prior year. This increase was due principally to an increase in federal, state, and local government participation in road improvement projects and a one-time funding of approximately \$1.2 million from the State of Michigan under Public Act (PA) 252, Priority Road Funding Project of \$575,000 and PA 34 Winter of \$838,353. Total expenses for the year decreased by approximately 5 percent due to lower primary maintenance expense. Overall, the Road Commission increased net position by \$5,704,284.

### Budgetary Highlights

Prior to beginning each year, the Road Commission's budget is prepared based upon certain assumptions and facts available at that time. During the year, the Road Commission board amends its budget to reflect changes in the original assumptions, facts, and/or economic conditions that were unknown at the time the original budget was adopted.

# Kalamazoo County Road Commission

## Management's Discussion and Analysis (Continued)

The Road Commission amended its 2014 budget during the year. The final budget for revenue was approximately \$2,010,000 more than the original budget, primarily due to more than expected Michigan Transportation Fund, other federal and state sources, and township revenue. Our actual revenue ended the year lower than expected by approximately \$400,000, primarily due to the Road Commission receiving less state revenue than anticipated. The final budget for expenditures was approximately \$1,618,000 more than the original budget due to more than anticipated road improvement and maintenance expenditures. Actual expenditures at the end of the year were approximately \$1,095,000 less than the final amended budget, primarily due to the Road Commission spending less on preservation and structural improvements and routine and preventative maintenance on primary roads.

### Capital Assets

The Road Commission ended the year with an increase in net capital assets amounting to \$3,424,629. Infrastructure continues to be the largest asset class and is funded by federal, state, and local contributions, as well as by Road Commission revenue. Depreciation of capital assets is provided for annually over estimated future lives.

	December 31	
	2014	2013
Land and improvements	\$ 21,959,065	\$ 21,799,220
Buildings and improvements	4,240,874	4,117,821
Road equipment	8,802,624	8,814,667
Other equipment	641,306	632,566
Infrastructure and improvements	<u>175,806,657</u>	<u>172,498,156</u>
Total capital assets	211,450,526	207,862,430
Accumulated depreciation	<u>(92,375,236)</u>	<u>(92,211,769)</u>
Net capital assets	<u><b>\$ 119,075,290</b></u>	<u><b>\$ 115,650,661</b></u>

Additional information regarding capital assets is located in Note 5 to the financial statements.

### Economic Factors and Next Year's Budget

Michigan has begun to move out of its longest sustained economic downturn since the Great Depression, yet Michigan roads continue to deteriorate. Michigan's roads are vital to business and economic development, to families and schools, to public safety and health care, to agriculture and tourism, and to every aspect of our lives. Congestion, poor pavement condition, and crashes cost Michigan drivers and business in wasted fuel, lost time and productivity, vehicle maintenance costs, and more.

# **Kalamazoo County Road Commission**

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## **Management's Discussion and Analysis (Continued)**

The primary source of revenue to Michigan County Road Agencies comes from the Michigan Transportation Fund (MTF). All state fuel taxes, vehicle registration fees, and other transportation-related fees are deposited into the MTF and distributed according to a formula established in Public Act 51 of 1951. The Legislature last increased the gasoline tax in 1997 from 15 cents per gallon to 19 cents per gallon. The tax on diesel fuel was not increased at that time and remains at 15 cents. These fuel taxes are "flat" taxes, and do not increase with the price of gas or diesel or with inflation. Also, a combination of more fuel-efficient vehicles and motorists changing driving habits and purchasing less fuel have eroded the power of fuel taxes which continues to negatively impact the funding. Many of the costs associated with critical road maintenance activities, including fuel, asphalt, and equipment, have increased far faster than the consumer rate of inflation, while funding continues to lag behind. Our Road Commission has optimized the efficiency of operations under the existing revenue and continues to ensure we are in the process of continuous improvement.

The board, management, and staff of the Road Commission continue to work diligently to be efficient and keep our expenses low, look for opportunities to partner with other agencies in our area and region, and access all available dollars to maintain the roads and infrastructure within Kalamazoo County.

### **Contacting the Road Commission's Management**

This financial report is designed to provide a general overview of the Road Commission's finances and accountability of the public trust. Questions regarding any of the information provided in this report or requests for additional information should be addressed to Kalamazoo County Road Commission, 3801 East Kilgore Road, Kalamazoo, MI 49001, or visit our website at [www.kalamazoocountyroads.com](http://www.kalamazoocountyroads.com).

