

NEW ISSUE

Rating: Moody's: Applied for

Book-Entry-Only

In the opinion of Clark Hill PLC, Bond Counsel, under existing law (i) the Bonds and the interest thereon are exempt from all taxation by the State of Michigan or a political subdivision thereof, except inheritance estate taxes and taxes on gains realized from the sale, payment or other disposition thereof, (ii) interest on the Bonds is excluded from gross income for federal income tax purposes to the extent and subject to the conditions described therein, and (iii) interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, interest paid to certain corporate holders of the Bonds may be subject to the alternative minimum tax under certain circumstances. See "TAX MATTERS" herein and "FORM OF LEGAL OPINION".

\$1,810,000*
COUNTY OF BERRIEN

**HOLLYWOOD ROAD CONSOLIDATED DRAIN #524 DRAINAGE DISTRICT
DRAIN REFUNDING BONDS, SERIES 2018**

(General Obligation - Limited Tax)

SALE DATE: October 24, 2018 11:00 A.M. Eastern Time

PURPOSE AND SECURITY: The Refunding Bonds are to be issued by Hollywood Road Consolidated Drain #524 Drainage District, Berrien County, Michigan (the "Drainage District") pursuant to the provisions of Act 40 and Act 34 in anticipation of, and are primarily payable from, collections of special assessments assessed against the Townships of Lincoln, Royalton and St. Joseph, and the County of Berrien (the "County") and individual property owners in the Drainage District. Pursuant to a resolution adopted by the County of Berrien Board of Commissioners, the County has pledged its full faith and credit for the prompt payment of the principal of, premium, if any, and interest on the Refunding Bonds as the same shall become due. The ability of the County to raise funds with which to meet such full faith and credit pledge is subject to applicable statutory and constitutional tax limitations.

BOOK-ENTRY-ONLY: The Bonds are issuable only as fully registered bonds without coupons, and when issued, will be registered in the name of Cede & Co., as Bondholder and nominee for the Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the bonds. Purchases of beneficial interest in the Bonds will be made in book-entry-only form, in the denominations of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their beneficial interest in Bonds purchased. So long as Cede & Co. is the Bondholder, as nominee of DTC, references herein to the Bondholders or registered owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the Bonds. See "BOOK-ENTRY-ONLY SYSTEM" herein.

PAYMENT OF BONDS: Interest on the Bonds will be payable semi-annually on the first day of June and December of each year commencing June 1, 2019. The Bonds will be issued fully registered as to principal and interest in the denomination of \$5,000 or any integral multiple thereof not exceeding the principal amount of each maturity. The principal and interest shall be payable at the principal corporate trust office of The Huntington National Bank in Grand Rapids, Michigan or other designated office, the Bond Registrar and Paying Agent, or such other Bond Registrar and Paying Agent as the County may hereafter designate. So long as DTC or its nominee, Cede & Co., is the Bondholder, such payments will be made directly to such Bondholder. Disbursement of such payments to the Beneficial Owners is the responsibility of DTC Participants and Indirect Participants, as more fully described herein. Interest shall be paid when due by check or draft mailed to the registered owner as shown on the registration books as of the fifteenth day of the month preceding the payment date for each interest payment.

Dated: Date of Delivery

Principal Due: June 1 of each year as shown below

Delivery Date: Expected on or about November 15, 2018

MATURITY SCHEDULE*

<u>Year</u>	<u>Amount*</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>Year</u>	<u>Amount*</u>	<u>Interest Rate</u>	<u>Price or Yield</u>
2019	\$125,000	%	%	2025	\$155,000	%	%
2020	130,000			2026	155,000		
2021	135,000			2027	165,000		
2022	140,000			2028	165,000		
2023	145,000			2029	175,000		
2024	150,000			2030	170,000		

QUALIFIED TAX-EXEMPT OBLIGATIONS

MULTIPLES: 1/8 or 1/100 of 1% or both

PURCHASE PRICE: Not less than 99% or more than 102% of the par value. **MAXIMUM INTEREST RATE:** 6%

RESTRICTION: THE INTEREST RATE ON THE BONDS MATURING IN ANY YEAR SHALL NOT BE LESS THAN THE INTEREST RATE ON BONDS MATURING IN THE PRECEDING YEAR.

PRIOR REDEMPTION: Bonds due June 1, 2019 through June 1, 2025 shall be non-callable. Bonds due June 1, 2026 through final maturity shall be callable on any date on or after June 1, 2025, at par and accrued interest to the date fixed for redemption. The Bonds are callable in any order.

LEGAL OPINION: CLARK HILL PLC

***Subject to Adjustment:** See "Adjustment in Principal Amount" herein



BERRIEN COUNTY
701 Main Street, St. Joseph, MI 49085

COUNTY ADMINISTRATOR
William Wolfe

COUNTY CLERK
Sharon Tyler

DRAIN COMMISSIONER
Christopher Quattrin

COUNTY TREASURER
Bret Witkowski

COUNTY SHERIFF
L. Paul Bailey

BERRIEN COUNTY BOARD of COMMISSIONERS

Jon Hinkelman, Chairman
Mamie Yarbrough, Vice Chairperson
David Vollrath
Don Meeks
Bill Chickering
Jeanette Leahey
Debra Panozzo
Teri Sue Freehling, Chaplain
Ezra Scott
Mac Elliott, Parliamentarian
Jim Curran, Sergeant of Arms
Michael Majerek

Bond Counsel Clark Hill PLC
Detroit, Michigan
Municipal Advisor Municipal Financial Consultants
Milford, Michigan
Paying Agent The Huntington National Bank
Grand Rapids, Michigan

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NO DEALER, BROKER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORIZED BY THE COUNTY OF BERRIEN TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION OTHER THAN AS CONTAINED IN THIS OFFICIAL STATEMENT, AND IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COUNTY.

THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT HAS BEEN PREPARED FROM SOURCES WHICH ARE DEEMED TO BE RELIABLE, BUT IS NOT GUARANTEED AS TO ACCURACY OR COMPLETENESS.

THE INFORMATION AND EXPRESSIONS OF OPINION IN THIS OFFICIAL STATEMENT ARE SUBJECT TO CHANGE WITHOUT NOTICE AND NEITHER THE DELIVERY OF THE OFFICIAL STATEMENT NOR ANY SALE MADE UNDER IT SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COUNTY SINCE THE DATE OF THIS OFFICIAL STATEMENT.

INFORMATION FOR BIDDERS ON DETAILS OF SALE
\$1,810,000*
COUNTY OF BERRIEN
HOLLYWOOD ROAD CONSOLIDATED DRAIN #524 DRAINAGE DISTRICT DRAIN
REFUNDING BONDS, SERIES 2018

DATE BIDS DUE: October 24, 2018
TIME BIDS DUE: 11:00 a.m., Eastern Time

LOCATIONS OF SUBMISSION OF BIDS:

Municipal Advisory Council of Michigan
 Buhl Building
 535 Griswold, Suite 1850
 Detroit, Michigan 48226

Office of the Berrien County Drain Commissioner
 701 Main Street
 St. Joseph, Michigan 49085

Bids also accepted electronically via PARITY

BOND DETAILS:

Principal Amount: \$1,810,000*

Dated: Date of Delivery

Interest Payment Dates: June 1 and December 1,
 commencing June 1, 2019

Rating: Moody's: Applied for

Maximum Interest Rate: 6%

Maximum Interest Rate Spread: N/A

Good Faith Deposit: \$36,200

Maximum Discount: \$18,100

Maximum Premium: \$36,200

Denominations: \$5,000 or a multiple of
 \$5,000

MATURITIES: The Refunding Bonds shall mature on June 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>Year</u>	<u>Amount*</u>	<u>Interest Rate</u>	<u>Price or Yield</u>
2019	\$125,000	%	%	2025	\$155,000	%	%
2020	130,000			2026	155,000**		
2021	135,000			2027	165,000**		
2022	140,000			2028	165,000**		
2023	145,000			2029	175,000**		
2024	150,000			2030	170,000**		

*See "Adjustment in Principal Amount" herein

**Callable - See "Description of The Refunding Bonds - Prior Redemption".

THE REFUNDING BONDS WILL BE DELIVERED ON OR ABOUT
November 15, 2018

RESTRICTIONS: The Refunding Bonds shall bear interest at a rate or rates not exceeding 6% per annum, to be fixed by the bids therefor, expressed in multiples of 1/8 or 1/100 of 1%, or both. The interest on any one Refunding Bond shall be at one rate only and all Refunding Bonds maturing in any one year must carry the same interest rate. THE INTEREST RATE BORNE BY BONDS MATURING IN ANY YEAR SHALL NOT BE AT A RATE LOWER THAN THE RATE BORNE BY BONDS MATURING IN THE PRECEDING YEAR. No bid for the purchase of less than all of the Refunding Bonds or at a price that is less than 99% or more than 102% of their par value will be considered.

OFFICIAL STATEMENT
County of Berrien
State of Michigan
\$1,810,000*
HOLLYWOOD ROAD CONSOLIDATED DRAIN #524 DRAINAGE DISTRICT DRAIN
REFUNDING BONDS, SERIES 2018

***Subject to adjustment.**

The purpose of this Official Statement is to set forth information concerning the County of Berrien (the "County") in connection with the sale by the Hollywood Road Consolidated Drain #524 Drainage District (the "District") of its Hollywood Road Consolidated Drain #524 Drainage District Drain Refunding Bonds, Series 2018 (the "Refunding Bonds") issued to refund the part of the outstanding Hollywood Road Consolidated Drain #524 Drainage District, Drain Bonds, Series 2010 maturing in 2019 through 2024, 2027, and 2030. The information contained herein is presented in connection with the sale of the Refunding Bonds and for the information of those who initially became holders of the Refunding Bonds. Information describing the Refunding Bonds, summarized on the cover page, is part of this Official Statement.

INTRODUCTION

The County, by adoption of a resolution to authorize the issuance of Refunding Bonds (the "Resolution"), has authorized the refunding of a portion of the outstanding Hollywood Road Consolidated Drain #524 Drainage District, Drain Bonds, Series 2010, in the original aggregate amount of \$2,700,000, dated as of July 1, 2010:

2010 Prior Bonds Outstanding

Drain Bonds:
\$1,835,000 Series 2010 Maturing in the
years 2019-2024, 2027, 2030.

Prior Bonds Being Refunded

Drain Bonds:
\$1,835,000 Series 2010 Maturing in the
years 2019-2024, 2027, 2030.

DESCRIPTION OF THE REFUNDING BONDS

The Refunding Bonds, aggregating the principal sum of \$1,810,000*, shall be known as "Hollywood Road Consolidated Drain #524 Drainage District Drain Refunding Bonds, Series 2018" and shall be dated the Date of Delivery. The Refunding Bonds shall be fully registered Refunding Bonds, both as to principal and interest, in any one or more denominations of \$5,000 or a multiple of \$5,000 numbered from 1 upwards regardless of rate and maturity date. The Refunding Bonds shall mature on June 1, 2019 and each June 1 thereafter, until maturity, as provided on the cover page of this Official Statement.

***Subject to adjustment.**

Term Bond Option

Bonds maturing in any year are eligible for designation by the original purchaser at the time of sale as serial Bonds or term Bonds, or both. There may be more than one Term Bond maturity. However, principal maturities designated as Term Bonds shall be subject to mandatory redemption, in part, by lot, at par and accrued interest on June 1st of the year in which the Bonds are presently scheduled to mature. Each maturity of Term Bonds and Serial Bonds must carry the same interest rate. Any such designation must be made at the time the proposals are submitted.

Adjustment in Principal Amount

The aggregate principal amount of this issue has been determined as the amount necessary to retire the 2010 Refunded Bonds and pay a portion or all of the costs of issuance of the Refunding Bonds, assuming certain conditions and events exist on the date of sale. Following receipt of bids and prior to final award, the County reserves the right to increase or decrease the aggregate principal amount of the issue by any amount. The increase or decrease will be in increments of \$5,000 and may be made in any maturity or maturities. The purchase price will be adjusted proportionately to increase or decrease the issue size, but the interest rates specified by the successful bidder for all maturities will not change. In the case of a bid with a premium, the aggregate amount of the Refunding Bonds will generally be reduced by at least the amount of the premium offered. The successful bidder may not withdraw the bid as a result of any changes made within these limits.

If no bid results in present value debt service savings acceptable to the County when the proceeds are used to provide for the refunding of the 2010 Refunded Bonds, the County may reject all bids and negotiate with one or more of the bidders for the sale of the Refunding Bonds on terms which will enable the County to achieve present value debt service savings acceptable to the County.

Qualification Under Section 265(b)(3) of the Internal Revenue Code of 1986

The Refunding Bonds have been designated by the Issuer as "Qualified Tax-Exempt Obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986.

Interest Payment and Interest Rate

The Refunding Bonds shall bear interest payable June 1, 2019 and semi-annually thereafter on each June 1 and December 1, until maturity, with an average interest rate not exceeding 6.0% per annum. Interest shall be paid by check or draft mailed to the registered owner of each bond as of the applicable date of record.

Paying Agent and Bond Registrar

The Huntington National Bank, Grand Rapids, Michigan has been selected as bond registrar and paying agent (the "Paying Agent") for the Refunding Bonds. The Paying Agent will keep records of the registered holders of the Refunding Bonds, serve as transfer agent for the Refunding Bonds, authenticate the original and any re-issued Refunding Bonds and will pay principal and interest to the registered holders of the Refunding Bonds as shown on the registration books of the County maintained by the Paying Agent on the applicable date of record. The principal of each Refunding Bond will be paid when due upon presentation and surrender thereof to the Paying Agent. The date of record shall be the 15th day of the month before such payment is due.

Plan of Refunding

The proceeds of the Refunding Bonds will be used to pay the principal of and interest on the Series 2010 Refunded Bonds maturing in the years 2019-2024, 2027, 2030 on December 1, 2018 (the "Redemption Date"); and to pay the costs of issuance.

Simultaneously with the issuance and delivery of the Refunding Bonds, sufficient amounts of the proceeds of the Refunding Bonds will be deposited in an escrow fund (the "Escrow Fund") held by The Huntington National Bank, Grand Rapids, Michigan as escrow agent (the "Escrow Agent"), pursuant to an escrow agreement between the Drainage District and the Escrow Agent (the "Escrow Agreement"), and used as a cash balance or to purchase obligations of the United States of America pledging the full faith and credit of the United States of America ("Government Obligations"). The proceeds of any such Government

Obligations, together with the earnings thereon and cash, if any, in the Escrow Fund shall be used to pay principal of, redemption premiums, and interest on the Refunded Bonds as stated above.

Estimated Sources and Uses of Funds

Sources of Funds

Par Value of Bonds	\$
Contributions from Cash on Hand	\$63,000
Original Issue Premium/Discount	\$
Total Sources	\$ _____

Uses of Funds

Deposit to Escrow Fund	\$
Underwriter's Discount	\$
Estimated Costs of Issuance	\$
Total Uses	\$ _____

Prior Redemption

The Refunding Bonds maturing prior to June 1, 2026 shall not be subject to redemption prior to maturity. Refunding Bonds maturing on or after June 1, 2026 shall be subject to redemption prior to maturity at the option of the County, in any order, in whole or in part on any date on or after June 1, 2025. Refunding Bonds called for redemption shall be redeemed at par, plus accrued interest to the date fixed for redemption.

With respect to partial redemptions, any portion of a Refunding Bond outstanding in a denomination larger than the minimum authorized denomination may be redeemed provided such portion as well as the amount not being redeemed each constitute an authorized denomination. In the event that less than the entire principal amount of a Refunding Bond is called for redemption, upon surrender of the Refunding Bond to the Paying Agent, the Paying Agent shall authenticate and deliver to the registered owner of the Refunding Bond a new Refunding Bond in the principal amount of the principal portion not redeemed.

Notice of redemption shall be sent to the registered holder of each Refunding Bond being redeemed by first class mail at least thirty (30) but not more than sixty (60) days prior to the date fixed for redemption, which notice shall fix the date of record with respect to the redemption if different than otherwise provided in the resolution authorizing the issuance of the Refunding Bonds. Any defect in such notice shall not affect the validity of the redemption proceedings. Refunding Bonds so called for redemption shall not bear interest after the redemption date, provided funds are on hand with the Paying Agent to redeem the same.

Book-Entry-Only System

DTC will act as securities depository for the Refunding Bonds. The Refunding Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Refunding Bond certificate will be issued for each maturity of the Refunding Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York

Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17 A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Refunding Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Refunding Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Refunding Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Refunding Bonds, except in the event that use of the book-entry system for the Refunding Bonds is discontinued.

To facilitate subsequent transfers, all Refunding Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Refunding Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Refunding Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Refunding Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Refunding Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Refunding Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Refunding Bonds may wish to ascertain that the nominee holding the Refunding Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Refunding Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Refunding Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Refunding Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal, interest and redemption amounts, if any, on the Refunding Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County or the Paying Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), Paying Agent, or County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments of principal, interest and redemption amounts, if any, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) are the responsibility of the County or Paying Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Refunding Bonds at any time by giving reasonable notice to the County or Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

THE INFORMATION IN THIS SECTION CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE COUNTY BELIEVES TO BE RELIABLE, BUT NEITHER THE COUNTY, BOND COUNSEL, FINANCIAL ADVISOR NOR THE UNDERWRITERS ASSUME ANY RESPONSIBILITY FOR THE ACCURACY THEREOF.

THE COUNTY AND THE COUNTY'S BOND COUNSEL OR FINANCIAL ADVISOR, THE UNDERWRITERS AND THE PAYING AGENT CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC, THE DIRECT PARTICIPANTS OR THE INDIRECT PARTICIPANTS WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE REFUNDING BONDS (i) PAYMENTS OF PRINCIPAL OF OR INTEREST AND PREMIUM, IF ANY, ON THE REFUNDING BONDS (ii) ANY DOCUMENT REPRESENTING OR CONFIRMING BENEFICIAL OWNERSHIP INTERESTS IN REFUNDING BONDS, OR (iii) REDEMPTION OR OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS NOMINEE, AS THE REGISTERED OWNER OF THE REFUNDING BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT. THE CURRENT "RULES" APPLICABLE TO DTC ARE ON FILE WITH THE SECURITIES AND EXCHANGE COMMISSION AND THE CURRENT "PROCEDURES" OF DTC TO BE FOLLOWED IN DEALING WITH THE PARTICIPANTS ARE ON FILE WITH DTC.

NEITHER THE COUNTY, THE UNDERWRITERS NOR THE PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DIRECT PARTICIPANT, INDIRECT PARTICIPANT OR ANY BENEFICIAL OWNER OF ANY OTHER PERSON WITH RESPECT TO: (1) THE REFUNDING BONDS; (2) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT; (3) THE PAYMENT BY DTC TO ANY PARTICIPANT, OR BY ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT TO ANY BENEFICIAL OWNER OF ANY AMOUNT DUE WITH RESPECT TO THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE REFUNDING BONDS; (4) THE DELIVERY BY DTC

TO ANY PARTICIPANT, OR BY ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT TO ANY BENEFICIAL OWNER OF ANY NOTICE WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE BOND RESOLUTION TO BE GIVEN TO BONDHOLDERS; (5) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE REFUNDING BONDS; (6) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS BONDHOLDER.

Discontinuation of Book-Entry-Only System

DTC may determine to discontinue providing its service with respect to the Refunding Bonds at any time by giving notice to the County and the Paying Agent and discharging its responsibilities with respect thereto under applicable law. Upon the giving of such notice, the Paying Agent shall attempt to have established a securities depository/book-entry system relationship with another qualified depository. If the Paying Agent does not or is unable to do so, the book-entry-only system shall be discontinued.

Transfer Outside Book-Entry-Only System

In the event the book-entry-only system is discontinued, the following provisions would apply to the Refunding Bonds. The Paying Agent shall keep the registration books for the Refunding Bonds (the "Bond Register") at its corporate trust office. Subject to the further conditions contained in the Resolution, the Refunding Bonds may be transferred or exchanged for one or more Refunding Bonds in different authorized denominations upon surrender thereof at the corporate trust office of the Paying Agent by the registered owners or their duly authorized attorneys; upon surrender of any Refunding Bonds to be transferred or exchanged, the Paying Agent shall record the transfer or exchange in the Bond Register and shall authenticate replacement bonds in authorized denominations; during the 15 days immediately preceding the date of mailing ("Record Date") of any notice of redemption or any time following the mailing of any notice of redemption, the Paying Agent shall not be required to effect or register any transfer or exchange of any Refunding Bond which has been selected for such redemption, except the Refunding Bonds properly surrendered for partial redemption may be exchanged for new Refunding Bonds in authorized denominations equal in the aggregate to the unredeemed portion; the Drainage District and Paying Agent shall be entitled to treat the registered owners of the Refunding Bonds, as their names appear in the Bond Register as of the appropriate dates, as the owner of such Refunding Bonds for all purposes under the Resolution. No transfer or exchange made other than as described above and in the Resolution shall be valid or effective for any purposes under the Resolution.

Transfer or Exchange of Refunding Bonds

Any Refunding Bond shall be transferable on the bond register maintained by the Paying Agent with respect to the Refunding Bonds upon the surrender of the Bond to the Paying Agent together with an assignment executed by the registered owner or his or her duly authorized attorney in form satisfactory to the Paying Agent. Upon receipt of a properly assigned bond, the Paying Agent shall authenticate and deliver a new bond or Refunding Bonds in equal aggregate principal amount and like interest rate and maturity to the designated transferee or transferees.

Refunding Bonds may likewise be exchanged for one or more other Refunding Bonds with the same interest rate and maturity in authorized denominations aggregating the same principal amount as the bond or Refunding Bonds being exchanged. Such exchange shall be effected by surrender of the Bond to be exchanged to the Paying Agent with written instructions signed by the registered owner of the Bond or his or her attorney in form satisfactory to the Paying Agent. Upon receipt of a bond with proper written instructions, the Paying Agent shall authenticate and deliver a new bond or Refunding Bonds to the registered owner of the Bond or his or her properly designated transferee or transferees or attorney.

Any service charge made by the Paying Agent for any such registration, transfer or exchange shall be paid for by the Issuer, unless otherwise agreed by the Issuer and the Paying Agent. The Paying Agent may, however, require payment by a bondholder of a sum sufficient to cover any tax or other governmental charge payable in connection with any such registration, transfer or exchange.

CUSIP Numbers

It is anticipated that CUSIP numbers will be printed on the Refunding Bonds, but neither the failure to print such numbers nor any improperly printed number shall constitute cause for the purchaser to refuse to accept delivery of, or to pay for, the Refunding Bonds. All expenses for printing CUSIP numbers on the Refunding Bonds will be paid by the County, except that the CUSIP Service Bureau charge for the assignment of such numbers shall be the responsibility of and paid for by the purchaser.

SECURITY FOR THE REFUNDING BONDS

Authorization

The Refunding Bonds are being issued pursuant to the provisions of Act. No. 40, Public Acts of Michigan, 1956 ("Act 40") and Act No. 34, Public Acts of Michigan, 2001 as amended ("Act 34") and the Resolution for the purpose of refunding the Series 2010 Refunded Bonds maturing in the years 2019-2024, 2027, 2030.

Security and Full Faith and Credit of County

The Refunding Bonds are to be issued pursuant to the provisions of Act 40 and Act 34 in anticipation of, and are primarily payable from, collections of special assessments assessed against the Townships of Lincoln, Royalton and St. Joseph, and the County and individual property owners in the Drainage District. Pursuant to a resolution adopted by its Board of Commissioners, the County has pledged its full faith and credit for the prompt payment of the principal of, premium, if any, and interest on the Refunding Bonds as the same shall become due. The ability of the County to raise funds with which to meet such full faith and credit pledge is subject to applicable statutory and constitutional tax limitations.

Drain Assessments

The District has apportioned the percentage of the collection of drain assessments (the "Drain Assessments") against property owners in the District, the Municipalities, the Berrien County Road Commission and the County at large for the payment of the principal of and interest on the Bonds set forth below in the following manner:

<u>Entities Responsible for Paying Part of Costs</u>	<u>Percentage of Cost</u>
Lincoln Charter Township at large for Public Health Benefits	11.4730%
Royalton Township at large for Public Health Benefits	13.3860%
St. Joseph Charter Township at large for Public Health Benefits	5.1410%

COUNTY OF BERRIEN at large for Highway Drainage	5.8595%
BERRIEN COUNTY ROAD COMMISSION at large for Highway Drainage	5.8595%
Benefited Property Owners	<u>58.2810%</u>
	100.0000%

The Drain Assessments are spread over a period of 20 years beginning on December 1, 2010 with the total amount due for said period of \$2,700,000.

CONTINUING DISCLOSURE

The County has covenanted and will covenant for the benefit of the holders of the Refunding Bonds and the Beneficial Owners (as hereinafter defined) pursuant to the Resolution and the Continuing Disclosure Certificate to be delivered on the date of issuance of the Refunding Bonds to the purchaser thereof (the "Disclosure Certificate"), to provide or cause to be provided: (i) each year, certain financial information and operating data relating to the County for its preceding fiscal year (the "Annual Report") by not later than the date nine months after the first day of its fiscal year, commencing with the Annual Report for the fiscal year ending December 31, 2018; provided, however, that if the audited financial statements of the County are not available by such date, they will be provided when and if available, and unaudited financial statements in a format similar to the audited financial statements then most recently prepared for the County will be included in the Annual Report; and (ii) timely notices of the occurrence of certain enumerated events related to the County, if material. Currently, the fiscal year of the County commences on January 1. "Beneficial Owner" means any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Refunding Bonds (including any person holding Refunding Bonds through nominees, depositories or other intermediaries).

The County will file each Annual Report with the Municipal Securities Rulemaking Board ("MSRB") electronically through MSRB's Electronic Municipal Market Access system ("EMMA"). If any the County is unable to provide the MSRB its Annual Report by the date required, the County shall send, in a timely manner, to the MSRB through EMMA, a notice of the failure to file the Annual Report by such date. The County will file notices of material events with the MSRB through EMMA. The County has made these covenants in order to assist the purchaser of the Refunding Bonds and registered brokers, dealers and municipal securities dealers in complying with the requirements of subsection of (b)(5) of Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended (the "Rule"). The information to be contained in each Annual Report, the enumerated events, the occurrence of which will require a notice, and the other terms of each Disclosure Certificate are set forth in Appendix A, "FORM OF CONTINUING DISCLOSURE CERTIFICATE".

The County has had certain instances of late or incomplete filings as referenced below. A failure by the County to comply with its Disclosure Certificate will not constitute an event of default on the Refunding Bonds (although beneficial owners will have any available remedy at law or in equity). Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Refunding Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Refunding Bonds and their market price.

Past Failures to File

The County of Berrien, including the Hollywood Road Consolidated Drain #524 Drainage District, failed to file via EMMA its required continuing disclosures for the years 2009 through 2013. The County had been using the old system of filing via the mail and only received a letter regarding the fact that this type of filing was outdated in 2014.

All of County's required continuing disclosures for the years 2009 through 2013 were filed as of August 29, 2014. The County's continuing disclosure for the year 2014, as well as the Notice of Material Event - Failure to File an Event Filing, was filed on August 14, 2015.

The County has subsequently hired Municipal Financial Consultants as dissemination agent to file all of their future continuing disclosures with EMMA.

SEC Settlement Terms

Due to the County's above-noted continuing disclosure failings, the County has consented to an order dated August 24, 2016 (the "Order") with the Securities and Exchange Commission regarding the County's violation of Section 17(a)(2) of the Securities Act. As a condition of the Order, the terms of the Order are required to be included in the Official Statement of any offering by the County within five years of the date of the Settlement. Accordingly, key provisions of the Order which apply to the County are described in Appendix H attached hereto. A signed copy will be available upon request from Steven A. Burke, CFA at Municipal Financial Consultants, phone 313-782-3011 or e-mail os@mfc.com.

BOND RATING

Moody's

The County has applied for a municipal bond rating from Moody's Investors Service, Incorporated (hereafter "Moody's"). The rating will be the sole view of the rating agency. There is no assurance that such rating, when assigned, will prevail for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Refunding Bonds.

A brief definition of the ratings furnished by Moody's are as follows:

- Aaa** Bonds which are rated "Aaa" are judged to be of the best quality. They carry the smallest degree of investment risk and are generally referred to as "gilt edge." Interest payments are protected by a large or by an exceptionally stable margin and principal is secure. While the various protective elements are likely to change, such changes as can be visualized are most unlikely to impair the fundamentally strong position of such issues.
- Aa** Bonds which are rated "Aa" are judged to be of a high quality by all standards. Together with the "Aaa" group, they comprise what are generally known as high grade bonds. They are rated lower than the best bonds because margins of protection may not be as large as in "Aaa" securities or fluctuation of protective elements may be of great amplitude or there may be other elements present which make the long-term risks appear somewhat larger than in the "Aaa" securities.
- A** Bonds which are rated "A" possess many favorable investment attributes and are to be considered as upper medium grade obligations. Factors giving security to principal and

interest are considered adequate, but elements may be present which suggest a susceptibility to impairment some time in the future.

Baa Bonds which are rated "Baa" are considered as medium grade obligations; i.e., they are neither highly protected nor poorly secured. Interest payments and principal security appear adequate for the present but certain protective elements may be lacking or may be characteristically unreliable over any great length of time. Such bonds lack outstanding investment characteristics and in fact have speculative characteristics as well.

Moody's Investors Service appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.

TAX MATTERS

General

It is the opinion of Clark Hill PLC, Bond Counsel, based on its examination of the documents described in its opinion, under existing law as enacted and construed on the date of the initial delivery of the Refunding Bonds, the interest on the Refunding Bonds is excluded from gross income for federal income tax purposes. Interest on the Refunding Bonds is not an item of tax preference for purposes of the individual federal alternative minimum tax. For corporations with tax years beginning after December 31, 2017, the corporate alternative minimum tax was repealed by Public Law No. 115-97 (the "Tax Cuts and Jobs Act") enacted on December 22, 2017, effective for tax years beginning after December 31, 2017. For tax years beginning before January 1, 2018, interest on the Refunding Bonds is not an item of tax preference for purposes of the corporate alternative minimum tax in effect prior to enactment of the Tax Cuts and Jobs Act; however, interest on the Refunding Bonds held by a corporation (other than an S Corporation, regulated investment company, or real estate investment trust) may be subject to the federal alternative minimum tax for tax years beginning before January 1, 2018 because of its inclusion in the adjusted current earnings of a corporate holder. The opinion set forth above is subject to the condition that the County comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Refunding Bonds in order that interest thereon be (or continue to be) excluded from gross income for federal income tax purposes. Failure to comply with such requirements could cause the interest on the Refunding Bonds to be included in gross income retroactive to the date of issuance of the Refunding Bonds. The County has covenanted to comply with all such requirements. Bond Counsel expresses no opinion regarding other federal tax consequences arising with respect to the Refunding Bonds and the interest thereon.

In the opinion of Clark Hill PLC, Bond Counsel, based on its examination of the documents described in its opinion, under existing law as enacted and construed on the date of the initial delivery of the Refunding Bonds, the Refunding Bonds and the interest thereon are exempt from all taxation by the State of Michigan or a political subdivision thereof, except estate taxes and taxes on gains realized from the sale, payment or other disposition thereof.

Prospective purchasers of the Refunding Bonds should be aware that (i) interest on the Refunding Bonds is included in the effectively connected earnings and profits of certain foreign corporations for purposes of calculating the branch profits tax imposed by Section 884 of the Code, (ii) interest on the Refunding Bonds may be subject to a tax on excess net passive income of certain S Corporations imposed by Section 1375 of the Code, (iii) interest on the Refunding Bonds is included in the calculation of modified adjusted gross income for purposes of determining taxability of social security or railroad retirement benefits, (iv) the receipt of interest on the Refunding Bonds by life insurance companies may affect the

federal tax liability of such companies, (v) in the case of property and casualty insurance companies, the amount of certain loss deductions otherwise allowed is reduced by a specific percentage of, among other things, interest on the Refunding Bonds, (vi) registered owners acquiring the Refunding Bonds subsequent to initial issuance will generally be required to treat market discount recognized under Section 1276 of the Code as ordinary taxable income, (vii) the receipt or accrual of interest on the Refunding Bonds may cause disallowance of the earned income credit under Section 32 of the Code, (viii) interest on the Refunding Bonds is subject to backup withholding under Section 3406 of the Code in the case of registered owners that have not reported a taxpayer identification number and are not otherwise exempt from backup withholding, and (ix) registered owners of the Refunding Bonds may not deduct interest on indebtedness incurred or continued to purchase or carry the Refunding Bonds, and financial institutions may not deduct that portion of their interest expense allocated to interest on the Refunding Bonds.

Tax Treatment of Accruals on Original Issue Discount Refunding Bonds

For federal income tax purposes, the difference between the initial offering prices to the public (excluding bond houses and brokers) at which a substantial amount of the Refunding Bonds initially sold at a discount as shown on the cover page hereof (the “OID Bonds”) is sold and the amount payable at the stated redemption price at maturity thereof constitutes “original issue discount.” Such discount is treated as interest excluded from federal gross income to the extent properly allocable to each registered owner thereof. The original issue discount accrues over the term to maturity of each such OID Bond on the basis of a constant interest rate compounded at the end of each six-month period (or shorter period from the date of original issue) with straight line interpolations between compounding dates. The amount of original issue discount accruing during each period is added to the adjusted basis of such OID Bonds to determine taxable gain upon disposition (including sale, redemption or payment on maturity) of such OID Bonds.

The Code contains certain provisions relating to the accrual of original issue discount in the case of registered owners of the OID Bonds who purchase such bonds after the initial offering of a substantial amount thereof. Registered owners who do not purchase such OID Bonds in the initial offering at the initial offering and purchase prices should consult their own tax advisors with respect to the tax consequences of ownership of such OID Bonds.

Amortizable Bond Premium

For federal income tax purposes, the difference between an original registered owner’s cost basis of the Refunding Bonds initially sold at a premium as shown on the inside cover page hereof (the “Original Premium Bonds”) and the amounts payable on the Original Premium Bonds other than stated interest constitutes an amortizable bond premium. The same applies with respect to any Bond, if a registered owner’s cost basis exceeds the amounts payable thereon other than stated interest (collectively with the Original Premium Bonds held by the original registered owners, “Premium Bonds”). Such amortizable bond premium is not deductible from gross income but is taken into account by certain corporations in determining adjusted current earnings for the purpose of computing the alternative minimum tax, which may also affect liability for the branch profits tax imposed by Section 884 of the Code. The amount of amortizable bond premium allocable to each taxable year is generally determined on the basis of the registered owner’s yield to maturity determined by using the registered owner’s basis (for purposes of determining loss on sale or exchange) of such Premium Bonds and compounding at the close of each six-month accrual period. The amount of amortizable bond premium allocable to each taxable year is deducted from the registered owner’s adjusted basis of such Premium Bonds to determine taxable gain upon disposition (including sale, redemption or payment at maturity) of such Premium Bonds.

Future Developments

No assurance can be given that any future legislation or clarifications or amendments to the code, if enacted into law, will not contain proposals that could cause the interest on the Refunding Bonds to be subject directly or indirectly to Federal or State of Michigan income taxation, adversely affect the market price or marketability of the Refunding Bonds, or otherwise prevent the registered owners from realizing the full current benefit of the status of the interest thereon. Further, no assurance can be given that any such future legislation, or any actions of the Internal Revenue Service, including, but not limited to, selection of the Refunding Bonds for audit examination, or the audit process or result of any examination of the Refunding Bonds or other Refunding Bonds that present similar tax issues, will not adversely affect the market price of the Refunding Bonds.

INVESTORS SHOULD CONSULT WITH THEIR TAX ADVISORS AS TO THE TAX CONSEQUENCES OF THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE REFUNDING BONDS AND THE TAX CONSEQUENCES OF THE ORIGINAL ISSUE DISCOUNT OR PREMIUM THEREON, IF ANY.

BOND HOLDERS' RISKS

The Federal Bankruptcy Code affects the rights and obligations of municipalities and their creditors. Although State legislative authority is a condition to the filing by municipalities of cases for relief under the Bankruptcy Code, recently-enacted legislation empowers local governments, such as the County, to become a debtor under the Bankruptcy Code. This authorization would be invoked if fiscal circumstances become such an emergency financial manager were appointed for the County. No assurance can be given that future circumstances or legislation will not result in the County filing for relief under the Bankruptcy Code. Should the County file a petition for relief under the Bankruptcy Code, the bankruptcy court could reduce the amount of or extend the time of the County's legal obligation to pay its outstanding debts.

LITIGATION

To the knowledge of the County, there is no controversy of any nature threatened or pending against the County, seeking to restrain or enjoin the issuance, sale, execution or delivery of the Refunding Bonds or in any way contesting or affecting the validity of the Refunding Bonds or any proceedings of the County taken with respect to the issuance or sale thereof, or the pledge or application of any moneys or security provided for the payment of the Refunding Bonds.

APPROVAL OF LEGALITY

The approving opinion of Clark Hill PLC, attorneys of Detroit, Michigan, will be furnished without expense to the purchaser of the Refunding Bonds at the delivery thereof.

FINANCIAL ADVISOR

Municipal Financial Consultants ("MFCI, LLC") of Milford, Michigan has served as financial advisor to the County in connection with the sale of the Refunding Bonds. The financial advisor makes no representation as to the completeness or the accuracy of the information set forth in this Official Statement.

Further information with respect to the issuance of the Refunding Bonds may be obtained by contacting MFCI, 400 North Main Street, Suite 304, Milford, MI 48381, telephone 313-782-3011.

RESPONSIBILITIES OF BOND COUNSEL

Legal matters incident to the authorization, issuance and sale of the Refunding Bonds are subject to the approval of Clark Hill PLC, Detroit, Michigan, Bond Counsel. A copy of the opinion of Bond Counsel will be provided with the Refunding Bonds, which opinion will be in substantially the form set forth in *APPENDIX C*. The legal fees to be paid to Bond Counsel in connection with the issuance of the Refunding Bonds are expected to be paid from Bond proceeds. Except to the extent necessary to issue its approving opinion as to the validity of the Refunding Bonds and tax matters relating to the Refunding Bonds and the interest thereon, and as hereafter stated, Bond Counsel has not been retained to examine or review, and has not examined or reviewed any financial documents, statements or materials that have been or may be furnished in connection with the authorization, issuance or marketing of the Refunding Bonds and accordingly will not express any opinion with respect to the accuracy or completeness of any such financial documents, statements or materials.

Bond Counsel has reviewed the statements made in this Official Statement on the cover page and under the heading "Information for Bidders". Except as otherwise disclosed on pages herein, Bond Counsel has not been retained to review and has not reviewed any other portion of this Official Statement for accuracy or completeness and has not made inquiry of any official or employee of the County or any other person and has made no independent verification of such other portions hereof, and further has not expressed and will not express an opinion as to any portions hereof.