# Kalamazoo County Road Commission

## Statement of Net Position/Governmental Funds Balance Sheet December 31, 2014

	Modified Accrual Basis		Statement of Net Position
	Road Fund	Adjustments	
<b>Assets</b>			
Cash (Note 4)	\$ 5,266,572	\$ -	\$ 5,266,572
Receivables:			
Special assessments receivable	10,631	-	10,631
Due from state transportation department	2,069,899	-	2,069,899
Due on county road agreements	969,819	-	969,819
Sundry accounts receivable	246,260	-	246,260
Inventory	905,149	-	905,149
Prepaid expenses	158,854	-	158,854
Advances	117,584	-	117,584
Prepaid construction	21,761	-	21,761
Capital assets (Note 5):			
Assets not subject to depreciation	-	21,959,065	21,959,065
Assets subject to depreciation	-	97,116,225	97,116,225
<b>Total assets</b>	<b>\$ 9,766,529</b>	119,075,290	128,841,819
<b>Liabilities</b>			
Accounts payable	\$ 738,553	-	738,553
Accrued liabilities and other	104,255	117,522	221,777
Advances	257,698	-	257,698
<b>Total liabilities</b>	1,100,506	117,522	1,218,028
<b>Deferred Inflows of Resources -</b>			
Unavailable revenue	617,927	(617,927)	-
<b>Equity</b>			
Fund balance:			
Nonspendable:			
Inventory	905,149	(905,149)	-
Prepays	180,615	(180,615)	-
Unassigned	6,962,332	(6,962,332)	-
<b>Total fund balance</b>	8,048,096	(8,048,096)	-
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<b>\$ 9,766,529</b>		
<b>Net position:</b>			
Net investment in capital assets		119,075,290	119,075,290
Unrestricted		8,548,501	8,548,501
<b>Total net position</b>		<b>\$ 127,623,791</b>	<b>\$ 127,623,791</b>

# Kalamazoo County Road Commission

## Statement of Activities/Governmental Fund Revenues, Expenditures, and Changes in Fund Balance Year Ended December 31, 2014

	Modified Accrual Basis		Statement of Activities
	Road Fund	Adjustments	
<b>Revenues</b>			
Michigan Transportation Fund	\$ 13,334,628	\$ -	\$ 13,334,628
Federal grants	3,964,855	-	3,964,855
State funding	2,135,667	607,296	2,742,963
Township and other governmental contributions	2,211,424	-	2,211,424
Other contributions and service charges	185,824	159,845	345,669
Other revenue	117,906	(18,080)	99,826
Total revenues	21,950,304	749,061	22,699,365
<b>Expenditures/Expenses</b>			
Primary preservation	8,716,497	(8,716,497)	-
Primary maintenance	3,463,841	-	3,463,841
Local preservation	1,812,150	(1,812,150)	-
Local maintenance	4,796,297	-	4,796,297
Administrative	993,584	11,380	1,004,964
Capital outlay	822,852	(822,852)	-
Less equipment rental and other charged to other expenditures	(497,872)	-	(497,872)
Depreciation expense	-	8,083,870	8,083,870
Nonroad-related projects	143,981	-	143,981
Total expenditures/expenses	20,251,330	(3,256,249)	16,995,081
<b>Net Change in Fund Balances/Net Position</b>	1,698,974	4,005,310	5,704,284
<b>Fund Balances/Net Position - Beginning of year</b>	6,349,122	115,570,385	121,919,507
<b>Fund Balances/Net Position - End of Year</b>	<b>\$ 8,048,096</b>	<b>\$ 119,575,695</b>	<b>\$ 127,623,791</b>

# **Kalamazoo County Road Commission**

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## **Notes to Financial Statements December 31, 2014**

### **Note I - Summary of Significant Accounting Policies**

The following is a summary of the significant accounting policies used by the Kalamazoo County Road Commission:

#### **Reporting Entity**

The Kalamazoo County Road Commission (the "Road Commission") is a governmental agency responsible for the maintenance and construction of the road system in Kalamazoo County, Michigan. The Road Commission is governed by a five-member Board of County Road Commissioners appointed by the Kalamazoo County Board of Commissioners. The Road Commission's financial statements will be included in the basic financial statements of Kalamazoo County, Michigan, as a discretely presented component unit.

#### **Accounting and Reporting Principles**

The Road Commission follows accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board.

#### **Report Presentation**

Governmental accounting principles require that financial reports include two different perspectives - the government-wide perspective and the fund-based perspective. The individual Road Fund column presents the activity on the modified accrual basis of accounting, as discussed below, which demonstrates accountability for how the current resources have been spent. The government-wide column is presented on the economic resources measurement focus and the full accrual basis of accounting, in order to measure the cost of providing government services, and the extent to which constituents have paid the full cost of government services.