MUNICIPAL FINANCIAL CONSULTANTS INCORPORATED AFFILIATION WITH CLARK HILL PLC

One of the employees of Municipal Financial Consultants (MFCI, LLC) is also employed by Clark Hill PLC. Clark Hill PLC has no control over or financial interest in MFCI nor does any partner or member of Clark Hill PLC.

MISCELLANEOUS

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

HOLLYWOOD ROAD CONSOLIDATED DRAIN #524 DRAINAGE DISTRICT

**By /s/ CHRISTOPHER QUATTRAIN
BERRIEN COUNTY DRAIN COMMISSIONER**

COUNTY OF BERRIEN
GENERAL AND ECONOMIC INFORMATION
As of September 1, 2018

GENERAL

The County is a public corporation, created under the Constitution and Statutes of the State of Michigan. The Board of Commissioners is the governing body. This legislative body is elected by districts for a two-year term. The County has general governmental powers and authority. Under Act 206, the Treasurer of the County is the officer responsible for collection of delinquent real property taxes which are returned to the County as uncollected on March 1 of any year. The Treasurer is also responsible for the application of the borrowing proceeds and the preservation of the primary and secondary security. The County uses a modified accrual system for accounting purposes.

COUNTY LOCATION AND CHARACTER

Berrien County has an area of 580 square miles and is located in the extreme southwest corner of the State of Michigan. The County's population of 162,453 (2010 U.S. Census) is almost equally divided between urban and rural areas. The western boundary of the County is 42 miles of shoreline and sand dunes along Lake Michigan. This setting provides numerous recreational opportunities and an attractive location for both seasonal and year-round homesteads. Warren Dunes State Park, which forms part of that shoreline, draws approximately one and one half million vacationers annually. It is Michigan's most visited state park and one of the most frequented vacation spots in the Midwest.

Canoeing, hang-gliding, sailing, swimming and golf are just a few of the activities that make Berrien County an interesting place to live and visit. With the St. Joseph, Paw Paw and Galien Rivers flowing through Berrien County into Lake Michigan, this area, is also a mecca for year-round fishing. The salmon, steelhead, lake perch and walleye fisheries are well known and support a growing charter boat fishing industry. Promotion of these natural resources and activities by the Southwest Michigan Tourist Council is making tourism a major economic force within the County.

Berrien County historically has been the location for a significant number of second homes. This trend is growing, as there are now 185 condominium developments (several with marinas). Many of these developments have added major additions in recent years.

American Electric Power, one of the County's largest taxpayers and employers, operates the Donald C. Cook nuclear power plant on the southeastern shore of Lake Michigan in Lake Township. Over 600 industrial firms are located in the County; of which several are Fortune 500 companies. Among the largest employers are Lakeland Regional Health System, Whirlpool Corporation's world headquarters, Four Winds Casino, Andrews University, Michigan Pizza Hut and American Electric Power.

The Fairplain Plaza commercial center has shown significant growth in the past few years with many national retailers; such as Lowes, Home Depot and Best Buy making substantial investments in the area. Many of the cities in the County have also made improvements in their downtowns to retain and attract new shoppers to their communities.

The Harbor Shores project, a 540-acre Brownfield redevelopment project, is currently underway. It will add 83 acres of new park and public access points and is expected to create approximately \$172 million in new tangible tax base for the City of Benton Harbor and \$230 million in new tangible tax base for the City of St. Joseph and Benton Charter Township. The construction and development of this project is expected to continue through 2022.

Industrial education is a specialty at Lake Michigan College and Southwestern Michigan College, which cooperates actively with the County's industries in increasing the quality and supply of skilled labor. Lake Michigan College's new south county campus built at the new Bertrand Crossing Industrial Center is providing specialized training for the plastics industries. Additionally, Lake Michigan College opened the Hanson Technology Center in 2016 to provide advanced technical training in manufacturing and energy production not traditionally found at the Community College level. Western Michigan University has built an extension on the Campus of Lake Michigan College. Five other major universities are located within commuting distance: Notre Dame, Indiana University at South Bend, Western Michigan University, Andrews University and St. Mary's College. Healthcare in the County is anchored by Lakeland Regional Health and Healing with its several hospitals and dozens of local privately owned clinics.

Expansion and improvement of the transportation capacity within the County continues to improve in a very positive manner. Completion of US 31 from Indiana through the center of the County is close to completion. The State and County continue an aggressive road rehabilitation and construction program. Amtrak is developing a high-speed rail between Detroit and Chicago with Niles, located in the Southern part of the County, being the last stop in Michigan. Commercial shipping in the Port of St. Joseph continues to be a vital transportation resource, receiving an average of 350,000 tons of cement, stone, sand and salt per year.

Lake Michigan's moderating effect on the weather makes the County one of the most productive fruit growing areas in the United States for non-citrus fruits. The County ranks first in the State in the production of peaches, apples, grapes and pears. The development of local wineries, breweries, and expansion of u-pick farms are contributing to the tourism industry.

In 2014, Whirlpool Corporation completed construction on a new \$68 million North American Headquarters in the City of Benton Harbor. Additionally, Whirlpool Corporation invested over \$16 million in renovating and updating its existing Global Headquarters in Benton Charter Township. These projects resulted in the retention of over 3,500 corporate employees in the Benton Harbor/St. Joseph area.

POPULATION

2017 Pop. Est. – 154,259	2010 U.S. Census - 156,813
2000 U.S. Census - 162,453	1990 U.S. Census - 161,378

MAJOR TAXPAYERS

10 Largest Taxpayers	2018 Taxable Valuation
Indiana Michigan Power Company	\$1,206,074,115
Pru-Leasing	\$87,623,500
AEP in MI	\$37,634,100
Whirlpool Corporation	\$22,335,037
Bethany Beach Corporation	\$22,247,283
Enbridge Energy LP	\$21,681,480
Leco Corporation	\$18,530,623
AEP in MI Transmission Co	\$18,507,300
Four Flags Properties Inc	\$12,049,139
Michigan Gas Utilities Corp	\$8,584,056
TOTAL (represents 18.52% of 2018 TV)	\$1,455,266,633

EMPLOYMENT CHARACTERISTICS

Largest Employers	Product/Service	Number Employed
Whirlpool	Appliances Mfg	4,000
Lakeland Regional Health	Medical Services	3,826
Andrews University	Higher Education	2,104
Four Winds Casino	Gaming	1,800
AEP/Cook Plant	Nuclear Energy	1,200
Berrien County	Government	684
Leco Corporation	Medical Equipment	650
Lake Michigan College	Higher Education	472
Modineer	Metal Manufacturing	455
Benton Harbor Area Schools	K-12 Education	375

RETIREMENT PLANS

(operated by the Board of Commissioners)

The County's contribution to the retirement system for 2017 was \$11,977,892 and was \$9,758,961 for the fiscal year ended December 31, 2016. As of December 31, 2017, market value of assets totaled \$208,625,593.

LABOR CONTRACTS

Employee Group	Number of Positions	Expiration Date of Contract
Fraternal Order of Police Labor Council - Gen Employees	182	12/31/2020
Teamsters Local 214 Circuit Court	31	12/31/2019
AFSCME Local 2757 Probate/Judicial Court General Employees	52	12/31/2018
Police Officer's Labor Council Non-Command Sheriff's Department	116	12/31/2018
Police Officer's Labor Council Command Officers at Sheriff's	18	12/31/2018
Police Officer's Labor Council Dispatchers	26	12/31/2018
Police Officer's Labor Council Dispatch Supervisors	6	12/31/2021
International Union of Operating Engineers Local 324	54	08/31/2021

EMPLOYMENT STATISTICS

	July 2018	2017	2016	2015	2014	2013
Work force	74,873	73,790	70,353	73,756	72,170	72,021
Unemployment	3,621	3,668	3,548	3,692	4,953	6,381
% Unemployed	4.80%	5.00%	4.80%	5.00%	6.90%	8.90%

Source: milmi.org

COUNTY BUILDING PERMITS

	Total Value	Residential Value	Commercial Value
2017 COUNTY TOTAL	\$202,064,307	\$71,494,813	\$68,417,766
2016 COUNTY TOTAL	\$130,845,693	\$53,189,156	\$31,895,190

2015 COUNTY TOTAL	\$147,797,357	\$45,506,816	\$54,781,104
2014 COUNTY TOTAL	\$181,471,944	\$69,492,345	\$57,699,752
2013 COUNTY TOTAL	\$144,493,422	\$37,542,215	\$64,102,339
2012 COUNTY TOTAL	\$107,712,897	\$38,218,860	\$34,534,854
2011 COUNTY TOTAL	\$105,283,585	\$32,010,665	\$38,124,756

Source: County Treasurer

COUNTY TAX RATES & LEVIES

	2018	2017	2016	2015	2014
County Operating	4.7723	4.7723	4.7723	4.7723	4.7723
911 County Operational	0.4500	0.4500	0.4500	0.4500	0.4500
Law Enforcement	0.3500	0.3500	0.3500	0.3500	0.3500
County Parks	0.1000	0.1000	0.1000	0.1000	0.1000
Senior Citizens	0.3000	0.3000	0.3000	0.3000	0.3000
TOTAL COUNTY	5.9723	5.9723	5.9723	5.9723	5.9723
Berrien I/S/D	2.3699	2.3699	2.3699	2.3699	2.3699
Lake Mich. Comm. Coll.	2.2654	2.2654	1.7854	1.7854	1.7854
TOTAL ALL JURISDICTIONS	10.6076	10.6076	10.1276	10.1276	10.1276

The County's authorized operating tax rate is 4.7723 mills.

TAX COLLECTION RECORD

Berrien County pays from a 100% Tax Payment Fund delinquent real property taxes of all municipalities in the County, including the County. Delinquent personal property taxes are negligible. The County's fiscal year begins January 1. County taxes are due December 1 and become delinquent the following March 1.

Year	Tax Levy*	Collections to March 1 of the year following the levy	%
2017	\$249,692,305	\$238,230,883	95.41%
2016	\$240,266,418	\$229,310,385	95.44
2015	\$232,665,521	\$221,731,518	95.30
2014	\$226,993,605	\$214,664,052	94.57
2013	\$220,749,725	\$209,416,044	94.87
2012	\$220,690,714	\$206,911,057	93.76
2011	\$216,160,845	\$203,131,330	93.97
2010	\$214,631,774	\$200,929,316	93.62

TAX RATE LIMITATION

Article IX, Section 6, of the Michigan Constitution of 1963 provides, in part:

"Except as otherwise provided in this Constitution, the total amount of general ad valorem taxes imposed upon real and tangible personal property for all purposes in any one year shall not exceed 15 mills on each dollar of the assessed valuation of property as finally equalized."

Section 6 further provides that by a majority vote of qualified electors of the County, the 15 mill limitation may be increased to a total of not to exceed 18 mills, and the millages of the local units involved shall then be permanently fixed within that greater millage limitation.

Act 62, Public Acts of Michigan, 1933, as amended, defines local units as counties, townships, villages, cities, school districts, community college districts, intermediate school districts, and other organizations or districts which may be established with the power to levy taxes, except villages and cities for which there are provisions in their charters or general law fixing maximum limits on the power to levy taxes against property.

The County voted in November of 1976 to fix millage limitation rates pursuant to Section 6 of 1963 Michigan Constitution and eliminate the Tax Allocation Board. The fixed rates are as follows:

<u>Units of Government</u>	<u>Millage Rate</u>
Any School District*	4.90
County of Berrien	5.42
Any Township	16.80
Berrien County I/S/D	<u>2.38</u>
	29.50

K-12 School Districts are no longer eligible for allocated millage - it was eliminated with legislation that implemented Proposal A.

[*Does not reflect actual levies which now include a 6 mill state levy.]

In addition, Article IX, Section 6, permits the levy of millage in excess of the above for:

1. All debt service on tax supported bonds issued prior to December 23, 1978 or tax supported issues which have been approved by the voters for which the issuer has pledged its full faith and credit.
2. Operating purposes for a specified period of time provided that such increased millage is approved by a majority of the qualified electors of the local unit.

PROPERTY SUBJECT TO TAXATION

The laws governing the taxation of real and personal property in the State of Michigan has been established by The General Property Tax Act, being Public Act 206 of 1893, as amended. Section 211.1 states: "That all property, real and personal, within the jurisdiction of the state, not expressly exempted, shall be subject to taxation."

The State Constitution limits the proportion of true cash value at which property can be uniformly assessed to 50% or less. By statute, the State legislature has provided that the property shall be assessed at 50% of its true cash value. The State legislature or the electorate may at some future time reduce and/or increase the percentage below the 50% of true cash value.

Responsibility for assessing local taxable property rests with the assessing officers of townships and cities. Any property owner may appeal his or her property assessment to the local March Board of Review and ultimately to the Michigan State Tax Tribunal.

On March 15, 1994, the electors of the State approved an amendment to the Michigan Constitution permitting the Legislature to authorize ad valorem taxes on a non-uniform basis. The resulting

implementing legislation added new terminology “Taxable Value” and a new system for the calculation or determination of the base for the levy of real and personal property taxes. The 1995 assessment and tax rolls were the beginning year for implementation of the new system. The State Equalized Valuation for 1994 became the base for the calculation of the 1995 Taxable Value. It is now possible, and still is possible under certain circumstances, for the Taxable Value of a property to be different from its State Equalized Value.

The implementing legislation limited the increase in an existing property’s Taxable Valuation for the lesser of the following: (a) the lesser of the increase in the rate of inflation or 5% or (b) the property’s final State Equalized Valuation; until the ownership of the property transfers as defined in the General Property Tax Laws. Upon transfer of ownership the property’s final State Equalized Valuation (50% of the properties true cash value or market value) becomes the properties Taxable Valuation in the year following the year of the transfer.

The basic formula for the calculation of the Taxable Value is:

Prior Year's Taxable Valuation	- Minus Losses as Equalized	X the Lesser 5% or the Rate of Inflation	+Additions as Equalized	= Current Year's Taxable Valuation
--------------------------------------	-----------------------------------	--	----------------------------	--

The Taxable Value and the State Equalized Valuation of existing property are adjusted annually.

The State Constitution also mandated the legislature to develop a system for the equalization of assessments. Although the assessor for each city and township (assessment jurisdiction) is responsible for actually assessing each individual property at 50% of its True Cash Value, there are several steps before that assessment becomes a final State Equalized Value and/or Taxable Value. The County Board of Commissioners with the recommendation of their Equalization Department may add or subtract from the assessed valuation of a city or townships entire classification of real or personal property equalizing the various jurisdictions within the county. The State Tax commission acting as the State board of Equalization may add or subtract from the entire classification of real or personal property of a county equalizing between the counties within the state upon the advice and recommendation of the Property Services Division of the State Tax Commission. The action of the State Board of Equalization creates the final State Equalized Valuation and the final Taxable Valuation as Equalized for taxation purposes. The determination of the final State Equalized Valuation is important for reasons besides levying property taxation. It is used in the spreading the tax burden of jurisdictions with overlapping boundaries, distribution of various State and Federal aid programs, revenue sharing, and in the calculation of debt limits.

	STATE EQUALIZED VALUATION (50% of True Value)	TAXABLE VALUATION
2018	\$9,538,731,436	\$7,859,200,096
2017	\$9,492,140,241	\$7,669,810,047
2016	\$9,372,917,823	\$7,481,709,630
2015	\$9,171,342,594	\$7,436,838,041
2014	\$8,922,917,530	\$7,263,772,988
2013	\$8,603,717,984	\$7,016,486,116
2012	\$8,682,555,303	\$6,947,739,532
2011	\$9,020,094,181	\$6,983,786,216
2010	\$9,126,276,645	\$6,886,322,026
2009	\$9,500,027,116	\$6,922,686,976
2008	\$9,283,852,948	\$6,608,426,284
Per Capita TV 2018:		\$50,948.08

2018 Breakdown by Use			2018 Breakdown by Class		
	2018 TV	Percent of Total		2018 TV	Percent of Total
Residential	\$5,192,686,012	66.07%	Real	\$7,336,975,820	93.36%
Commercial	\$665,178,937	8.46%	Personal	\$522,224,276	6.64%
Industrial	\$1,201,323,111	15.29%	TOTAL	\$7,859,200,096	
Personal Property	\$522,224,276	6.64%			
Development	\$0	0.00%			
Agricultural	\$277,787,760	3.53%			
TOTAL	\$7,859,200,096	100.00%			

INDUSTRIAL FACILITIES TAX

The Michigan Plant Rehabilitation and Industrial Development District Act (Act 198, Public Acts of Michigan, 1974, as amended) ("Act 198"), provides significant tax incentives to industry to renovate and expand aging plants and to build new plants in Michigan. Under the provisions of Act 198, qualifying cities, villages, and townships may establish districts in which industrial firms are offered certain property tax incentives to encourage restoration or replacement of obsolete industrial facilities and to attract new plants to the area. The issuance of any exemption certificate must be approved by the local unit of government in which the facility is located, and then final approval is given from the State Treasurer. Firms situated in such districts pay an Industrial Facilities Tax in lieu of property taxes on plant and equipment for a period of up to 12 years. For rehabilitated plant and equipment, the assessed value is frozen at previous levels. New plant and equipment are taxed at one-half the current millage rate. It must be emphasized, however, that ad valorem property taxes on land and inventory are specifically excluded under Act 198.

ABATEMENTS UNDER ACT 198 HAVE BEEN GRANTED TO PROPERTIES IN THE COUNTY WITH A TOTAL COMBINED 2018 TAXABLE VALUE OF \$54,881,716.

GENERAL FUND REVENUES AND EXPENDITURES

	2017	2016	2015	2014
Revenues & Transfers In	\$58,671,152	\$56,596,024	\$54,772,357	\$52,892,791
Expenses & Transfers Out	\$57,154,145	54,848,210	53,448,572	52,786,149
Revenues Over (Under) Expenses	\$1,517,007	1,747,814	1,323,785	\$106,642
Beginning Balance	\$20,449,130	\$18,701,316	\$17,377,531	\$17,270,889
Ending Balance	\$21,966,137	\$20,449,130	\$18,701,316	\$17,377,531

REVENUE FROM THE STATE OF MICHIGAN

The County receives revenue sharing payments from the State of Michigan under the State Constitution and the State Revenue Sharing Act of 1971, as amended (the "Revenue Sharing Act").

The State's fiscal year begins October 1 of each year and end September 30 of the following calendar year. Before the State's 1996-97 fiscal year, the State shared revenues received from personal income tax, intangibles tax, sales tax and single business tax collections with counties, cities, townships and villages. In 1996, the State legislature began reform of both the formula for distribution of State revenue sharing and the designated sources of revenue to be shared. At that time, the State expressly designated the revenues of the sales tax as the sole source for revenue sharing.

Act Nos. 356 and 357, Public Acts of Michigan, 2004 signed into law on September 30, 2004 made a number of changes. The most important change is a movement of the county fixed or allocated millage from December 1 to July 1. This movement occurs transitionally beginning in 2004 and is complete in July

of 2007. In addition, a special Revenue Sharing Reserve Fund (“RSRF”) was established and used to reduce the State’s obligation to pay revenue sharing to counties. This allows counties to collect part of their millage earlier in the year thereby advancing their cash flows.

Under the fiscal year 2018 budget, signed into law on July 14, 2017 by Governor Snyder, a portion of county revenue sharing payment distributions are made pursuant to the Revenue Sharing Act and a portion are distributed through an incentive-based program called the county incentive program (“CIP”). For fiscal year 2018, the county revenue sharing program has an appropriation of \$220.1 million, an increase over the fiscal year 2017 amount of \$217.2 million, with \$176.9 million being distributed pursuant to the Revenue Sharing Act and \$43.2 million being distributed through the CIP. The CIP provides eligible counties distributions for complying with “best practices” to increase transparency. Eligible counties are those that would be eligible to resume receiving state revenue sharing payments under Act 357.

Under the fiscal year 2018 CIP, an eligible county can receive CIP payments if it meets requirements for accountability and transparency, including making a citizen’s guide to its finances, a performance dashboard, a debt service report and a two-year budget projection available for public viewing. Any portion of the CIP that the County would be eligible to receive would be subject to certain benchmarks that the County would need to meet, and there can be no assurance of what amount, if any, the County would receive under CIP. The County anticipates meeting the requirements to receive fiscal year 2018 CIP payments.

Fiscal Year Ended December 31,	Revenue Sharing Payment	County Incentive Program	State Revenue Sharing Payments
2018*	\$2,986,601.95*	\$728,565.96*	\$3,715,167.91*
2017	\$2,960,852.66	\$728,566.16	\$3,689,418.82

*Estimate: https://www.michigan.gov/documents/treasury/FY_2018_Projected_Bi-Monthly_County_Payment_Amounts_2017_PA_107_updated_07_21_17_598543_7.pdf

FUTURE FINANCING

The County does not anticipate the issuance of any additional bonds within the next month.

STATEMENT OF LEGAL DEBT MARGIN

2018 State Equalized Valuation	\$9,538,731,436
Plus 2018 Equivalent State Equalized Value of Act 198 Exemptions	\$54,881,716
Total State Equalized Valuation	<u>\$9,593,613,152</u>
Debt Limited (10% of State Equalized Valuation)	\$959,361,315
Amount of Outstanding Debt	\$34,119,000
Legal Debt Margin	<u>\$925,242,315</u>

Appendix B
BERRIEN COUNTY
DEBT STATEMENT - September 30, 2018
Not including this issue

		Self-Supporting or Portion Paid Directly by Benefited Municipalities	Net
DIRECT DEBT OF COUNTY:	Gross		
Sewer and Water Bonds	\$ 9,614,000	\$ 9,614,000	\$ -
Drain Bonds	17,405,000	14,238,907	3,166,093
Delinquent Tax Anticipation Notes	7,100,000	7,100,000	-
TOTAL DIRECT DEBT OF COUNTY:	<u>\$ 34,119,000</u>	<u>\$ 30,952,907</u>	<u>\$ 3,166,093</u>
OTHER DEBT:			
Special Assessment Drain Notes (No County Credit Pledged): \$5,806,198			
Per Capita County Net Direct Debt			\$ 20.52
Percent County Net Direct Debt to 2018 TV			0.04%
OVERLAPPING DEBT OF COUNTY:			
School Districts			\$ 214,923,665
Cities			43,341,513
Townships			54,213,840
Villages			7,282,950
Intermediate School Districts			0
Community Colleges			16,418,956
Library			865,000
Net Overlapping Debt			<u>\$ 337,045,924</u>
Net County and Overlapping Debt			<u>\$ 340,212,017</u>
Per Capita County Net Direct and Overlapping Debt			\$ 2,205.46
Percent Net Direct and Overlapping Debt to 2018 TV			4.33%

Source: Berrien County and Municipal Advisory Council of Michigan

Appendix C

BERRIEN COUNTY BONDS WITH COUNTY CREDIT PLEDGED

(as of September 21, 2018)

Year	Drain Bonds	Sewer and Water Bonds	Total
2019	1,315,000	714,000	2,029,000
2020	1,188,000	614,000	1,802,000
2021	1,008,000	595,000	1,603,000
2022	1,043,000	605,000	1,648,000
2023	1,078,000	631,000	1,709,000
2024	1,114,000	652,000	1,766,000
2025	1,126,000	682,000	1,808,000
2026	1,166,000	703,000	1,869,000
2027	1,231,000	734,000	1,965,000
2028	1,221,000	554,000	1,775,000
2029	1,210,000	585,000	1,795,000
2030	1,245,000	606,000	1,851,000
2031	815,000	532,000	1,347,000
2032	840,000	282,000	1,122,000
2033	720,000	293,000	1,013,000
2034	390,000	29,000	419,000
2035	405,000	30,000	435,000
2036	140,000	31,000	171,000
2037	150,000	32,000	182,000
2038		33,000	33,000
2039		34,000	34,000
2040		35,000	35,000
2041		36,000	36,000
2042		37,000	37,000
2043		38,000	38,000
2044		39,000	39,000
2045		40,000	40,000
2046		41,000	41,000
2047		43,000	43,000
2048		44,000	44,000
2049		45,000	45,000
2050		47,000	47,000
2051		48,000	48,000
2052		50,000	50,000
2053		51,000	51,000
2054		49,000	49,000
Total	\$ 17,405,000	\$ 9,614,000	\$ 27,019,000

Appendix D

FINANCIAL INFORMATION REGARDING THE COUNTY OF BERRIEN

The following sections of the audited financial statements* of the County of Berrien for the Fiscal Year ended December 31, 2017 have been extracted from the audit:

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*Note: The County's auditors have not been asked to consent to the use of the audited financial statements provided herein and have not conducted any subsequent review of such audited financial statements or the information presented in this Appendix D.

COUNTY OF BERRIEN, MICHIGAN

Statement of Net Position

December 31, 2017

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 20,282,153	\$ 1,029,005	\$ 21,311,158	\$ 14,569,149
Investments	27,069,474	30,085,937	57,155,411	1,185,598
Restricted cash	2,993,785	-	2,993,785	546,901
Receivables, net	19,166,467	35,629,086	54,795,553	28,579,536
Internal balances	(450,000)	450,000	-	-
Prepaid items and other assets	1,764,783	29,332	1,794,115	469,595
Net other postemployment benefit asset	1,058,683	-	1,058,683	-
Capital assets not being depreciated	22,243,729	6,694	22,250,423	6,613,548
Capital assets being depreciated, net	98,728,978	51,583	98,780,561	18,590,114
Total assets	192,858,052	67,281,637	260,139,689	70,554,441
Deferred outflows of resources				
Deferred pension amounts	40,744,124	-	40,744,124	4,090,602
Deferred charge on refunding	-	-	-	137,942
Total deferred outflows of resources	40,744,124	-	40,744,124	4,228,544
Liabilities				
Accounts payable and accrued expenses	5,545,437	947,087	6,492,524	7,265,217
Unearned revenue	414,459	-	414,459	291,199
Notes payable	-	-	-	-
Long-term liabilities:				
Due within one year	3,158,234	1,594,838	4,753,072	3,135,891
Due in more than one year	1,016,198	27,954,145	28,970,343	21,332,370
Net pension liability	86,774,657	-	86,774,657	4,662,602
Total liabilities	96,908,985	30,496,070	127,405,055	36,687,279
Deferred inflows of resources				
Taxes levied for a subsequent period	8,994,298	-	8,994,298	-
Deferred pension amounts	17,172,365	-	17,172,365	1,790,748
Total deferred inflows of resources	26,166,663	-	26,166,663	1,790,748
Net position				
Net investment in capital assets	119,659,726	58,277	119,718,003	7,018,859
Restricted for:				
Judicial	114,678	-	114,678	-
Public works	9,358,168	-	9,358,168	-
Public safety	3,651,360	-	3,651,360	-
Health and welfare	2,444,012	-	2,444,012	-
Recreation and cultural	322,335	-	322,335	-
State mandated programs and other purposes	1,432,445	-	1,432,445	24,897,794
Debt service	3,531	-	3,531	-
Unrestricted (deficit)	(26,459,727)	36,727,290	10,267,563	4,388,305
Total net position	\$ 110,526,528	\$ 36,785,567	\$ 147,312,095	\$ 36,304,958

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

COUNTY OF BERRIEN, MICHIGAN

Statement of Activities

For the Year Ended December 31, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities:					
Legislative	\$ 1,386,105	\$ 1,762	\$ 630,080	\$ -	\$ (754,263)
Judicial	13,675,352	3,955,208	4,268,024	-	(5,452,120)
General government	21,553,528	3,782,988	9,285,633	-	(8,484,907)
Public safety	31,159,720	3,751,867	1,476,275	-	(25,931,578)
Public works	4,262,649	1,283,625	4,072,335	-	1,093,311
Health and welfare	22,582,973	553,760	11,481,260	-	(10,547,953)
Recreation and cultural	2,062,684	656,230	201,953	-	(1,204,501)
Community development	2,767,792	496,392	1,012,056	-	(1,259,344)
Other governmental activities	758,199	-	-	-	(758,199)
Interest on long-term debt	7,159	-	-	-	(7,159)
Total governmental activities	100,216,161	14,481,832	32,427,616	-	(53,306,713)
Business-type activities:					
Delinquent tax collections/forfeitures	1,262,813	3,370,711	493	-	2,108,391
Public works projects	2,246,647	2,286,361	10,791	-	50,505
Total business-type activities	3,509,460	5,657,072	11,284	-	2,158,896
Total primary government	\$ 103,725,621	\$ 20,138,904	\$ 32,438,900	\$ -	\$ (51,147,817)
Component units					
Road commission	\$ 19,661,172	\$ 435,168	\$ 22,350,171	\$ -	\$ 3,124,167
Drain commission	3,192,523	2,650	91,253	4,031,827	933,207
Brownfield redevelopment authority	1,770,537	6,062	62,330	-	(1,702,145)
Economic development corporation	47,829	-	10,805	-	(37,024)
Land bank authority	122,844	9,411	73,075	-	(40,358)
Mental health authority	48,059,721	39,056,036	7,967,538	-	(1,036,147)
Total component units	\$ 72,854,626	\$ 39,509,327	\$ 30,555,172	\$ 4,031,827	\$ 1,241,700

continued...

COUNTY OF BERRIEN, MICHIGAN

Statement of Activities

For the Year Ended December 31, 2017

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Changes in net position				
Net (expenses) revenues	\$ (53,306,713)	\$ 2,158,896	\$ (51,147,817)	\$ 1,241,700
General revenues:				
Property taxes	45,873,961	-	45,873,961	932,587
Grants and contributions not restricted to specific programs	190,935	-	190,935	3,408
Unrestricted investment earnings	32,180	-	32,180	-
Transfers - internal activities	860,384	(860,384)	-	-
Total general revenues and transfers	46,957,460	(860,384)	46,097,076	935,995
Net change in net position before special item	(6,349,253)	1,298,512	(5,050,741)	2,177,695
Special item - transfer of operations	78,547,782	-	78,547,782	(78,547,782)
Change in net position	72,198,529	1,298,512	73,497,041	(76,370,087)
Net position, beginning of year	38,327,999	35,487,055	73,815,054	112,675,045
Net position, end of year	<u>\$ 110,526,528</u>	<u>\$ 36,785,567</u>	<u>\$ 147,312,095</u>	<u>\$ 36,304,958</u>

concluded

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

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COUNTY OF BERRIEN, MICHIGAN

Balance Sheet

Governmental Funds

December 31, 2017

	General (1010)	Road (2010)	911 County Operational (2610)	Drug Enforcement Public Safety (2175/2640)
Assets				
Cash and cash equivalents	\$ 1,122,150	\$ 4,342,750	\$ -	\$ 310,704
Investments	18,953,102	1,506,577	3,149,394	250,462
Receivables:				
Accounts	11,276	6,065	-	-
Taxes - current	2,032,311	-	3,269,964	2,543,577
Due from other governments	816,769	3,520,309	-	139,815
Notes	-	-	-	-
Interfund receivable	913,045	-	-	-
Prepaid items	168	19,234	-	-
Inventory	-	683,750	-	-
Advances to component units	1,245,000	-	-	-
Total assets	\$ 25,093,821	\$ 10,078,685	\$ 6,419,358	\$ 3,244,558
Liabilities				
Accounts payable	\$ 299,935	\$ 293,537	\$ 3,648	\$ 19,137
Accrued liabilities	721,986	150,825	84,009	6,471
Due to other governments	-	270,090	-	-
Interfund payable	-	-	8,755	-
Advances from other funds	450,000	-	-	-
Unearned revenue	-	6,065	-	323
Total liabilities	1,471,921	720,517	96,412	25,931
Deferred inflows of resources				
Unavailable revenue - property taxes	1,655,763	-	-	-
Taxes levied for a subsequent period	-	-	3,372,531	2,623,348
Unavailable revenue - project costs	-	957,499	-	-
Total deferred inflows of resources	1,655,763	957,499	3,372,531	2,623,348
Fund balances				
Nonspendable	1,245,168	702,984	-	-
Restricted	-	7,697,685	2,950,415	595,279
Committed	-	-	-	-
Unassigned	20,720,969	-	-	-
Total fund balances	21,966,137	8,400,669	2,950,415	595,279
Total liabilities, deferred inflows of resources and fund balances	\$ 25,093,821	\$ 10,078,685	\$ 6,419,358	\$ 3,244,558

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

Senior Citizen (2700)	Nonmajor Governmental Funds	Total
\$ 91,989	\$ 12,133,228	\$ 18,000,821
-	819,692	24,679,227
-	105,674	123,015
2,180,328	726,935	10,753,115
-	2,438,444	6,915,337
-	130,000	130,000
-	-	913,045
-	3,493	22,895
-	-	683,750
-	-	1,245,000
<u>\$ 2,272,317</u>	<u>\$ 16,357,466</u>	<u>\$ 63,466,205</u>
\$ -	\$ 824,596	\$ 1,440,853
-	364,837	1,328,128
-	113,474	383,564
-	425,950	434,705
-	-	450,000
-	408,071	414,459
-	2,136,928	4,451,709
-	-	1,655,763
2,248,702	749,717	8,994,298
-	-	957,499
<u>2,248,702</u>	<u>749,717</u>	<u>11,607,560</u>
-	133,493	2,081,645
23,615	3,206,876	14,473,870
-	10,130,452	10,130,452
-	-	20,720,969
<u>23,615</u>	<u>13,470,821</u>	<u>47,406,936</u>
<u>\$ 2,272,317</u>	<u>\$ 16,357,466</u>	<u>\$ 63,466,205</u>

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COUNTY OF BERRIEN, MICHIGAN

Reconciliation

Fund Balances of Governmental Funds
to Net Position of Governmental Activities
December 31, 2017

Fund balances - total governmental funds	\$ 47,406,936
Amounts reported for <i>governmental activities</i> in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources, and therefore not reported in the funds.	
Capital assets not being depreciated	22,243,729
Capital assets being depreciated, net	98,728,978
Other long-term assets are not available to pay for current-period expenditures and therefore are not recorded in the funds.	
Unavailable property taxes	1,655,763
Unavailable project reimbursements	957,499
Governmental funds report expenditures equal to amounts contributed to defined benefit other postemployment benefit plans (OPEB). However, in the statement of activities, net OPEB costs are equal to the actuarially determined net OPEB costs. Differences between actuarially determined net OPEB costs and annual contributions are accumulated and reported as a net OPEB asset or obligation.	
Contributions made in excess of net OPEB cost	1,058,683
Internal service funds are used by management to charge the costs of certain activities, such as insurance and other centralized costs, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	
Net position of governmental activities accounted for in internal service funds	5,852,270
Certain liabilities, such as bonds payable, are not due and payable in the current period, and therefore are not reported in the funds.	
Installment purchase agreement	(181,136)
Compensated absences	(2,861,451)
Notes payable	(1,131,845)
Certain pension-related amounts, such as the net pension liability and deferred amounts are not due and payable in the current period or do not represent current financial resources and therefore are not reported in the funds.	
Net pension liability	(86,774,657)
Deferred outflows related to the net pension liability	40,744,124
Deferred inflows related to the net pension liability	(17,172,365)
Net position of governmental activities	<u>\$ 110,526,528</u>

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

COUNTY OF BERRIEN, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended December 31, 2017

	General (1010)	Road (2010)	911 County Operational (2610)	Drug Enforcement Public Safety (2175/2640)
Revenues				
Property taxes	\$ 36,666,434	\$ -	\$ 3,366,627	\$ 2,623,861
Licenses and permits	199,933	-	-	-
Intergovernmental revenue	7,498,015	4,071,715	62,784	718,765
Charges for services	7,073,864	84,682	1,009,823	1,549
Fines and forfeitures	438,668	-	-	-
Interest revenue	148,382	-	10,958	4,447
Other revenue	4,273,892	25,160	1,000	38,143
Total revenues	56,299,188	4,181,557	4,451,192	3,386,765
Expenditures				
Current:				
Legislative	1,010,319	-	-	-
Judicial	8,030,902	-	-	868,866
General government	16,930,213	-	-	-
Public safety	17,366,246	-	3,949,185	2,643
Public works	475,819	3,430,818	-	-
Health and welfare	663,710	-	-	-
Recreation and cultural	-	-	-	-
Community development	1,143,503	-	-	-
Other governmental activities	745,542	-	-	-
Debt service:				
Principal	59,858	49,800	-	-
Interest	-	7,159	-	-
Total expenditures	46,426,112	3,487,777	3,949,185	871,509
Revenues over (under) expenditures	9,873,076	693,780	502,007	2,515,256
Other financing sources (uses)				
Issuance of long-term debt	240,994	-	-	-
Transfers in	2,130,970	-	-	219,073
Transfers out	(10,728,033)	-	-	(2,573,529)
Total other financing sources (uses)	(8,356,069)	-	-	(2,354,456)
Net change in fund balances before special item	1,517,007	693,780	502,007	160,800
Special item - transfer of operations	-	7,706,889	-	-
Net change in fund balances	1,517,007	8,400,669	502,007	160,800
Fund balances, beginning of year	20,449,130	-	2,448,408	434,479
Fund balances, end of year	\$ 21,966,137	\$ 8,400,669	\$ 2,950,415	\$ 595,279

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

Senior Citizen (2700)	Nonmajor Governmental Funds	Total
\$ 2,247,486	\$ 821,370	\$ 45,725,778
-	380,403	580,336
41,856	11,586,220	23,979,355
-	4,501,914	12,671,832
-	5,691	444,359
-	2,890	166,677
-	4,151,792	8,489,987
<u>2,289,342</u>	<u>21,450,280</u>	<u>92,058,324</u>
-	2,121	1,012,440
-	3,248,432	12,148,200
-	2,623,329	19,553,542
-	6,534,981	27,853,055
-	305,960	4,212,597
2,286,405	18,881,266	21,831,381
-	1,737,619	1,737,619
-	1,335,223	2,478,726
-	-	745,542
-	30,483	140,141
-	-	7,159
<u>2,286,405</u>	<u>34,699,414</u>	<u>91,720,402</u>
<u>2,937</u>	<u>(13,249,134)</u>	<u>337,922</u>
-	-	240,994
-	14,060,411	16,410,454
-	(2,248,508)	(15,550,070)
-	11,811,903	1,101,378
2,937	(1,437,231)	1,439,300
-	-	7,706,889
2,937	(1,437,231)	9,146,189
<u>20,678</u>	<u>14,908,052</u>	<u>38,260,747</u>
<u>\$ 23,615</u>	<u>\$ 13,470,821</u>	<u>\$ 47,406,936</u>

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COUNTY OF BERRIEN, MICHIGAN

Reconciliation

Net Changes in Fund Balances of Governmental Funds
to Change in Net Position of Governmental Activities
For the Year Ended December 31, 2017

Net change in fund balances - total governmental funds	\$ 9,146,189
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Acquisition/construction of capital assets	5,273,106
Depreciation expense	(4,153,623)
Loss on disposal of capital assets	(20,110)
Revenues in the statement of activities that do not provide current resources are not reported as revenues in the funds.	
Change in unavailable property taxes	148,183
Change in unavailable project reimbursements	800,017
Governmental funds report expenditures equal to amounts contributed to defined benefit other postemployment benefit (OPEB) plans. However, in the statement of activities, net OPEB costs are equal to actuarially determined net OPEB costs.	
Excess contributions over net OPEB cost	499,068
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Principal payments on long-term liabilities	140,141
Issuance of long-term debt	(240,994)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
Net pension liability and related deferred amounts	(8,267,175)
Change in accrued compensated absences	(388,641)
Certain items were transferred to the County as part of the dissolution of the Road Commission.	
These transfers are not recorded in the governmental funds.	70,840,893
Internal service funds are used by management to charge the costs of certain activities, such as insurance and other centralized costs, to individual funds. The net loss of the internal service funds are reported with governmental activities.	
Net operating loss from governmental activities accounted for internal service funds	(1,578,525)
Change in net position of governmental activities	<u>\$ 72,198,529</u>

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

COUNTY OF BERRIEN, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund

For the Year Ended December 31, 2017

	Original Budget	Amended Budget	Actual	Over (Under) Budget
Revenues				
Property taxes	\$ 36,547,006	\$ 36,547,006	\$ 36,666,434	\$ 119,428
Licenses and permits	232,150	232,150	199,933	(32,217)
Intergovernmental revenue	6,748,552	6,748,552	7,498,015	749,463
Charges for services	6,721,451	6,721,451	7,073,864	352,413
Fines and forfeitures	510,000	510,000	438,668	(71,332)
Interest revenue	125,700	125,700	148,382	22,682
Other revenue	3,446,347	3,446,347	4,273,892	827,545
Total revenues	54,331,206	54,331,206	56,299,188	1,967,982
Expenditures				
Legislative:				
Board of Commissioners	643,571	606,596	599,084	(7,512)
Appropriations to outside agencies	410,724	411,236	411,235	(1)
Total legislative	1,054,295	1,017,832	1,010,319	(7,513)
Judicial:				
Circuit court	306,026	343,067	340,406	(2,661)
District court	2,285,855	2,151,577	2,138,138	(13,439)
Probate court	332,952	302,499	292,450	(10,049)
Jury board	32,310	32,192	30,109	(2,083)
Family court intake	705,207	719,545	712,466	(7,079)
Tri-court cashing unit	895,415	823,045	815,837	(7,208)
Trial court	2,349,050	2,128,543	2,075,605	(52,938)
District court probation	653,529	558,722	550,781	(7,941)
Adult probation	96,046	95,786	94,525	(1,261)
Juvenile probation	570,741	627,528	609,660	(17,868)
Probate court administration	382,749	384,601	370,925	(13,676)
Total judicial	8,609,880	8,167,105	8,030,902	(136,203)

continued...