On the full accrual basis of accounting, revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

#### **Fund Accounting**

The Road Commission accounts for its activities in one major governmental fund, the Road Fund. The Road Fund is used to account for all activities of the Road Commission.

#### **Basis of Accounting**

The Road Fund uses the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how the Road Commission has spent its resources.

# Kalamazoo County Road Commission

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## Notes to Financial Statements December 31, 2014

### Note I - Summary of Significant Accounting Policies (Continued)

Expenditures are reported when the goods are received or the services are rendered. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the ability to spend resources in the future; conversely, employee benefit costs that will be funded in the future (such as pension and retiree healthcare related costs, or sick and vacation pay) are not counted until they come due for payment. In addition, debt service expenditures, claims, and judgments are recorded only when payment is due.

Revenues are not recognized until they are collected, or collected soon enough after the end of the year that they are available to pay for obligations outstanding at the end of the year. For this purpose, the Road Commission considers amounts collected within 60 days of year end to be available for recognition. The following major revenue sources meet the availability criterion: state gas and weight tax revenue, and revenue related to construction projects and inspection work orders. Conversely, special assessments and a portion of state funding related to Public Act 252 of 2014 will be collected after the period of availability; receivables have been recorded for these, along with a "deferred inflow".

#### **Specific Balances and Transactions**

**Cash** - Cash includes cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired.

**Due from State Transportation Department and Due on County Road Agreements** - Due from state transportation department consists of amounts due from the Michigan Transportation Fund for state-shared revenue. Due on county road agreements consists of receivables from townships, cities, and villages for their share of construction projects.

**Inventories and Prepaid Items** - Inventories consist principally of road material, salt, signs, and equipment maintenance materials and are valued at average cost. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

**Prepaid Construction** - Prepaid construction results when progress payments made to the Michigan Department of Transportation are in excess of the total expenses incurred for projects on a percentage-of-completion basis. The payments will be applied to projects in future years as costs are incurred.

# Kalamazoo County Road Commission

## Notes to Financial Statements December 31, 2014

### Note I - Summary of Significant Accounting Policies (Continued)

**Capital Assets** - Capital assets, which include property, buildings, 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 Road Commission as assets with an initial individual cost of more than \$2,500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost, or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation, with the related revenue recorded as other contributions.

Land is not subject to depreciation, road equipment is depreciated using the sum-of-the-years'-digits method, and all other capital asset classes are depreciated using the straight-line method, over the following useful lives:

Capital Asset Class	Lives in Years
Infrastructure	5-50
Buildings	25-50
Road equipment	5-8
Other equipment	4-20

### Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Road Commission has no items that qualify for reporting in this category at December 31, 2014.

In addition to liabilities, the statement of net position and balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Road Commission has one item that qualifies for reporting in this category. The deferred inflows of resources related to unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: state contributions and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

# **Kalamazoo County Road Commission**

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## **Notes to Financial Statements December 31, 2014**

### **Note I - Summary of Significant Accounting Policies (Continued)**

#### **Net Position Flow Assumption**

Sometimes the Road Commission will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Road Commission's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

#### **Fund Balance Flow Assumption**

Sometimes the Road Commission will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Road Commission's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

#### **Fund Balance Policies**

Fund balance of the Road Fund is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Road Commission itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Road Commission's highest level of decision-making authority. The Road Commission's Board of County Road Commissioners is the highest level of decision-making authority for the Road Commission that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

# Kalamazoo County Road Commission

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## Notes to Financial Statements December 31, 2014

### Note I - Summary of Significant Accounting Policies (Continued)

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The Road Commission's Board of County Road Commissioners has by resolution authorized the managing director to assign fund balance. The board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

In January 2014, the Road Commission set a goal to maintain a minimum fund balance of 40 percent of Michigan Transportation Fund Revenue in the Road Fund. This is deemed to be the prudent amount to maintain the Road Commission's ability to meet obligations as they come due throughout the year.

**Pension and Other Postemployment Benefit Costs** - The Road Commission offers both pension and retiree healthcare benefits to retirees. The Road Commission receives an actuarial valuation to compute the annual required contribution (ARC) necessary to fund the obligation over the remaining amortization period. In the Road Fund, pension and OPEB costs are recognized as contributions are made or healthcare costs are incurred. For the government-wide statements, the Road Commission reports the full accrual cost equal to the current year required contribution, adjusted for interest and "adjustment to the ARC" on the beginning of year underpaid amount, if any.

**Compensated Absences (Vacation and Sick Leave)** - It is the Road Commission's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. There is no liability for unpaid accumulated sick leave since the Road Commission does not have a policy to pay any amounts when employees separate from service with the Road Commission, except at retirement for AFSCME and non-bargaining employees. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the Road Fund only for employee terminations as of year end.

**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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

# Kalamazoo County Road Commission

## Notes to Financial Statements December 31, 2014

### Note 2 - Reconciliation of Individual Fund Columns of the Statement of Net Position/Statement of Activities

Net position reported in the statement of net position column is different than the fund balance reported in the Road Fund because of the different measurement focus and basis of accounting, as discussed in Note 1. Below is a reconciliation of the differences:

<b>Fund Balance Reported in Governmental Funds</b>	<b>\$ 8,048,096</b>
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	119,075,290
Special assessment and state funding receivables that are collected after year end, such that they are not available to pay bills outstanding as of year end, are not recognized in the funds	617,927
Employee compensated absences are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities	<u>(117,522)</u>
<b>Net Position of Governmental Activities</b>	<b><u>\$ 127,623,791</u></b>

# Kalamazoo County Road Commission

## Notes to Financial Statements December 31, 2014

### Note 2 - Reconciliation of Individual Fund Columns of the Statement of Net Position/Statement of Activities (Continued)

The change in net position reported in the statement of activities column is different than the change in fund balance reported in the Road Fund because of the different measurement focus and basis of accounting, as discussed in Note 1. Below is a reconciliation of the differences:

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ 1,698,974</b>
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Capital outlay	11,511,321
Depreciation expense	(8,083,870)
Net book value of assets disposed of	(2,822)
Revenues are recorded in the statement of activities when earned; they are not reported in the funds until collected or collectible within 60 days of year end	
	592,061
Increase in accumulated employee sick and vacation pay and other similar expenses reported in the statement of activities do not require the use of current resources, and therefore are not reported in the fund statements until they come due for payment	
	<u>(11,380)</u>
<b>Change in Net Position of Governmental Activities</b>	<b><u>\$ 5,704,284</u></b>

### Note 3 - Stewardship, Compliance, and Accountability

The Road Commission is legally subject to the budgetary control requirements of State of Michigan P.A. 621 of 1978 (the Uniform Budgeting Act). The following is a summary of the requirements of this Act according to the State Treasurer's *Bulletin for Audits of Local Units of Government in Michigan*, dated April 1982, as amended by P.A. 493 of 2000:

- Budgeted expenditures cannot exceed budgeted revenue and fund balance.
- The budgets must be amended when necessary.
- Public hearings must be held before budget adoptions.
- Expenditures cannot exceed budget appropriations.
- Expenditures must be authorized by a budget before being incurred.

# Kalamazoo County Road Commission

## Notes to Financial Statements December 31, 2014

### Note 3 - Stewardship, Compliance, and Accountability (Continued)

Pursuant to this requirement, the Road Commission follows these procedures:

- The director submits a proposed operating budget for the fiscal year to the Board of County Road Commissioners before the beginning of the fiscal year. The budget includes proposed expenditures and the means of providing them.
- A public hearing is held to obtain comments.
- Prior to the beginning of the year, the budget and appropriations are legally adopted by the Board of County Road Commissioners.
- Comparison of budget to actual activity is used as a management control device throughout the year.
- Budgets are prepared using the modified accrual basis of accounting.
- The budgetary information presented may be amended throughout the year by an official action of the board.

**Excess of Expenditures Over Appropriations** - The law requires budget amendments as needed to prevent actual expenditures from exceeding those provided in the budget. During the year ended December 31, 2014, the Road Commission did not have expenditures that were significantly in excess of amounts budgeted.

### Note 4 - Deposits and Investments

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The law also allows investments outside the state of Michigan when fully insured. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Road Commission has designated three banks for the deposit of its funds. The Road Commission's deposits and investment policies are in accordance with statutory authority.

**Custodial Credit Risk of Bank Deposits** - Custodial credit risk is the risk that in the event of a bank failure, the Road Commission's deposits may not be returned to it. The Road Commission does not have a deposit policy for custodial credit risk. At year end, the Road Commission had approximately \$5,357,000 of bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured.