COUNTY OF BERRIEN, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund

For the Year Ended December 31, 2017

	Original Budget	Amended Budget	Actual	Over (Under) Budget
Expenditures (continued)				
General government:				
Elections	\$ 133,601	\$ 105,652	\$ 85,919	\$ (19,733)
County Administrator	237,930	249,891	247,002	(2,889)
Clerk	1,106,001	1,099,318	1,085,783	(13,535)
Equalization	547,386	588,551	583,520	(5,031)
Personnel	391,778	404,858	404,808	(50)
Purchasing	67,694	4,413	4,413	-
Corporate counsel	152,193	160,667	157,050	(3,617)
Prosecutor	2,972,510	2,922,972	2,890,663	(32,309)
Register of deeds	349,840	333,810	330,829	(2,981)
Treasurer	393,495	386,131	383,350	(2,781)
Courthouse and grounds	1,509,202	1,391,778	1,352,296	(39,482)
Building authority	179	162	149	(13)
South county building	440,558	448,962	434,216	(14,746)
Other county property	181,312	130,220	102,693	(27,527)
Administration center	296,067	233,327	211,051	(22,276)
2100 complex	202,514	172,281	157,050	(15,231)
Training facility	17,270	15,389	9,529	(5,860)
Drain commissioner	293,857	387,823	354,656	(33,167)
Building security	727,850	661,589	655,394	(6,195)
Financial services	696,577	704,537	703,473	(1,064)
Napier building	282,380	237,163	191,127	(46,036)
Church street	133,163	114,303	109,047	(5,256)
Telephone switchboard-central	147,640	156,827	155,874	(953)
Printing and microfilming	321,487	407,903	375,588	(32,315)
Mailing services	387,311	338,477	328,126	(10,351)
Motor pool	361,024	343,343	334,659	(8,684)
Information systems	2,295,190	2,136,083	2,094,766	(41,317)
GIS/mapping	446,261	414,699	394,320	(20,379)
Automation upgrade	298,500	382,794	374,689	(8,105)
Survey and remonumentation	70,000	68,536	67,678	(858)
Copy center	5,384	5,500	5,499	(1)
Cooperative extension service	287,334	287,030	286,080	(950)
Records center	251,940	249,847	245,878	(3,969)
Indigent defense	1,923,887	1,834,586	1,813,038	(21,548)
Total general government	17,929,315	17,379,422	16,930,213	(449,209)

continued...

COUNTY OF BERRIEN, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund

For the Year Ended December 31, 2017

	Original Budget	Amended Budget	Actual	Over (Under) Budget
Expenditures (continued)				
Public safety:				
Sheriff's office and road patrol	\$ 5,289,488	\$ 5,230,329	\$ 5,200,393	\$ (29,936)
Jail inmate rehabilitation	26,508	28,157	28,157	-
Sheriff's department radios	66,000	50,356	48,083	(2,273)
Law enforcement training facility	7,900	7,900	6,324	(1,576)
Jail division	10,494,940	10,171,863	10,126,869	(44,994)
Jail maintenance	995,143	863,005	805,425	(57,580)
Emergency management	463,935	432,829	412,890	(19,939)
Animal control	721,868	755,541	738,105	(17,436)
Total public safety	<u>18,065,782</u>	<u>17,539,980</u>	<u>17,366,246</u>	<u>(173,734)</u>
Public works -				
Appropriations to outside agencies	<u>482,061</u>	<u>475,819</u>	<u>475,819</u>	<u>-</u>
Health and welfare:				
Contagious disease	33,300	49,155	31,638	(17,517)
Medical examiner	-	-	-	-
Veterans services	126,912	125,186	124,695	(491)
Veterans burial	10,000	10,000	6,900	(3,100)
Appropriations to outside agencies	<u>500,000</u>	<u>500,478</u>	<u>500,477</u>	<u>(1)</u>
Total health and welfare	<u>670,212</u>	<u>684,819</u>	<u>663,710</u>	<u>(21,109)</u>
Community development:				
Economic development	462,901	1,143,348	1,141,094	(2,254)
Plat board	<u>2,405</u>	<u>2,411</u>	<u>2,409</u>	<u>(2)</u>
Total community development	<u>465,306</u>	<u>1,145,759</u>	<u>1,143,503</u>	<u>(2,256)</u>
Other governmental activities:				
Contingencies	1,300,000	-	-	-
Insurance and surety bonds	<u>819,072</u>	<u>745,542</u>	<u>745,542</u>	<u>-</u>
Total other governmental activities	<u>2,119,072</u>	<u>745,542</u>	<u>745,542</u>	<u>-</u>
Principal	<u>50,000</u>	<u>59,859</u>	<u>59,858</u>	<u>(1)</u>
Total expenditures	<u>49,445,923</u>	<u>47,216,137</u>	<u>46,426,112</u>	<u>(790,025)</u>
Revenues over expenditures	<u>4,885,283</u>	<u>7,115,069</u>	<u>9,873,076</u>	<u>2,758,007</u>

continued...

COUNTY OF BERRIEN, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund

For the Year Ended December 31, 2017

	Original Budget	Amended Budget	Actual	Over (Under) Budget
Other financing sources (uses)				
Issuance of long-term debt	\$ 150,000	\$ 150,000	\$ 240,994	\$ 90,994
Transfers in	3,462,964	3,462,964	2,130,970	(1,331,994)
Transfers out	(8,498,247)	(10,728,033)	(10,728,033)	-
Total other financing uses	(4,885,283)	(7,115,069)	(8,356,069)	(1,241,000)
Net change in fund balance	-	-	1,517,007	1,517,007
Fund balance, beginning of year	20,449,130	20,449,130	20,449,130	-
Fund balance, end of year	<u>\$ 20,449,130</u>	<u>\$ 20,449,130</u>	<u>\$ 21,966,137</u>	<u>\$ 1,517,007</u>

concluded

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

COUNTY OF BERRIEN, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Road Fund

For the Period Ended December 31, 2017

	Original Budget *	Amended Budget *	Actual *	Over (Under) Budget
Revenues				
Intergovernmental revenue	\$ 17,700,000	\$ 17,700,000	\$ 4,071,715	\$ (13,628,285)
Charges for services	2,600,000	2,600,000	84,682	(2,515,318)
Other revenue	153,500	153,500	25,160	(128,340)
Total revenues	20,453,500	20,453,500	4,181,557	(16,271,943)
Expenditures				
Public works:				
Operations	6,847,500	6,847,500	1,425,725	(5,421,775)
Signs and signals	361,000	361,000	39,261	(321,739)
Engineering	544,000	544,000	108,753	(435,247)
Administrative	581,000	581,000	127,775	(453,225)
Non-departmental	2,336,000	2,336,000	444,071	(1,891,929)
Projects	9,750,000	9,750,000	1,285,233	(8,464,767)
Debt service:				
Principal	653,841	653,841	49,800	(604,041)
Interest	7,159	7,159	7,159	-
Total expenditures	21,080,500	21,080,500	3,487,777	(17,592,723)
Net change in fund balance before special item	(627,000)	(627,000)	693,780	1,320,780
Special item - transfer of operations	7,706,889	7,706,889	7,706,889	-
Net change in fund balance	7,079,889	7,079,889	8,400,669	1,320,780
Fund balance, beginning of period	-	-	-	-
Fund balance, end of period	\$ 7,079,889	\$ 7,079,889	\$ 8,400,669	\$ 1,320,780

* The Board of Commissioners passed a resolution to dissolve and assume all functions of the Road Commission effective September 28, 2017. The County adopted a budget for the new fund for an entire year; however, the actual activity only represents the period from September 29, 2017 through the end of the year.

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

COUNTY OF BERRIEN, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - 911 County Operational Fund

For the Year Ended December 31, 2017

	Original Budget	Amended Budget	Actual	Over (Under) Budget
Revenues				
Property taxes	\$ 3,266,533	\$ 3,266,533	\$ 3,366,627	\$ 100,094
Intergovernmental revenue	-	-	62,784	62,784
Charges for services	1,007,350	1,007,350	1,009,823	2,473
Interest revenue	-	-	10,958	10,958
Other revenue	63,000	63,000	1,000	(62,000)
Total revenues	4,336,883	4,336,883	4,451,192	114,309
Expenditures				
Public safety	4,261,736	4,298,285	3,949,185	(349,100)
Net change in fund balance	75,147	38,598	502,007	463,409
Fund balance, beginning of year	2,448,408	2,448,408	2,448,408	-
Fund balance, end of year	<u>\$ 2,523,555</u>	<u>\$ 2,487,006</u>	<u>\$ 2,950,415</u>	<u>\$ 463,409</u>

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

COUNTY OF BERRIEN, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Drug Enforcement Public Safety Fund

For the Year Ended December 31, 2017

	Original Budget	Amended Budget	Actual	Over (Under) Budget
Revenues				
Property taxes	\$ 2,627,024	\$ 2,627,024	\$ 2,623,861	\$ (3,163)
Intergovernmental revenue	1,141,492	1,158,848	718,765	(440,083)
Charges for services	2,600	2,600	1,549	(1,051)
Interest revenue	-	-	4,447	4,447
Other revenue	39,909	41,552	38,143	(3,409)
Total revenues	3,811,025	3,830,024	3,386,765	(443,259)
Expenditures				
Judicial	1,331,266	1,385,694	868,866	(516,828)
Public safety	16,165	16,165	2,643	(13,522)
Total expenditures	1,347,431	1,401,859	871,509	(530,350)
Revenues over expenditures	2,463,594	2,428,165	2,515,256	87,091
Other financing sources (uses)				
Transfers in	163,430	236,805	219,073	(17,732)
Transfers out	(2,627,024)	(2,617,900)	(2,573,529)	(44,371)
Total other financing sources (uses)	(2,463,594)	(2,381,095)	(2,354,456)	26,639
Net change in fund balance	-	47,070	160,800	113,730
Fund balance, beginning of year	434,479	434,479	434,479	-
Fund balance, end of year	\$ 434,479	\$ 481,549	\$ 595,279	\$ 113,730

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

COUNTY OF BERRIEN, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Senior Citizen Fund

For the Year Ended December 31, 2017

	Original Budget	Amended Budget	Actual	Over (Under) Budget
Revenues				
Property taxes	\$ 2,251,293	\$ 2,351,281	\$ 2,247,486	\$ (103,795)
Intergovernmental revenue	-	-	41,856	41,856
Total revenues	2,251,293	2,351,281	2,289,342	(61,939)
Expenditures				
Health and welfare	2,251,293	2,351,281	2,286,405	(64,876)
Net change in fund balance	-	-	2,937	2,937
Fund balance, beginning of year	20,678	20,678	20,678	-
Fund balance, end of year	\$ 20,678	\$ 20,678	\$ 23,615	\$ 2,937

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

COUNTY OF BERRIEN, MICHIGAN

Statement of Net Position

Proprietary Funds

December 31, 2017

	Business-type Activities - Enterprise Funds					Governmental Activities
	Delinquent Tax Revolving (5160)	Benton Township Water System No. 27 (5760)	Coloma City Water System No. 30 (5762)	Nonmajor Enterprise Funds	Total	Internal Service Funds
Assets						
Current assets:						
Cash and cash equivalents	\$ -	\$ -	\$ 990	\$ 1,506,355	\$ 1,507,345	\$ 1,802,992
Investments	29,948,895	-	-	137,042	30,085,937	2,390,247
Accounts receivable	187,375	-	-	17,361	204,736	-
Taxes receivable, delinquent	6,562,055	-	-	262,463	6,824,518	-
Interest receivable, net	890,903	-	-	-	890,903	-
Leases receivable, current	-	885,000	163,399	546,439	1,594,838	-
Prepaid items	-	-	-	-	-	1,058,138
Inventories	-	-	-	29,332	29,332	-
Total current assets	37,589,228	885,000	164,389	2,498,992	41,137,609	5,251,377
Noncurrent assets:						
Restricted cash	-	-	-	-	-	2,993,785
Advance to other funds	450,000	-	-	-	450,000	-
Notes receivable	470,000	-	-	-	470,000	-
Leases receivable, net of current portion	-	15,478,710	3,195,958	6,969,423	25,644,091	-
Capital assets not being depreciated	-	-	-	6,694	6,694	-
Capital assets being depreciated, net	-	-	-	51,583	51,583	-
Total noncurrent assets	920,000	15,478,710	3,195,958	7,027,700	26,622,368	2,993,785
Total assets	38,509,228	16,363,710	3,360,347	9,526,692	67,759,977	8,245,162
Liabilities						
Current liabilities:						
Accounts payable	-	-	-	42,159	42,159	-
Accrued expenses	917	112,081	21,185	78,946	213,129	2,392,892
Due to other governments	427,291	-	-	264,508	691,799	-
Interfund payable	466,420	-	-	11,920	478,340	-
Current portion of long-term debt	-	885,000	163,399	546,439	1,594,838	-
Total current liabilities	894,628	997,081	184,584	943,972	3,020,265	2,392,892
Noncurrent liabilities -						
Long-term debt, due in more than one year	1,837,171	15,366,629	3,175,763	7,574,582	27,954,145	-
Total liabilities	2,731,799	16,363,710	3,360,347	8,518,554	30,974,410	2,392,892
Net position						
Investment in capital assets	-	-	-	58,277	58,277	-
Unrestricted	35,777,429	-	-	949,861	36,727,290	5,852,270
Total net position	\$ 35,777,429	\$ -	\$ -	\$ 1,008,138	\$ 36,785,567	\$ 5,852,270

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

COUNTY OF BERRIEN, MICHIGAN

Statement of Revenues, Expenses and Changes in Fund Net Position

Proprietary Funds

For the Year Ended December 31, 2017

	Business-type Activities - Enterprise Funds					Governmental Activities
	Delinquent Tax Revolving (5160)	Benton Township Water System No. 27 (5760)	Coloma City Water System No. 30 (5762)	Nonmajor Enterprise Funds	Total	Internal Service Funds
Operating revenues						
Charges for services	\$ 1,813,508	\$ 687,765	\$ 178,446	\$ 2,822,942	\$ 5,502,661	\$ 14,352,199
Interest on taxes	150,290	-	-	-	150,290	-
Total operating revenues	1,963,798	687,765	178,446	2,822,942	5,652,951	14,352,199
Operating expenses						
Operation and maintenance	112,656	-	49,223	2,248,267	2,410,146	12,421,626
Benefits and claims	-	-	-	-	-	3,509,098
Depreciation	-	-	-	8,351	8,351	-
Total operating expenses	112,656	-	49,223	2,256,618	2,418,497	15,930,724
Operating income (loss)	1,851,142	687,765	129,223	566,324	3,234,454	(1,578,525)
Nonoperating revenues (expenses)						
Interest income	4,121	-	263	11,021	15,405	-
Interest and fiscal charges	(43,087)	(687,765)	(129,486)	(230,625)	(1,090,963)	-
Total nonoperating revenues (expenses)	(38,966)	(687,765)	(129,223)	(219,604)	(1,075,558)	-
Income (loss) before transfers	1,812,176	-	-	346,720	2,158,896	(1,578,525)
Transfers out	(860,384)	-	-	-	(860,384)	-
Change in net position	951,792	-	-	346,720	1,298,512	(1,578,525)
Net position, beginning of year	34,825,637	-	-	661,418	35,487,055	7,430,795
Net position, end of year	\$ 35,777,429	\$ -	\$ -	\$ 1,008,138	\$ 36,785,567	\$ 5,852,270

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

COUNTY OF BERRIEN, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended December 31, 2017

	Business-type Activities - Enterprise Funds					Governmental Activities
	Delinquent Tax Revolving (5160)	Benton Township Water System No. 27 (5760)	Coloma City Water System No. 30 (5762)	Nonmajor Enterprise Funds	Total	Internal Service Funds
Cash flows from operating activities						
Cash received from customers	\$ 14,761,141	\$ 692,681	\$ 178,446	\$ 2,851,643	\$ 18,483,911	\$ -
Cash received from interfund services provided	-	-	-	-	-	14,352,199
Cash payments to suppliers for goods and services	(112,656)	(4,448)	(138,704)	(2,169,646)	(2,425,454)	(16,561,931)
Cash payments for delinquent tax rolls	(11,389,663)	-	-	-	(11,389,663)	-
Cash payments to employees for services	-	-	-	(195,961)	(195,961)	-
Net cash provided by (used in) operating activities	3,258,822	688,233	39,742	486,036	4,472,833	(2,209,732)
Cash flows from noncapital financing activities						
Proceeds from issuance of long-term debt	10,500,000	-	-	1,763,775	12,263,775	-
Principal payments	(8,662,829)	(835,032)	(164,968)	(376,000)	(10,038,829)	-
Interest payments	(43,087)	(687,765)	(129,486)	(230,625)	(1,090,963)	-
Transfers out	(860,384)	-	-	-	(860,384)	-
Net cash provided by (used in) noncapital financing activities	933,700	(1,522,797)	(294,454)	1,157,150	273,599	-
Cash flows from investing activities						
Purchase of investments	(7,552,819)	-	-	-	(7,552,819)	-
Proceeds from sale of investments	-	-	-	3,772	3,772	3,330
Purchase of capital assets	-	-	-	(6,694)	(6,694)	-
Interest received	4,121	-	263	11,021	15,405	-
Issuance of leases receivable	-	-	-	(1,109,544)	(1,109,544)	-
Issuance of notes receivable	(470,000)	-	-	-	(470,000)	-
Amounts collected on leases receivable	-	834,564	115,567	375,637	1,325,768	-
Net cash provided by (used in) investing activities	(8,018,698)	834,564	115,830	(725,808)	(7,794,112)	3,330
Net change in cash and cash equivalents	(3,826,176)	-	(138,882)	917,378	(3,047,680)	(2,206,402)
Cash and cash equivalents, beginning of year	3,826,176	-	139,872	588,977	4,555,025	7,003,179
Cash and cash equivalents, end of year	\$ -	\$ -	\$ 990	\$ 1,506,355	\$ 1,507,345	\$ 4,796,777
Statement of net position classification of cash and investments						
Cash and cash equivalents	\$ -	\$ -	\$ 990	\$ 1,506,355	\$ 1,507,345	\$ 1,802,992
Restricted cash	-	-	-	-	-	2,993,785
	\$ -	\$ -	\$ 990	\$ 1,506,355	\$ 1,507,345	\$ 4,796,777

continued...