# Kalamazoo County Road Commission

## Notes to Financial Statements December 31, 2014

### Note 5 - Capital Assets

Capital asset activity of the Road Commission was as follows:

Governmental Activities	Balance January 1, 2014	Additions	Retirements/ Transfers	Balance December 31, 2014
Capital assets not being depreciated:				
Land and improvements	\$ 705,935	\$ -	\$ -	\$ 705,935
Infrastructure and improvements (in progress)	21,093,285	159,845	-	21,253,130
Subtotal	21,799,220	159,845	-	21,959,065
Capital assets being depreciated:				
Buildings and improvements	4,117,823	123,051	-	4,240,874
Road equipment	8,814,667	681,274	(693,317)	8,802,624
Other equipment	632,566	18,527	(9,787)	641,306
Infrastructure and improvements	172,498,154	10,528,624	(7,220,121)	175,806,657
Subtotal	186,063,210	11,351,476	(7,923,225)	189,491,461
Accumulated depreciation:				
Buildings and improvements	2,381,790	84,929	-	2,466,719
Road equipment	7,127,499	557,674	(693,774)	6,991,399
Other equipment	480,318	31,406	(6,508)	505,216
Infrastructure and improvements	82,222,162	7,409,861	(7,220,121)	82,411,902
Subtotal	92,211,769	8,083,870	(7,920,403)	92,375,236
Net capital assets being depreciated	93,851,441	3,267,606	(2,822)	97,116,225
Net capital assets	\$ 115,650,661	\$ 3,427,451	\$ (2,822)	\$ 119,075,290

**Commitments** - The Road Commission has active projects at year end. The projects include truck builds and components with a contract amount of approximately \$442,500.

### Note 6 - Defined Benefit Pension Plan

**Plan Description** - The Road Commission participates in the Kalamazoo County Employees' Retirement Plan (the "Plan"), a public employee retirement system which is an agent multiple-employer defined benefit pension plan administered by the Kalamazoo County Employees' Retirement System (the "System"). The Road Commission's Plan provides retirement, disability, and death benefits to plan members and their beneficiaries. The Kalamazoo County Board of County Road Commissioners establishes and amends the benefit provisions of the participants in the Plan. The System issues a publicly available financial report that includes financial statements and required supplemental information for the Plan. That report may be obtained by writing to the System at 201 W. Kalamazoo Avenue, Kalamazoo, Michigan 49007 or by calling (269) 384-8111.

# Kalamazoo County Road Commission

## Notes to Financial Statements December 31, 2014

### Note 6 - Defined Benefit Pension Plan (Continued)

**Funding Policy** - The Road Commission is required to contribute at an actuarially determined rate; however, no contribution was required in the current year. The contribution requirements are established by the System based on an actuarial valuation. The contribution requirements of plan members, if any, are established and may be amended by the Road Commission depending on the Plan's contribution program. Plan members are currently not required to contribute to the System.

**Annual Pension Cost** - For the year ended December 31, 2014, the Road Commission had no annual pension cost or required contribution to the plan. The annual required contribution was determined as part of an actuarial valuation at December 31, 2013, using the entry age actuarial cost method. Significant actuarial assumptions used include (a) a 7.50 percent investment rate of return and (b) projected salary increases of between 3.50 percent and 8.23 percent per year compounded annually, of which 3.50 percent is attributable to inflation. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a five-year period.

The unfunded actuarial liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period is 10 years.

#### Three-year Trend Information

	Fiscal Year Ended December 31		
	2014	2013	2012
Annual pension cost (APC)	\$ -	\$ -	\$ -
Percentage of APC contributed	100.0 %	100.0 %	100.0 %
Net pension obligation	-	-	-

  

	Fiscal Year Ended December 31		
	2013	2012	2011
Actuarial value of assets	\$ 18,087,442	\$ 17,186,467	\$ 17,852,065
Actuarial accrued liability (AAL)			
(entry age)	13,085,068	13,450,299	13,574,391
Overfunded AAL	5,002,374	3,736,168	4,277,674
Funded ratio	138.2 %	127.8 %	131.5 %
Covered payroll	2,222,722	2,379,843	2,699,115
Overfunded AAL as a percentage of covered payroll	225.1 %	157.0 %	158.5 %

# Kalamazoo County Road Commission

## Notes to Financial Statements December 31, 2014

### Note 7 - Other Postemployment Benefits

**Plan Description** - The Road Commission provides medical benefits to eligible retired Road Commission employees through the Kalamazoo County Retiree Medical Benefits Plan (the "Plan"), an agent multiple employer plan. The plan is affiliated with the Kalamazoo County Retiree Health Trust (the "Trust"), which is exempt from tax under Section 115 of the Internal Revenue Code of 1986.

Benefit provisions of the Plan are established and amended by the Kalamazoo County Board of Commissioners. The Plan issues a publicly available financial report that includes financial statements and required supplemental information. That report may be obtained by writing to the Kalamazoo County Employees' Retirement System, 201 W. Kalamazoo Avenue, Kalamazoo, Michigan 49007 or by calling (269) 384-8111.

**Funding Policy** - The Road Commission is required to contribute at a percentage of covered payroll as determined by the Plan; the required contribution for the year ended December 31, 2014 was \$158,807 or 7.95 percent. The actual contribution made by the Road Commission during the year ended December 31, 2014 was \$175,031. The contribution requirements are established by the Plan based on an actuarial valuation. Road Commission retirees pay 20 percent of the cost of their health insurance premiums. This percentage is established and may be amended by the Road Commission. Retiree healthcare benefits will not be available to nonunion employees hired on or after January 1, 2013 and American Federal of State, County and Municipal Employees union members hired on or after January 1, 2012.

**Funding Progress** - The required and actual contributions for the last three years are as follows:

	Fiscal Year Ended December 31		
	2014	2013	2012
Annual covered payroll	\$ 1,997,574	\$ 2,200,685	\$ 2,284,616
Required contribution rate	7.95 %	7.70 %	7.80 %
Required contribution	\$ 158,807	\$ 169,453	\$ 177,972
Actual contribution made	\$ 175,031	\$ 169,453	\$ 196,250

The resulting net OPEB asset is not considered to be significant related to the financial statements taken as a whole and has not been recorded as an asset in the statement of net position.

# Kalamazoo County Road Commission

## Notes to Financial Statements December 31, 2014

### Note 7 - Other Postemployment Benefits (Continued)

The funding progress of the plan as of the most recent valuation dates are as follows:

	2011	2011	2009
Valuation as of December 31:			
Actuarial value of assets	\$ 1,562,405	\$ 1,435,680	\$ 1,233,280
Actuarial accrued liability	\$ 3,239,807	\$ 3,956,241	\$ 4,936,576
Unfunded AAL	\$ (1,677,402)	\$ (2,520,561)	\$ (3,703,296)
Funded ratio	48.20 %	36.30 %	24.98%
Annual covered payroll	\$ 2,200,685	\$ 2,483,917	\$ 2,970,142
Ratio of UAAL to covered payroll	(76.22)%	(101.48)%	(124.68)%

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

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

In the December 31, 2013 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included are (a) a rate of return on investments of present and future assets of 7.50 percent, (b) projected salary increases of 3.50 percent to 8.23 percent per year, compounded annually, with 3.50 percent attributable to inflation, and (c) a healthcare cost trend rate of 9.00 percent. The UAAL is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period at December 31, 2013 was 30 years.

# Kalamazoo County Road Commission

## Notes to Financial Statements December 31, 2014

### Note 8 - Risk Management

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

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

The Road Commission is a member of the County Road Association Self-insurance Fund (CRASIF) for workers' compensation claims. Member premiums are used to purchase workers' compensation insurance. As a member of the fund, the Road Commission is fully insured for workers' compensation claims incurred.

The Road Commission continues to carry commercial insurance for other risks of loss, including employee health and accident insurance.

### Note 9 - Subsequent Events

On February 24, 2015, the voters of Kalamazoo Township approved a \$9.75 million bond proposal to improve local roadways in the township. A plan has been developed by the Road Commission to bring all local roads in Kalamazoo Township into "Good" condition in a three-year period. The Road Commission will begin road improvements in the spring of 2015, and is expected to complete the project at the end of 2017.

### Note 10 - Upcoming Accounting Pronouncements

In June 2012, the GASB issued GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Statement No. 68 requires governments providing defined benefit pensions to recognize their unfunded or overfunded pension benefit obligation as an asset or liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. This net pension asset or liability that will be recorded on the government-wide statements will be computed differently than the current unfunded actuarial accrued liability, using specific parameters set forth by the GASB. The statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). The Road Commission is currently evaluating the impact this standard will have on the financial statements when adopted. As of December 31, 2014, the Road Commission's pension system is overfunded. The provisions of this statement are effective for financial statements for the year ending December 31, 2015.