COUNTY OF BERRIEN, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended December 31, 2017

	Business-type Activities - Enterprise Funds					Governmental Activities
	Delinquent Tax Revolving (5160)	Benton Township Water System No. 27 (5760)	Coloma City Water System No. 30 (5762)	Nonmajor Enterprise Funds	Total	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	\$ 1,851,142	\$ 687,765	\$ 129,223	\$ 566,324	\$ 3,234,454	\$ (1,578,525)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	-	-	-	8,351	8,351	-
Amortization of bond discounts	-	4,916	992	477	6,385	-
Changes in:						
Accounts receivable	345,184	-	-	155,055	500,239	-
Taxes receivable, delinquent	160,368	-	-	34,788	195,156	-
Interest receivable	4,228	-	-	-	4,228	-
Prepaid items	-	-	-	-	-	(389,417)
Inventories	-	-	-	8,298	8,298	-
Interfund receivable	395,976	-	-	-	395,976	-
Accounts payable	-	-	(89,923)	(135,878)	(225,801)	-
Accrued expenses	917	(4,448)	(550)	9,724	5,643	(241,790)
Due to other governments	34,587	-	-	(93,275)	(58,688)	-
Interfund payable	466,420	-	-	(67,828)	398,592	-
Net cash provided by (used in) operating activities	<u>\$ 3,258,822</u>	<u>\$ 688,233</u>	<u>\$ 39,742</u>	<u>\$ 486,036</u>	<u>\$ 4,472,833</u>	<u>\$ (2,209,732)</u>

concluded

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

COUNTY OF BERRIEN, MICHIGAN

Statement of Fiduciary Net Position

Fiduciary Funds

December 31, 2017

	Pension and Other Postemployment Benefit Trust Funds	Agency Funds
Assets		
Cash and cash equivalents	\$ 895,860	\$ 3,180,511
Investments:		
Equity mutual funds	121,441,911	-
Fixed income mutual funds	60,982,769	-
Commodities mutual funds	6,441,078	-
Real estate mutual funds	19,022,505	-
Accounts receivable	14,626	-
Total assets	208,798,749	\$ 3,180,511
Liabilities		
Accounts payable	173,156	\$ -
Undistributed receipts	-	3,180,511
Total liabilities	173,156	\$ 3,180,511
Net position		
Restricted for pension and other postemployment benefits	\$ 208,625,593	

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

COUNTY OF BERRIEN, MICHIGAN

Statement of Changes in Plan Net Position

Pension and Other Postemployment Benefits Trust Funds
For the Year Ended December 31, 2017

Additions

Investment income (loss):

Net change in fair value of investments	\$ 27,263,664
Interest and dividends	559
Less investment expenses	<u>(625,361)</u>

Net investment income	<u>26,638,862</u>
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Contributions:

Employer	11,977,892
Employees	<u>2,932,496</u>

Total contributions	<u>14,910,388</u>
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Total additions	<u>41,549,250</u>
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Deductions

Benefit payments	17,090,888
Contribution refunds	532,329
Administration	<u>86,025</u>

Total deductions	<u>17,709,242</u>
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Change in net position	23,840,008
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Net position, beginning of year	<u>184,785,585</u>
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Net position, end of year	<u><u>\$ 208,625,593</u></u>
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The accompanying notes are an integral part of these financial statements.

COUNTY OF BERRIEN, MICHIGAN

Combining Statement of Net Position

Component Units
December 31, 2017

	Road Commission	Drain Commission	Brownfield Redevelopment Authority
Assets			
Cash and cash equivalents	\$ -	\$ 7,187,322	\$ 1,495,974
Investments	-	-	-
Restricted cash	-	-	-
Receivables, net	-	23,257,890	-
Prepaid items and other assets	-	126,929	-
Capital assets not being depreciated	-	6,485,548	-
Capital assets being depreciated, net	-	17,419,950	-
Total assets	-	54,477,639	1,495,974
Deferred outflows of resources			
Deferred pension amounts	-	-	-
Deferred charge on refunding	-	137,942	-
Total deferred outflows of resources	-	137,942	-
Liabilities			
Accounts payable and accrued expenses	-	1,162,432	400,000
Long-term liabilities:			
Due within one year	-	3,014,437	-
Due in more than one year	-	20,754,438	-
Net pension liability	-	-	-
Unearned revenue	-	-	-
Total liabilities	-	24,931,307	400,000
Deferred inflows of resources			
Deferred pension inflows	-	-	-
Net position			
Net investment in capital assets	-	5,882,454	-
Restricted for other purposes	-	23,801,820	1,095,974
Unrestricted	-	-	-
Total net position	\$ -	\$ 29,684,274	\$ 1,095,974

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



Economic Development Corporation	Land Bank Authority	Mental Health Authority	Total
\$ 85,389	\$ 89,450	\$ 5,711,014	\$ 14,569,149
1,185,598	-	-	1,185,598
-	-	546,901	546,901
613,997	-	4,707,649	28,579,536
-	-	342,666	469,595
-	-	128,000	6,613,548
-	-	1,170,164	18,590,114
1,884,984	89,450	12,606,394	70,554,441
-	-	4,090,602	4,090,602
-	-	-	137,942
-	-	4,090,602	4,228,544
400,548	45,000	5,257,237	7,265,217
-	-	121,454	3,135,891
-	-	577,932	21,332,370
-	-	4,662,602	4,662,602
-	-	291,199	291,199
400,548	45,000	10,910,424	36,687,279
-	-	1,790,748	1,790,748
-	-	1,136,405	7,018,859
-	-	-	24,897,794
1,484,436	44,450	2,859,419	4,388,305
\$ 1,484,436	\$ 44,450	\$ 3,995,824	\$ 36,304,958

COUNTY OF BERRIEN, MICHIGAN

Combining Statement of Activities

Component Units

For the Year Ended December 31, 2017

	Road Commission	Drain Commission	Brownfield Redevelopment Authority
Expenses			
Road commission	\$ 19,661,172	\$ -	\$ -
Drain commission	-	3,192,523	-
Brownfield redevelopment authority	-	-	1,770,537
Economic development corporation	-	-	-
Land bank authority	-	-	-
Mental health authority	-	-	-
Total expenses	19,661,172	3,192,523	1,770,537
Program revenues			
Charges for services	435,168	2,650	6,062
Operating grants and contributions	22,350,171	91,253	62,330
Capital grants and contributions	-	4,031,827	-
Total program revenues	22,785,339	4,125,730	68,392
Net (expenses) revenues	3,124,167	933,207	(1,702,145)
General revenues			
Property taxes	-	-	918,250
Other revenue	-	-	-
Total general revenues	-	-	918,250
Net change in net position before special item	3,124,167	933,207	(783,895)
Special item - transfer of operations	(78,547,782)	-	-
Change in net position	(75,423,615)	933,207	(783,895)
Net position, beginning of year	75,423,615	28,751,067	1,879,869
Net position, end of year	\$ -	\$ 29,684,274	\$ 1,095,974

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



Economic Development Corporation	Land Bank Authority	Mental Health Authority	Total
\$ -	\$ -	\$ -	\$ 19,661,172
-	-	-	3,192,523
-	-	-	1,770,537
47,829	-	-	47,829
-	122,844	-	122,844
-	-	48,059,721	48,059,721
47,829	122,844	48,059,721	72,854,626
-	9,411	39,056,036	39,509,327
10,805	73,075	7,967,538	30,555,172
-	-	-	4,031,827
10,805	82,486	47,023,574	74,096,326
(37,024)	(40,358)	(1,036,147)	1,241,700
-	14,337	-	932,587
-	3,408	-	3,408
-	17,745	-	935,995
(37,024)	(22,613)	(1,036,147)	2,177,695
-	-	-	(78,547,782)
(37,024)	(22,613)	(1,036,147)	(76,370,087)
1,521,460	67,063	5,031,971	112,675,045
\$ 1,484,436	\$ 44,450	\$ 3,995,824	\$ 36,304,958

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NOTES TO FINANCIAL STATEMENTS

COUNTY OF BERRIEN, MICHIGAN

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County of Berrien, Michigan (the "County") was incorporated in 1829 and covers an area of approximately 585 square miles in southwest lower Michigan. The County operates under a 12-member elected Board of Commissioners and an appointed County Administrator.

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

Reporting Entity

As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the government's operations and data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the government.

Blended Component Unit

Berrien County Building Authority (the "Building Authority") - The Berrien County Building Authority is governed by a five-member Board appointed by the Berrien County Board of Commissioners. Although legally separate from the County, the Building Authority is reported as if it were part of the primary government, because its sole purpose is to finance and construct the County's public buildings. The financial statements of the Building Authority funds have been consolidated with the County's related debt service funds and capital projects funds.

Discretely Presented Component Units

Berrien County Drain Commission (the "Drain Commission") - The Berrien County Drain Commission oversees all drainage districts established pursuant to the Michigan Drain Code of 1956, which are separate legal entities with the power to contract, to sue and be sued, and to hold, manage and dispose of real and personal property. The Drain Commission has sole responsibility to administer Chapter 3 and 4 drainage districts. A drainage board or Drain Commissioner, on behalf of the drainage district, may issue debt and levy special assessments without the prior approval of the County. The full faith and credit of the County may be given for the debt of the drainage district. The Drain Commissioner is required by law to make an annual report to the Board of County Commissioners in October. The Drain Commission is financially accountable to the County and is disclosed as a component unit, accordingly. The Drain Commission has a December 31 year end.

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

COUNTY OF BERRIEN, MICHIGAN

Notes to Financial Statements

Berrien County Economic Development Corporation (the "EDC") - The Berrien County Economic Development Corporation, organized pursuant to State statutes, was created to provide means and methods for the encouragement and assistance of industrial and commercial enterprises in relocating, purchasing, constructing, improving or expanding within the County so as to provide needed services and facilities to the residents of the County. The governing body of the EDC is appointed by the County, and the EDC is financially accountable to the County and is disclosed as a component unit, accordingly. The EDC has a December 31 year end.

Berrien County Land Bank Authority - The Berrien County Land Bank Authority was created pursuant to the Michigan Land Bank Fast Track Act (Public Act 258). The governing body of the Land Bank Authority is appointed by the County, and is financially accountable to the County and is disclosed as a component unit, accordingly. The Land Bank Authority has a December 31 year end.

Berrien Mental Health Authority - The Berrien Mental Health Authority, established pursuant to State statutes, is governed by a 12-member board appointed by the Berrien County Board of Commissioners. The Mental Health Authority is financially accountable to the County and is disclosed as a component unit, accordingly. The Mental Health Authority has a September 30 year end.

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

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

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

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

Government-wide and Fund Financial Statements

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

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

COUNTY OF BERRIEN, MICHIGAN

Notes to Financial Statements

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Agency funds, a type of fiduciary fund, are unlike all other types of funds, as agency funds report only assets and liabilities. Therefore, agency funds cannot be said to have a measurement focus. They do, however, use the accrual basis of accounting to recognize receivables and payables.

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

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

The County reports the following major governmental funds:

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

The *road fund* accounts for the construction and maintenance of the County roads. Funding for these activities is received from the State of Michigan Department of Transportation and federal contributions.

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

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

COUNTY OF BERRIEN, MICHIGAN

Notes to Financial Statements

The *senior citizen fund* accounts for the collection and distribution of a special millage that provides operating funds for senior centers contracted by the County to provide services to County senior citizens.

The County reports the following major proprietary funds:

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

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

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

Additionally, the County reports the following fund types:

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

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

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

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

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

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

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

COUNTY OF BERRIEN, MICHIGAN

Notes to Financial Statements

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

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

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

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

Deposits and Investments

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

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

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

Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

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

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

COUNTY OF BERRIEN, MICHIGAN

Notes to Financial Statements

Inventories, Prepaid Items and Other Assets

All inventories are valued at cost using the first-in/first-out (FIFO) method, except the road fund inventory that is valued using the weighted average cost method.

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

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of two years, except in the road fund where the cost threshold is \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition cost at the date of donation.

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

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

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

	Depreciation Method	Useful Lives - Years
Primary government:		
Buildings	Straight-line	25-50
Public domain infrastructure	Straight-line	35
System infrastructure	Straight-line	35
Vehicles	Straight-line	3-20
Equipment	Straight-line	5-20
Road equipment	Sum of the years' digits	5-8
Infrastructure	Straight-line	5-50
Drain Commission:		
Buildings	Straight-line	30
Public domain infrastructure	Straight-line	35
System infrastructure	Straight-line	35
Vehicles	Straight-line	3-20
Equipment	Straight-line	5-10
Community Mental Health Authority:		
Buildings and improvements	Straight-line	15-25
Vehicles	Straight-line	4
Equipment	Straight-line	5

COUNTY OF BERRIEN, MICHIGAN

Notes to Financial Statements

Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized on a straight-line basis over the shorter of the life of the refunded or refunding debt. Additionally, the government reports deferred outflows of resources for contributions subsequent to the measurement date, change in expected and actual investment returns, assumptions, and benefits provided in its pension plans.

Compensated Absences

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

Long-term Obligations

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

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

COUNTY OF BERRIEN, MICHIGAN

Notes to Financial Statements

Deferred Inflows of Resources

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

Fund Balances

Governmental funds report nonspendable fund balance for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Restricted fund balance is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Commissioners (the government's highest level of decision-making authority). A formal resolution of the Board of Commissioners is required to establish, modify, or rescind a fund balance commitment. The County may report assigned fund balance for amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The Board of Commissioners has delegated the authority to assign fund balance to the Finance Committee or its designee. The County has no assigned fund balance. Unassigned fund balance is the residual classification for the general fund.

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

COUNTY OF BERRIEN, MICHIGAN

Notes to Financial Statements

2. BUDGETARY INFORMATION

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

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

3. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

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

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

COUNTY OF BERRIEN, MICHIGAN

Notes to Financial Statements

4. DEPOSITS AND INVESTMENTS

Following is a reconciliation of deposit and investment balances as of December 31, 2017:

	Primary Government	Component Units	Totals
Statement of Net Position			
Cash and cash equivalents	\$ 21,311,158	\$ 14,569,149	\$ 35,880,307
Investments	57,155,411	1,185,598	58,341,009
Restricted cash	2,993,785	546,901	3,540,686
Statement of Fiduciary Net Position			
Cash and cash equivalents	4,076,371	-	4,076,371
Investments	207,888,263	-	207,888,263
Total	\$ 293,424,988	\$ 16,301,648	\$ 309,726,636
Deposits and investments			
Bank deposits:			
Checking/savings accounts			\$ 36,494,058
Certificates of deposit - due within one year			6,890,504
Certificates of deposit - due in one to five years			2,327,150
Investments in securities and mutual funds:			
Treasurer's investment pool			53,107,656
Pension and OPEB investments			207,888,263
Cash on deposit with agent			3,005,201
Cash on hand			13,804
Total			\$ 309,726,636

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

Bank Deposits and Treasurer's Investment Pool

Custodial Credit Risk - Deposits. Deposits are exposed to custodial credit risk if they are not covered by depository insurance. At year-end, the carrying amount of the County's deposits was \$45,711,712. The combined bank balance of these deposits was \$50,436,960 of which \$45,614,213 was uninsured and uncollateralized.

In accordance with the County's investment policy and State law, all deposits are uncollateralized, held in the County's name, and evidenced by a safekeeping receipt. Also, due to the dollar amounts of cash deposits and the limits of FDIC insurance, the County believes it is impractical to insure all bank deposits. As a result, the County evaluates each financial institution and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

COUNTY OF BERRIEN, MICHIGAN

Notes to Financial Statements

Custodial Credit Risk - Investments. Following is a summary of the County's investments as of December 31, 2017:

U.S. treasury notes	\$ 1,380,234
U.S. government agencies	5,774,843
Municipal bonds	494,075
Repurchase agreements (collateralized by U.S. government securities)	6,850,787
Money market and cash management funds	<u>38,607,717</u>
Total	<u>\$ 53,107,656</u>

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

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

As of December 31, 2017, all of the County's investments in securities of U.S. agencies were rated AA+ by Standard & Poor's. The County's investment in municipal bonds were rated AA1 by Moody's. United States treasury securities are explicitly guaranteed by the U.S. government and not considered to have credit risk. The County's money market funds were not rated.

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

At December 31, 2017, the County had greater than 5% of its total investment portfolio concentrated as follows:

Investment Type	Issuer	% of Portfolio
Federal Home Loan Bank	Various	6.86%
MBIA Investment Fund	MBIA	8.26%

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

COUNTY OF BERRIEN, MICHIGAN

Notes to Financial Statements

As of December 31, 2017, all of the County's debt securities had the following maturities:

	< 1 year	1 - 5 years	6 - 10 years	Total
U.S. treasury notes	\$ 149,444	\$ 1,230,790	\$ -	\$ 1,380,234
U.S. government agencies	389,888	5,384,955	-	5,774,843
Municipal bonds	-	494,075	-	494,075
Repurchase agreements	6,850,787	-	-	6,850,787
	<u>\$ 7,390,119</u>	<u>\$ 7,109,820</u>	<u>\$ -</u>	<u>\$ 14,499,939</u>

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

The County had the following recurring fair value measurements as of December 31, 2017:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value at December 31, 2017
Investments at fair value:				
U.S. treasury notes	\$ 1,380,234	\$ -	\$ -	\$ 1,380,234
U.S. government agencies	-	5,774,843	-	5,774,843
Municipal bonds	-	494,075	-	494,075
Repurchase agreements	-	6,850,787	-	6,850,787
Cash management/mutual funds	38,607,717	-	-	38,607,717
	<u>38,607,717</u>	<u>-</u>	<u>-</u>	<u>38,607,717</u>
Total investments at fair value	<u>\$ 39,987,951</u>	<u>\$ 13,119,705</u>	<u>\$ -</u>	<u>\$ 53,107,656</u>

COUNTY OF BERRIEN, MICHIGAN

Notes to Financial Statements

Pension and Other Postemployment Benefit Trust Fund Investments

The Trusts' investments are primarily held in a bank administered trust fund. Following is a summary of the Trusts' investments as of December 31, 2017:

	Pension	Other Postemployment Benefit Trust Fund
Mutual funds at fair value, as determined by quoted market price:		
Equity funds:		
Russell Large Cap US Eq Fund	\$ 26,441,643	\$ -
Russell 1000 Index Fund Series 1	34,381,728	-
Russell Small Cap Fund	12,049,514	-
Russell International Fund	20,501,405	-
Russell Emerging Markets Fund	3,480,887	-
Russell global infrastructure fund	3,394,518	954,570
RIC U.S. Defensive Equity	-	12,122,185
RIC U.S. Small Cap Equity	-	2,682,703
RIC International developed markets	-	4,479,978
RIC Emerging Markets	-	952,780
Fixed income funds:		
Russell Quantitative Bond Fund	50,090,122	-
RIC Investment Grade Bond Fund	-	10,892,647
Commodities funds:		
Russell Commodities Fund	5,127,262	-
RIC Commodity Strategies Fund	-	1,313,816
Real estate fund:		
Russell Real Estate Equity Fund	13,757,482	861,774
Russell Real Estate Security Fund	3,448,289	954,960
Total investments	<u>\$ 172,672,850</u>	<u>\$ 35,215,413</u>

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

COUNTY OF BERRIEN, MICHIGAN

Notes to Financial Statements

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Trusts' investment policy emphasizes appropriate risk/return parameters and compliance with Public Act 314, and gives discretionary authority to its investment managers as opposed to establishing specific credit rating benchmarks. The Trust invests in mutual funds, which is comprised of various securities. The percentages below represent the percent of the mutual fund that is invested in securities with a particular rating. As of December 31, 2017, the Trusts' investments in debt securities were rated by Standard & Poor's as follows:

Rating	Percentage	
	Pension	Other Postemployment Benefit Trust Fund
AAA	65.4%	57.0%
AA	8.9%	7.9%
A	10.8%	11.6%
BBB	14.9%	21.1%
BB	0.0%	1.3%
B	0.0%	0.1%
CCC & below	0.0%	0.1%
not rated	0.0%	0.9%
	<u>100.0%</u>	<u>100.0%</u>

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

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the Trusts' investment in a single issuer. At December 31, 2017, the Trusts' investment portfolio was not concentrated to a particular issuer due to the only investments being in shares of mutual funds.