# **Kalamazoo County Road Commission**

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## **Notes to Financial Statements December 31, 2014**

### **Note 10 - Upcoming Accounting Pronouncements (Continued)**

In February 2015, the Governmental Accounting Standards Board issued GASB Statement No. 72, *Fair Value Measurement and Application*. The requirements of this statement will enhance comparability of financial statements among governmental entities by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and acceptable valuation techniques. This statement also will enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. GASB Statement No. 72 is required to be adopted for years beginning after June 15, 2015. The Road Commission is currently evaluating the impact this standard will have on the financial statements when adopted, during the Road Commission's 2016 fiscal year.

## **Required Supplemental Information**

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# Kalamazoo County Road Commission

## Required Supplemental Information Budgetary Comparison Schedule - Road Fund Year Ended December 31, 2014

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenues</b>				
Michigan Transportation Fund - Primary Road Fund	\$ 9,652,000	\$ 10,108,000	\$ 10,113,165	\$ 5,165
Michigan Transportation Fund - Local Road Fund	3,048,000	3,192,000	3,221,463	29,463
Federal, state, and enhancement	6,684,287	5,615,000	5,224,498	(390,502)
State - Special Winter Maintenance	-	838,353	838,353	-
State - Priority Road Investment Funds	-	575,000	516,832	(58,168)
State General Fund - PA 252	-	606,272	605,044	(1,228)
Township projects	1,719,210	2,216,000	2,097,088	(118,912)
Township special assessments	50,000	25,866	25,866	-
Cities and other governmental	20,000	2,677	80,218	77,541
Interest	5,000	1,000	6,258	5,258
New Platted Roads Donated	150,000	-	-	-
Other	100,000	258,000	305,724	47,724
<b>Total revenues</b>	<b>21,428,497</b>	<b>23,438,168</b>	<b>23,034,509</b>	<b>(403,659)</b>
<b>Expenditures/Expenses</b>				
Construction and capacity - Local road system	150,000	-	-	-
Preservation and structural improvements - Primary road system	7,127,000	9,400,000	8,786,959	613,041
Preservation and structural improvements - Local road system	2,680,000	3,347,000	3,337,034	9,966
Routine and preventative maintenance - Primary road system	3,662,760	3,650,000	3,393,379	256,621
Routine and preventative maintenance - Local road system	3,005,270	3,330,000	3,271,413	58,587
Administrative	994,500	1,010,000	993,584	16,416
Capital outlay	1,240,000	824,135	822,852	1,283
Equipment rental and other charged to other expenditures	(633,500)	(545,000)	(497,872)	(47,128)
Work performed for others	2,586,210	1,414,000	1,228,186	185,814
<b>Total expenditures/expenses</b>	<b>20,812,240</b>	<b>22,430,135</b>	<b>21,335,535</b>	<b>1,094,600</b>
<b>Excess of Revenue Over Expenditures</b>	<b>616,257</b>	<b>1,008,033</b>	<b>1,698,974</b>	<b>690,941</b>
<b>Fund Balance - Beginning of year</b>	<b>6,349,122</b>	<b>6,349,122</b>	<b>6,349,122</b>	<b>-</b>
<b>Fund Balance - End of year</b>	<b>\$ 6,965,379</b>	<b>\$ 7,357,155</b>	<b>\$ 8,048,096</b>	<b>\$ 690,941</b>

# Kalamazoo County Road Commission

## Note to Required Supplemental Information Year Ended December 31, 2014

The budgetary comparison schedule for the Road Fund is presented on the same basis of accounting used in preparing the adopted budget. The following is a reconciliation of the budgetary comparison schedule to the Road Fund (statement of governmental fund revenue, expenditures, and changes in fund balance):

	<u>Total Revenue</u>	<u>Total Expenditures</u>
Amounts per governmental fund revenue, expenditures, and changes in fund balance	\$ 21,950,304	\$ 20,251,330
Project performed on behalf of another governmental unit	<u>1,084,205</u>	<u>1,084,205</u>
Amounts per budgetary comparison schedule - Road Fund	<u>\$ 23,034,509</u>	<u>\$ 21,335,535</u>

# Kalamazoo County Road Commission

## Required Supplemental Information Defined Benefit Pension Plan Schedule of Funding Progress Year Ended December 31, 2014

The schedule of funding progress for the defined benefit pension plan is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
12/31/11	\$ 17,852,065	\$ 13,574,391	\$ (4,277,674)	131.5	\$ 2,699,115	(158.5)
12/31/12	17,186,467	13,450,299	(3,736,168)	127.8	2,379,843	(157.0)
12/31/13	18,087,442	13,085,068	(5,002,374)	138.2	2,222,722	(225.1)

# Kalamazoo County Road Commission

## Required Supplemental Information Other Postemployment Benefit Plan Schedule of Funding Progress Year Ended December 31, 2014