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

COUNTY OF BERRIEN, MICHIGAN

Notes to Financial Statements

The Trust invests in mutual funds, which is comprised of various securities. The percentages below represent the percent of the mutual fund that is invested in securities with a particular maturity. As of December 31, 2017, maturities of the Trusts' debt securities, were as follows:

Maturity (Years)	Percentage	
	Pension	Other Postemployment Benefit Trust Fund
0 to 3	21.3%	18.1%
3 to 5	19.2%	20.1%
5 to 7	20.1%	24.7%
7 to 10	23.6%	18.9%
10 to 15	1.5%	3.0%
15 to 20	2.4%	3.2%
20 to 25	4.0%	3.6%
25+	7.9%	8.4%
	<u>100.0%</u>	<u>100.0%</u>

Fair Value Measurements - The System categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The System had the following recurring fair value measurements as of December 31, 2017:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value at December 31, 2017
Investments at fair value:				
Equity mutual funds	\$ 21,192,216	\$ 100,249,695	\$ -	\$ 121,441,911
Fixed income mutual funds	10,892,647	50,090,122	-	60,982,769
Commodities mutual funds	1,313,816	5,127,262	-	6,441,078
Real estate mutual funds	954,960	17,205,771	861,774	19,022,505
	<u>34,353,639</u>	<u>172,672,850</u>	<u>861,774</u>	<u>207,888,263</u>
Total investments at fair value	\$ 34,353,639	\$ 172,672,850	\$ 861,774	\$ 207,888,263

COUNTY OF BERRIEN, MICHIGAN

Notes to Financial Statements

5. RECEIVABLES

Receivables at year end consisted of the following:

	Governmental Activities	Business-type Activities
Accounts	\$ 123,015	\$ 204,736
Taxes (current)	10,753,115	-
Taxes (delinquent)	-	6,824,518
Interest	-	969,220
Due from other governments	6,915,337	-
Leases, current portion	-	1,594,838
Leases, long-term portion	-	25,644,091
Advances to component units (not due within one year)	1,245,000	-
Notes (not due within one year)	130,000	470,000
Less: allowance for uncollectible accounts	-	(78,317)
	<u>\$ 19,166,467</u>	<u>\$ 35,629,086</u>

Of the amounts reported for receivables above, delinquent taxes receivable in the amount of \$6,779,137, advances to component units in the amount of \$1,245,000, notes receivable in the amount of \$600,000, and leases receivable in the amount of \$25,644,091 are not expected to be collected within one year.

COUNTY OF BERRIEN, MICHIGAN

Notes to Financial Statements

6. CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2017 was as follows:

Primary government

	Beginning Balance	Additions	Disposals	Transfers	Transfer of Operations*	Ending Balance
Governmental activities						
Capital assets not being depreciated:						
Land	\$ 5,419,465	\$ 390,475	\$ -	\$ -	\$ 15,210,049	\$ 21,019,989
Construction in progress	624,012	999,163	-	(399,435)	-	1,223,740
	<u>6,043,477</u>	<u>1,389,638</u>	<u>-</u>	<u>(399,435)</u>	<u>15,210,049</u>	<u>22,243,729</u>
Capital assets being depreciated:						
Land improvements	3,776,317	323,732	-	-	28,540	4,128,589
Buildings	45,977,155	1,385,405	-	305,570	2,832,495	50,500,625
Equipment	14,688,573	1,292,005	(367,102)	93,865	13,898,375	29,605,716
Infrastructure	-	882,326	-	-	124,021,179	124,903,505
	<u>64,442,045</u>	<u>3,883,468</u>	<u>(367,102)</u>	<u>399,435</u>	<u>140,780,589</u>	<u>209,138,435</u>
Less accumulated depreciation for:						
Land improvements	(1,610,658)	(131,565)	-	-	(20,929)	(1,763,152)
Buildings	(18,319,661)	(1,024,587)	-	-	(2,218,379)	(21,562,627)
Equipment	(10,102,254)	(1,626,430)	346,992	-	(11,419,473)	(22,801,165)
Infrastructure	-	(1,371,041)	-	-	(62,911,472)	(64,282,513)
	<u>(30,032,573)</u>	<u>(4,153,623)</u>	<u>346,992</u>	<u>-</u>	<u>(76,570,253)</u>	<u>(110,409,457)</u>
Total capital assets being depreciated, net	<u>34,409,472</u>	<u>(270,155)</u>	<u>(20,110)</u>	<u>399,435</u>	<u>64,210,336</u>	<u>98,728,978</u>
Governmental activities capital assets, net	<u>\$ 40,452,949</u>	<u>\$ 1,119,483</u>	<u>\$ (20,110)</u>	<u>\$ -</u>	<u>\$ 79,420,385</u>	<u>\$ 120,972,707</u>
Business-type activities						
Capital assets not being depreciated -						
Construction in progress	\$ -	\$ 6,694	\$ -	\$ -	\$ -	\$ 6,694
Capital assets being depreciated -						
Equipment	809,512	-	-	-	-	809,512
Less accumulated depreciation for -						
Equipment	(749,578)	(8,351)	-	-	-	(757,929)
Total capital assets being depreciated, net	<u>59,934</u>	<u>(8,351)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>51,583</u>
Business-type activities capital assets, net	<u>\$ 59,934</u>	<u>\$ (1,657)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,277</u>

* As described in Note 20, the Board of Commissioners passed a resolution to dissolve and assume all functions of the Road Commission effective September 28, 2017. Ownership of all capital assets was transferred to the County at that time.

COUNTY OF BERRIEN, MICHIGAN

Notes to Financial Statements

Discretely presented component units

Capital asset activity for the Road Commission component unit for the period ended September 28, 2017, was as follows:

	Beginning Balance	Additions	Disposals	Transfer of Operations*	Ending Balance
Component Unit - Road Commission					
Capital assets not being depreciated -					
Land	\$ 14,913,267	\$ 296,782	\$ -	\$ (15,210,049)	\$ -
Capital assets being depreciated:					
Land improvements	28,540	-	-	(28,540)	-
Buildings	2,815,208	17,287	-	(2,832,495)	-
Road equipment	12,400,521	1,170,000	(513,949)	(13,056,572)	-
Other equipment	841,346	20,677	(20,220)	(841,803)	-
Infrastructure	121,235,609	8,363,874	(5,578,304)	(124,021,179)	-
	137,321,224	9,571,838	(6,112,473)	(140,780,589)	-
Less accumulated depreciation for:					
Land improvements	(18,075)	(2,854)	-	20,929	-
Buildings	(2,151,066)	(67,313)	-	2,218,379	-
Road equipment	(10,499,027)	(719,126)	503,504	10,714,649	-
Other equipment	(688,643)	(36,401)	20,220	704,824	-
Infrastructure	(63,055,395)	(5,434,381)	5,578,304	62,911,472	-
	(76,412,206)	(6,260,075)	6,102,028	76,570,253	-
Total capital assets being depreciated, net	60,909,018	3,311,763	(10,445)	(64,210,336)	-
Road Commission capital assets, net	\$ 75,822,285	\$ 3,608,545	\$ (10,445)	\$ (79,420,385)	\$ -

Capital asset activity for the Drain Commission component unit for the year ended December 31, 2017, was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Transfer of Operations*	Ending Balance
Component Unit - Drain Commission						
Capital assets not being depreciated -						
Construction in progress	\$ 5,783,379	\$ 1,062,263	\$ -	\$ (360,094)	\$ -	\$ 6,485,548
Capital assets being depreciated -						
Infrastructure	24,780,329	12,212	-	360,094	-	25,152,635
Less accumulated depreciation for -						
Infrastructure	(6,755,943)	(976,742)	-	-	-	(7,732,685)
Total capital assets being depreciated, net	18,024,386	(964,530)	-	360,094	-	17,419,950
Drain Commission capital assets, net	\$ 23,807,765	\$ 97,733	\$ -	\$ -	\$ -	\$ 23,905,498

COUNTY OF BERRIEN, MICHIGAN

Notes to Financial Statements

Capital asset activity for the Mental Health Authority component unit for the year ended September 30, 2017, was as follows:

	Beginning Balance	Additions	Disposals	Transfer of Operations*	Ending Balance
Component Unit - Mental Health Authority					
Capital assets not being depreciated -					
Land	\$ 128,000	\$ -	\$ -	\$ -	\$ 128,000
Capital assets being depreciated:					
Buildings and improvements	1,066,947	-	-	-	1,066,947
Furniture, fixtures and equipment	3,817,518	61,876	-	-	3,879,394
Vehicles	378,782	-	-	-	378,782
	<u>5,263,247</u>	<u>61,876</u>	<u>-</u>	<u>-</u>	<u>5,325,123</u>
Less accumulated depreciation for:					
Buildings and improvements	(455,190)	(50,394)	-	-	(505,584)
Furniture, fixtures and equipment	(2,966,548)	(348,627)	-	-	(3,315,175)
Vehicles	(309,638)	(24,562)	-	-	(334,200)
	<u>(3,731,376)</u>	<u>(423,583)</u>	<u>-</u>	<u>-</u>	<u>(4,154,959)</u>
Total capital assets being depreciated, net	<u>1,531,871</u>	<u>(361,707)</u>	<u>-</u>	<u>-</u>	<u>1,170,164</u>
Mental Health Authority capital assets, net	<u>\$ 1,659,871</u>	<u>\$ (361,707)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,298,164</u>

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

Depreciation of governmental activities by function

Legislative	\$ 287,322
Judicial	50,359
General government	1,094,419
Public safety	708,959
Public works	1,608,479
Health and welfare	92,302
Recreation and cultural	122,969
Community development	188,814
	<u>\$ 4,153,623</u>

Depreciation of business-type activities by function

Public works projects	<u>\$ 8,351</u>
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Construction Commitments

The County has active construction projects as of December 31, 2017. The projects include infrastructure improvements for drains. At year end, the County's commitments with contractors are as follows:

	Construction Commitments
County capital projects	\$ 10,207,887
Drains	954,190

COUNTY OF BERRIEN, MICHIGAN

Notes to Financial Statements

7. ACCOUNTS PAYABLE

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

	Governmental Activities	Business-type Activities
Accounts payable	\$ 1,440,853	\$ 42,159
Accrued and other liabilities	3,721,020	213,129
Due to other governments	383,564	691,799
	<u>\$ 5,545,437</u>	<u>\$ 947,087</u>

8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The general fund has made long-term advances to the Drain Commission, Economic Development Corporation, and Land Bank Authority component units in the amounts of \$800,000, \$400,000, and \$45,000, respectively, and \$450,000 was advanced by the delinquent tax revolving fund to the general fund to provide sufficient resources for these advances.

In addition, the delinquent tax revolving fund, the 911 special revenue fund, the nonmajor governmental funds and nonmajor enterprise funds with negative balances in the County's pooled cash accounts reported interfund payables of \$466,420, \$8,755, \$425,950 and \$11,920, respectively, which is equal to the interfund receivable of \$913,045 reported in the general fund.

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

For the year ended December 31, 2017, interfund transfers consisted of the following:

	Transfers in	Transfers out
General fund	\$ 2,130,970	\$ 10,728,033
Drug enforcement public safety fund	219,073	2,573,529
Nonmajor governmental funds	14,060,411	2,248,508
Delinquent tax revolving fund	-	860,384
	<u>\$ 16,410,454</u>	<u>\$ 16,410,454</u>

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

COUNTY OF BERRIEN, MICHIGAN

Notes to Financial Statements

9. LONG-TERM DEBT

Primary government

Notes payable. The County has issued notes payable to local townships and banks for financing the purchase of equipment and various projects. Notes payable outstanding at year end are as follows:

Bonds	Due	Annual Installments	Interest Rate	Amount
Watervliet Township (Hagar Shore)	2020	\$5,500 - \$25,000	0%	\$ 55,500
Chemical Bank Note	2022	\$206,870 - \$223,835	1.99%	1,076,345
Total notes payable				<u>\$ 1,131,845</u>

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

Year Ended December 31,	Principal	Interest	Total
2018	\$ 231,870	\$ 19,361	\$ 251,231
2019	235,987	15,203	251,190
2020	220,685	10,963	231,648
2021	219,468	6,638	226,106
2022	223,835	2,227	226,062
	<u>\$ 1,131,845</u>	<u>\$ 54,392</u>	<u>\$ 1,186,237</u>

Installment purchase agreements. During 2017, the County entered into two installment purchase agreements - one for the purchase of 275 computers due in annual installments of \$50,059 through 2019 with 3.5% interest and the other for a printer due in annual installments of \$19,599 through 2022 with 0% interest.

Annual debt service requirements to maturity for installment purchase agreements are as follows:

Year Ended December 31,	Principal	Interest	Total
2018	\$ 64,913	\$ 4,744	\$ 69,657
2019	67,226	2,431	69,657
2020	19,599	-	19,599
2021	19,599	-	19,599
2022	9,799	-	9,799
	<u>\$ 181,136</u>	<u>\$ 7,175</u>	<u>\$ 188,311</u>

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

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

COUNTY OF BERRIEN, MICHIGAN

Notes to Financial Statements

General obligation bonds currently outstanding are as follows:

Business-type Activities

Bonds	Due	Annual Installments	Interest Rate	Amount
1999 Coloma Township Sewer System No. 24	2019	\$50,000-\$125,000	5.00% - 5.70%	\$ 245,000
2001 Village of Berrien Springs/Oronoko Township Water/Sewer System No. 26	2020	\$15,000-\$35,000	4.60% - 5.65%	95,000
2010 Benton Charter Township Water System No. 27	2031	\$675,000 - \$1,435,000	2.00% - 4.50%	15,185,000
2010 Village of Berrien Springs Water and Sewer System No. 29	2031	\$100,000-\$260,000	1.45% - 6.00%	2,530,000
2010 New Buffalo Water Supply System Bonds	2030	\$61,000-\$100,000	2.50%	1,099,924
2011 Benton Charter Township Water Supply System Bonds System No. 27	2031	\$55,000-\$105,000	1.00% - 4.35%	1,135,000
2013 City of Coloma Water and Sewer System Bonds System No. 30	2033	\$155,000-\$265,000	2.00% - 4.75%	3,360,000
2015 Village of Berrien Springs/Oronoko Township Water/Sewer System No. 31	2054	\$40,600-\$54,500	3.00%	2,394,000
2017 Village of Michiana Township Water/Sewer System No. 32	2027	\$160,000-\$195,000	2.00% - 2.50%	1,755,000
Total business-type activities				<u>\$ 27,798,924</u>

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

Year Ended December 31,	Principal	Interest	Total
2018	\$ 1,601,000	\$ 1,064,967	\$ 2,665,967
2019	1,648,000	1,008,709	2,656,709
2020	1,568,000	950,826	2,518,826
2021	1,610,000	893,939	2,503,939
2022	1,645,000	835,398	2,480,398
2023-2027	9,304,000	3,167,942	12,471,942
2028-2032	8,437,924	1,143,168	9,581,092
2033-2037	565,000	246,894	811,894
2038-2042	350,000	192,600	542,600
2043-2047	402,000	137,100	539,100
2048-2052	468,000	73,020	541,020
2053-2054	200,000	8,940	208,940
	<u>\$ 27,798,924</u>	<u>\$ 9,723,503</u>	<u>\$ 37,522,427</u>

General obligation limited tax notes. The County issued \$10,500,000 for general obligation limited tax notes. The note carries an interest rate of 0.65% and is due June 15, 2019. The County paid a portion of these notes in advance during the year resulting in a balance of \$1,837,171 on December 31, 2017.

COUNTY OF BERRIEN, MICHIGAN

Notes to Financial Statements

Drain Commission Component Unit

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

Special assessment bonds currently outstanding are as follows:

Bonds	Due	Annual Installments	Interest Rate	Amount
2008 Starr & Wellington Drainage District	2024	\$12,000-\$13,000	5.95%	\$ 85,000
2009 Close Drainage District Bonds	2019	\$120,000-\$165,000	2.50% - 4.00%	325,000
2010 Barnes and Hamilton Drain Bonds	2020	\$170,000-\$215,000	1.90% - 3.50%	620,000
2010 Hollywood Road Consolidated Drain	2030	\$100,000-\$190,000	2.50% - 4.75%	1,955,000
2017 Refunding Schwark Drain Bonds	2030	\$50,000-\$70,000	2.00% - 3.10%	780,000
2017 Refunding Lake Shore Drain Bonds	2030	\$140,000-\$280,000	0.85% - 4.00%	2,115,000
2012 Smith and Strong Drain Bonds	2032	\$30,000-\$55,000	1.00 - 4.05%	650,000
2012 Lakeside Drain Bonds	2032	\$25,000-\$40,000	0.90 - 4.65%	480,000
2012 Estates Drain Bonds	2032	\$30,000-\$55,000	4.00 - 5.00%	630,000
2012 Oak Hills Springs Drain Bonds	2037	\$30,000-45,000	3.20%	400,000
2013 Blue Jay Drain Bonds	2033	\$135,000-\$250,000	2.00 - 4.50%	3,030,000
2013 Hibbard Lake Drain Bonds	2033	\$50,000-\$90,000	2.00 - 4.00%	1,105,000
2015 North Royalton Drainage District	2035	\$248,000-\$285,000	2.00 - 3.63%	3,820,000
2017 Lighthouse Creek Drain	2037	\$60,000-\$150,000	2.00 - 3.00%	2,125,000
Total component unit - Drain Commission				<u>\$ 18,120,000</u>

COUNTY OF BERRIEN, MICHIGAN

Notes to Financial Statements

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

Year Ended December 31,	Principal	Interest	Total
2018	\$ 1,222,000	\$ 583,027	\$ 1,805,027
2019	1,267,000	540,478	1,807,478
2020	1,137,000	506,556	1,643,556
2021	957,000	477,688	1,434,688
2022	992,000	450,921	1,442,921
2023-2027	5,460,000	1,779,659	7,239,659
2028-2032	5,280,000	782,594	6,062,594
2033-2037	1,805,000	103,294	1,908,294
	<u>\$ 18,120,000</u>	<u>\$ 5,224,217</u>	<u>\$ 23,344,217</u>

Advance Refunding

During the year, the Drain Commission defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust for the purpose of generating resources for all future debt service payments on the refunded debt. As a result, the refunded bonds are considered to be defeased and the trust fund assets and related liabilities have been removed from the statement of net position.