The schedule of funding progress for the other postemployment benefit plan is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
12/31/09	\$ 1,233,280	\$ 4,936,576	\$ 3,703,296	25.0	\$ 2,970,142	124.7
12/31/11	1,435,680	3,956,241	2,520,561	36.3	2,483,917	101.5
12/31/13	1,562,405	3,239,807	1,677,402	48.2	2,200,685	76.2

## **Other Supplemental Information**

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# Kalamazoo County Road Commission

## Analysis of Revenue, Expenditures, and Changes in Fund Balance - Road Fund Year Ended December 31, 2014

	Primary Roads	Local Roads	County Road Funds	Total
<b>Revenue</b>				
Michigan Transportation Fund:				
Engineering	\$ 7,560	\$ 2,440	\$ -	\$ 10,000
Snow removal	1,101	2,003	-	3,104
Urban road	1,782,387	536,661	-	2,319,048
Allocation	<u>8,317,674</u>	<u>2,684,801</u>	<u>-</u>	<u>11,002,475</u>
Total Michigan Transportation Fund	10,108,722	3,225,905	-	13,334,627
Economic Development Fund - Rural primary	19,533	-	-	19,533
Governmental funding:				
Federal	3,964,856	-	1,084,205	5,049,061
Local bridge	155,905	-	-	155,905
Township and other governmental contributions	34,119	2,097,943	79,362	2,211,424
Other contributions and charges for services	<u>1,696,420</u>	<u>439,800</u>	<u>38,731</u>	<u>2,174,951</u>
Total governmental funding	15,979,555	5,763,648	1,202,298	22,945,501
Other:				
Gain on equipment disposals	-	-	53,936	53,936
Special assessments	-	25,866	-	25,866
Interest earned	<u>3,668</u>	<u>1,555</u>	<u>1,135</u>	<u>6,358</u>
Total other	<u>3,668</u>	<u>27,421</u>	<u>55,071</u>	<u>86,160</u>
Total revenue	15,983,223	5,791,069	1,257,369	23,031,661
<b>Expenditures</b>				
Preservation and maintenance:				
Preservation - Structural improvements	8,716,497	1,812,149	-	10,528,646
Maintenance	<u>3,463,841</u>	<u>4,796,296</u>	<u>-</u>	<u>8,260,137</u>
Total preservation and maintenance	12,180,338	6,608,445	-	18,788,783
Other:				
Administrative expenses	644,118	349,466	-	993,584
Net equipment expenses	73,392	96,831	5,913	176,136
Net capital outlay	-	-	145,998	145,998
Other - Services for other units	<u>-</u>	<u>-</u>	<u>1,228,186</u>	<u>1,228,186</u>
Total other	<u>717,510</u>	<u>446,297</u>	<u>1,380,097</u>	<u>2,543,904</u>
Total expenditures	<u>12,897,848</u>	<u>7,054,742</u>	<u>1,380,097</u>	<u>21,332,687</u>
<b>Excess of Revenue Over (Under) Expenditures</b>	3,085,375	(1,263,673)	(122,728)	1,698,974
<b>Other Financing (Uses) Sources</b> - Optional transfers	<u>(1,263,673)</u>	<u>1,263,673</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	1,821,702	-	(122,728)	1,698,974
<b>Fund Balance</b> - Beginning of year	<u>4,951,943</u>	<u>-</u>	<u>1,397,179</u>	<u>6,349,122</u>
<b>Fund Balance</b> - End of year	<u><u>\$ 6,773,645</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,274,451</u></u>	<u><u>\$ 8,048,096</u></u>

# Kalamazoo County Road Commission

## Note to Other Supplemental Information Year Ended December 31, 2014

### Note - Reconciliation of Analysis of Revenue, Expenditures, and Changes in Fund Balance - Road Fund to Basic Financial Statements

The following is a reconciliation of the analysis of changes in fund balance - Road Fund schedule to the governmental fund (statement of governmental fund revenue, expenditures, and changes in fund balance):

	Road Fund	
	Total	Total
	Revenue	Expenditures
Amounts per governmental fund revenue, expenditures, and changes in fund balance	\$ 21,950,304	\$ 20,251,330
Loss on disposal of capital assets	(2,848)	(2,848)
Project performed on behalf of another governmental unit	<u>1,084,205</u>	<u>1,084,205</u>
Amount per analysis of changes in Road Fund balance	<u>\$ 23,031,661</u>	<u>\$ 21,332,687</u>