The Drain Commission issued \$2,115,000 in refunding bonds during the year to advance refund \$2,850,000 of the 2010 Lake Shore Drain Bonds. In addition, the Drain Commission issued \$1,575,000 in refunding bonds to advance refund \$1,305,000 of the 2010 Schwark Drain Bonds. These refundings resulted in a savings of \$1,138,282 and \$833,077 over the next 13 years and an economic gain of \$239,679 and \$141,890, respectively.

The amount of defeased bonds outstanding at year end are \$2,850,000 of 2010 Lake Shore Drain Bonds and \$780,000 of Schwark Drain Bonds.

Drain notes. The Drain Commission issues drain notes to finance various drain capital projects. Interest rates vary from 1.63% to 4.99%, with repayment based on actual collections of special assessments, which are subject to collection over a period of three to ten years. Drain notes outstanding at December 31, 2017, amounted to \$5,607,889.

Brownfield Redevelopment Authority Component Unit

The Brownfield Redevelopment Authority paid off \$1,151,706 of general obligation bonds during the year which included \$200,000 in loan forgiveness from the federal government.

COUNTY OF BERRIEN, MICHIGAN

Notes to Financial Statements

Mental Health Authority Component Unit

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

Note	Due	Annual Installments	Interest Rate	Amount
2005 Real Estate note	2020	\$8,338-\$13,332	3.83%	\$ 32,545
2007 Real Estate note	2022	\$9,481-\$34,320	4.99%	129,214
Total component unit - Mental Health Authority				<u>\$ 161,759</u>

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

Year Ended September 30,	Principal	Interest	Total
2018	\$ 40,810	\$ 6,842	\$ 47,652
2019	42,762	4,890	47,652
2020	38,823	2,901	41,724
2021	33,120	1,200	34,320
2022	6,244	36	6,280
	<u>\$ 161,759</u>	<u>\$ 15,869</u>	<u>\$ 177,628</u>

Changes in long-term debt.

	Beginning Balance	Additions	Deductions	Transfer of Operations*	Ending Balance	Due Within One Year
Governmental Activities						
Notes payable	\$ -	\$ -	\$ (49,800)	\$ 1,181,645	\$ 1,131,845	\$ 231,870
Installment purchase agreements	30,483	240,994	(90,341)	-	181,136	64,913
Compensated absences	2,396,624	2,211,132	(1,822,491)	76,186	2,861,451	2,861,451
	<u>\$ 2,427,107</u>	<u>\$ 2,452,126</u>	<u>\$ (1,962,632)</u>	<u>\$ 1,257,831</u>	<u>\$ 4,174,432</u>	<u>\$ 3,158,234</u>
Business-type Activities						
General obligation bonds	\$ 27,419,924	\$ 1,755,000	\$ (1,376,000)	\$ -	\$ 27,798,924	\$ 1,601,000
General obligation limited tax notes	-	10,500,000	(8,662,829)	-	1,837,171	-
Unamortized bond discount	(102,272)	-	6,385	-	(95,887)	(6,601)
Unamortized bond premium	-	8,775	-	-	8,775	439
	<u>\$ 27,317,652</u>	<u>\$ 12,263,775</u>	<u>\$ (10,032,444)</u>	<u>\$ -</u>	<u>\$ 29,548,983</u>	<u>\$ 1,594,838</u>

COUNTY OF BERRIEN, MICHIGAN

Notes to Financial Statements

	Beginning Balance	Additions	Deductions	Transfer of Operations*	Ending Balance	Due Within One Year
Road Commission Component Unit						
General obligation notes payable	\$ 248,433	\$ 1,076,345	\$ (143,133)	\$ (1,181,645)	\$ -	\$ -
Compensated absences	86,300	-	(10,114)	(76,186)	-	-
	<u>\$ 334,733</u>	<u>\$ 1,076,345</u>	<u>\$ (153,247)</u>	<u>\$ (1,257,831)</u>	<u>\$ -</u>	<u>\$ -</u>
Drain Commission Component Unit						
Special assessment bonds payable	\$ 18,457,000	\$ 5,020,000	\$ (5,357,000)	\$ -	\$ 18,120,000	\$ 1,222,000
Drain notes payable	4,205,133	3,484,950	(2,082,194)	-	5,607,889	1,789,535
Unamortized bond discount	(108,881)	(6,953)	68,941	-	(46,893)	(3,224)
Unamortized bond premium	31,280	58,245	(1,646)	-	87,879	6,126
	<u>\$ 22,584,532</u>	<u>\$ 5,661,242</u>	<u>\$ (7,371,899)</u>	<u>\$ -</u>	<u>\$ 23,768,875</u>	<u>\$ 3,014,437</u>
Brownfield Redevelopment Authority Component Unit						
Loans payable	\$ 1,151,706	\$ -	\$ (1,151,706)	\$ -	\$ -	\$ -
Mental Health Authority Component Unit						
Notes payable	\$ 200,619	\$ -	\$ (38,860)	\$ -	\$ 161,759	\$ 40,810
Compensated absences	539,080	79,409	(80,862)	-	537,627	80,644
	<u>\$ 739,699</u>	<u>\$ 79,409</u>	<u>\$ (119,722)</u>	<u>\$ -</u>	<u>\$ 699,386</u>	<u>\$ 121,454</u>

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

* As described in Note 20, the Board of Commissioners passed a resolution to dissolve and assume all functions of the Road Commission effective September 28, 2017. The obligation for all long-term debt was transferred to the County at that time.

COUNTY OF BERRIEN, MICHIGAN

Notes to Financial Statements

10. NET INVESTMENT IN CAPITAL ASSETS

As of December 31, 2017, the net investment in capital assets was comprised of the following:

	Governmental activities	Business-type activities
Capital assets:		
Capital assets not being depreciated	\$ 22,243,729	\$ 6,694
Capital assets being depreciated, net	98,728,978	51,583
	<u>120,972,707</u>	<u>58,277</u>
Related debt:		
Notes payable	(1,131,845)	-
Installment purchase agreement	(181,136)	-
	<u>(1,312,981)</u>	<u>-</u>
Net investment in capital assets	<u>\$ 119,659,726</u>	<u>\$ 58,277</u>

COUNTY OF BERRIEN, MICHIGAN

Notes to Financial Statements

11. FUND BALANCE

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

	General Fund	Road Fund	911 County Operational Fund	Drug Enforcement Public Safety Fund	Senior Citizen Fund	Nonmajor governmental funds	Total
Nonspendable:							
Prepaid items	\$ 168	\$ 19,234	\$ -	\$ -	\$ -	\$ 3,493	\$ 22,895
Inventories	-	683,750	-	-	-	-	683,750
Advance to component unit	1,245,000	-	-	-	-	-	1,245,000
Long-term notes receivable	-	-	-	-	-	130,000	130,000
Total nonspendable	1,245,168	702,984	-	-	-	133,493	2,081,645
Restricted:							
Judicial	-	-	-	-	-	114,678	114,678
General government	-	-	-	-	-	60,275	60,275
Public works	-	7,697,685	-	-	-	-	7,697,685
Public safety	-	-	2,950,415	595,279	-	102,173	3,647,867
Health and welfare	-	-	-	-	-	2,444,012	2,444,012
Recreation and cultural	-	-	-	-	23,615	168,720	192,335
Community development	-	-	-	-	-	313,487	313,487
Debt service	-	-	-	-	-	3,531	3,531
Total restricted	-	7,697,685	2,950,415	595,279	23,615	3,206,876	14,473,870
Committed:							
Judicial	-	-	-	-	-	152,161	152,161
General government	-	-	-	-	-	532,847	532,847
Public safety	-	-	-	-	-	1,555,129	1,555,129
Public works	-	-	-	-	-	355,133	355,133
Health and welfare	-	-	-	-	-	1,219,699	1,219,699
Recreation and cultural	-	-	-	-	-	522,064	522,064
Capital projects	-	-	-	-	-	5,793,419	5,793,419
Total committed	-	-	-	-	-	10,130,452	10,130,452
Unassigned	20,720,969	-	-	-	-	-	20,720,969
Total fund balances governmental funds	\$ 21,966,137	\$ 8,400,669	\$ 2,950,415	\$ 595,279	\$ 23,615	\$ 13,470,821	\$ 47,406,936

COUNTY OF BERRIEN, MICHIGAN

Notes to Financial Statements

12. RISK MANAGEMENT / SELF-INSURANCE PROGRAMS

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

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

The 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 (i.e., the property/liability insurance fund) using premiums paid into it by other funds of the government. Such contributions as received by MMRMA are allocated between its general and member retention funds. Economic resources in the MMRMA's general fund are expended for reinsurance coverage, claim payments and certain general and administrative costs, whereas resources in the member retention fund are used for loss payments and defense costs up to the members' self-insured retention limits along with certain other member specific costs.

Accordingly, the County records a restricted asset for its portion of the unexpended member retention fund. At December 31, 2017, the balance of the County's member retention fund was \$2,993,785.

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

Type of Risk	Maximum Retention Per Occurrence
General and automobile liability	\$200,000 specific occurrence
Motor vehicle physical damage	\$15,000 per vehicle \$30,000 per occurrence
Property damage and crime	\$1,000 per occurrence plus 10% of the next \$100,000

COUNTY OF BERRIEN, MICHIGAN

Notes to Financial Statements

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

	2017	2016
Unpaid claims, beginning of year	\$ 1,772,122	\$ 1,027,711
Incurred claims (including change in IBNR provisions)	51,401	897,195
Claims payments	(259,051)	(152,784)
Unpaid claims, end of year	<u>\$ 1,564,472</u>	<u>\$ 1,772,122</u>

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

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

	2017	2016
Unpaid claims, beginning of year	\$ 174,360	\$ 13,098
Incurred claims	368,066	445,435
Claims payments	(266,506)	(284,173)
Unpaid claims, end of year	<u>\$ 275,920</u>	<u>\$ 174,360</u>

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

	2017	2016
Unpaid claims, beginning of year	\$ 688,200	\$ 464,400
Incurred claims (including change in IBNR provisions)	2,572,965	2,080,016
Claims payments	(2,708,665)	(1,856,216)
Unpaid claims, end of year	<u>\$ 552,500</u>	<u>\$ 688,200</u>

COUNTY OF BERRIEN, MICHIGAN

Notes to Financial Statements

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

	2017	2016
Unpaid claims, beginning of year	\$ -	\$ -
Incurred claims	-	-
Claims payments	-	-
	<hr/>	<hr/>
Unpaid claims, end of year	<u>\$ -</u>	<u>\$ -</u>

Board errors and omissions. The County is also self-insured for Board errors and omissions, which is accounted for in the property/liability insurance internal service fund. No estimated claims liability was outstanding at December 31, 2017 or 2016, nor were the amount of claims paid or incurred during 2017 or 2016 of any consequence.

13. PROPERTY TAXES

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

The assessed and taxable value of real and personal property for the 2017 levy was \$7,647,512,234. The general operating tax rate for this levy was 4.7723 mills. The taxable value of real and personal property for the 2016 levy was \$7,458,387,643. The tax rates for this levy were 0.4500 mills, 0.3500 mills, 0.3000 mills, and .1000 mills assessed for 911 emergency services, public safety operations, senior center operations, and parks, respectively.

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

COUNTY OF BERRIEN, MICHIGAN

Notes to Financial Statements

14. PENSION PLAN

General Information about the Pension Plan

Plan Description. The County administers the Berrien County Employees' Retirement System (the "Plan"), a single-employer defined benefit plan provided by authority section 12a of Act No. 156 of the Public Acts of 1851, which was adopted and established by the County in accordance with Michigan Compiled Laws Section 46.12a. The Plan is included as a pension trust fund in the County's financial statements and a stand alone report of the Plan has been issued. Employer and employee contributions and benefit provisions are authorized and may be amended by County Board resolution and benefits may vary pursuant to collective bargaining agreements. Substantially all employees are covered by the Plan. Upon retirement, the Plan pays a benefit percentage (depending on group), calculated using the percentage of final average compensation times years of credited service.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and mortality. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

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

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

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

Contributions. The contribution requirements of plan members and the County are established and may be amended by the County Board of Commissioners. Plan members are required to contribute 4.5% to 10.49% to the Plan, depending on their bargaining unit and hire date, with the County contributing additional amounts, as necessary, to provide assets sufficient to pay for member benefits.

COUNTY OF BERRIEN, MICHIGAN

Notes to Financial Statements

Bargaining Unit / Employee Group	Benefits Multiplier	Contribution Percentage
AFSCME (Probate):	2.00%	7.06%
Riverwood		
Union members	2.20 - 1.70%	4.50%
Non-union members	2.20%	5.00%
Courthouse elected	2.20 - 1.70%	4.50%
Courthouse appointed	2.20%	5.00%
General non-bargaining members	2.20%	5.00%
FOPLC civilian members	2.20%	6.89%
Teamster FOC members	2.20%	8.00%
Road commission	2.00%	6.00%
Sheriff POLC Command Unit	2.80%	10.49%
Police Officers Labor Council (POLC)	2.80%	8.00%

Employees Covered by Benefit Terms. At December 31, 2016, the date of the latest actuarial valuation:

	County	Mental Health Authority	Total
Retirees and beneficiaries receiving benefits	\$ 590	\$ 79	\$ 669
Inactive plan members not yet receiving benefits	54	11	65
Active plan members	689	172	861
Total	<u>\$ 1,333</u>	<u>\$ 262</u>	<u>\$ 1,595</u>

Net Pension Liability. The County's net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions.

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

Assumption changes for the current year are related to changes in the single discount rate.

COUNTY OF BERRIEN, MICHIGAN

Notes to Financial Statements

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each asset class. These real ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. For each asset class that is included in the pension plan's target asset allocation as of December 31, 2016, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
U.S. large cap equities	35.00%	5.80%	2.03%
U.S. small cap equities	11.00%	7.60%	0.84%
International equities	12.00%	6.30%	0.76%
Core fixed income	35.00%	0.50%	0.18%
Global real estate	5.00%	3.90%	0.20%
Commodities	2.00%	3.90%	0.08%
	<u>100.00%</u>		4.09%
Inflation			3.25%
Risk adjustments			<u>0.16%</u>
Investment rate of return			<u>7.50%</u>

Discount Rate. The discount rate used to measure the total pension liability was 7.14%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that County contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be exhausted in the year 2064. Therefore, the discount rate represents the single equivalent rate resulting from discounting at the long-term expected rate of return until 2064, and discounting with the 20-year AA municipal bond index rate of 3.58% thereafter. This projection is done on a closed group basis, per GASB requirements. On an ongoing, open group basis, it is unlikely that the funds will be depleted because funding progress is frequently reviewed and adjustments are made to contribution levels.

COUNTY OF BERRIEN, MICHIGAN

Notes to Financial Statements

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

	County	Mental Health Authority	Total
Total pension liability	\$ 219,450,822	\$ 26,052,523	\$ 245,503,345
Plan fiduciary net position	(132,676,165)	(21,389,921)	(154,066,086)
County's net pension liability	<u>\$ 86,774,657</u>	<u>\$ 4,662,602</u>	<u>\$ 91,437,259</u>

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2015	<u>\$ 256,866,133</u>	<u>\$ 146,001,123</u>	<u>\$ 110,865,010</u>
Changes for the year:			
Service cost	6,407,413	-	6,407,413
Interest	16,796,275	-	16,796,275
Differences between expected and actual experience	(7,472,589)	-	(7,472,589)
Changes in assumptions	(14,114,633)	-	(14,114,633)
Benefit changes	79,619	-	79,619
Employer contributions	-	6,668,570	(6,668,570)
Employee contributions	-	2,790,453	(2,790,453)
Net investment income	-	11,732,140	(11,732,140)
Benefit payments, including refunds of employee contributions	(13,058,873)	(13,058,873)	-
Administrative expense	-	(67,327)	67,327
Net changes	<u>(11,362,788)</u>	<u>8,064,963</u>	<u>(19,427,751)</u>
Balances at December 31, 2016	<u>\$ 245,503,345</u>	<u>\$ 154,066,086</u>	<u>\$ 91,437,259</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the County, calculated using the discount rate of 7.14%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1% lower (6.14%) or 1% higher (8.14%) than the current rate:

	1% Decrease (6.14%)	Current Discount Rate (7.14%)	1% Increase (8.14%)
County	\$ 113,245,332	\$ 86,774,657	\$ 64,615,653
Mental health authority	7,904,925	4,662,602	1,943,897
County's net pension liability	<u>\$ 121,150,257</u>	<u>\$ 91,437,259</u>	<u>\$ 66,559,550</u>

COUNTY OF BERRIEN, MICHIGAN

Notes to Financial Statements

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

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions. For the year ended December 31, 2017, the County and Mental Health Authority recognized pension expense of \$17,010,683 and \$1,570,530, respectively. At December 31, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience:			
County	\$ 771,637	\$ 6,697,402	\$ (5,925,765)
Mental health authority	154,143	950,216	(796,073)
	<u>925,780</u>	<u>7,647,618</u>	<u>(6,721,838)</u>
Changes in assumptions:			
County	27,300,433	10,474,963	16,825,470
Mental health authority	2,536,715	840,532	1,696,183
	<u>29,837,148</u>	<u>11,315,495</u>	<u>18,521,653</u>
Net difference between projected and actual earnings on pension plan investments:			
County	5,490,626	-	5,490,626
Mental health authority	908,750	-	908,750
	<u>6,399,376</u>	<u>-</u>	<u>6,399,376</u>
Employer contributions to the plan subsequent to the measurement date:			
County	7,181,428	-	7,181,428
Mental health authority	490,994	-	490,994
	<u>7,672,422</u>	<u>-</u>	<u>7,672,422</u>
Total	<u>\$ 44,834,726</u>	<u>\$ 18,963,113</u>	<u>\$ 25,871,613</u>

COUNTY OF BERRIEN, MICHIGAN

Notes to Financial Statements

This amount includes deferred outflows of resources resulting from contributions subsequent to the measurement date of December 31, 2016 that will be recognized as a reduction in the net pension liability for the year ended September 30, 2018 for the Mental Health Authority and the year ended December 31, 2018 for the County's primary government. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31,	County	Mental Health Authority
2018	\$ 6,408,892	\$ 559,851
2019	6,515,623	559,851
2020	4,778,207	653,182
2021	(344,955)	132,975
2022	(922,069)	(96,999)
Thereafter	(45,367)	-
Total	<u>\$ 16,390,331</u>	<u>\$ 1,808,860</u>

Payable to the pension plan. At December 31, 2017, the County did not have any outstanding contributions payable to the pension plan for the year then ended.

15. OTHER POSTEMPLOYMENT BENEFITS

General County

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

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

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

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

COUNTY OF BERRIEN, MICHIGAN

Notes to Financial Statements

Funding Policy. The contribution requirements of Plan members and the County are established and may be amended by the County Board of Commissioners. Plan members are not required to contribute to the Plan.

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

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

Annual required contribution	\$ 4,250,834
Interest on net OPEB asset	(82,741)
Adjustment to annual required contribution	<u>82,044</u>
Annual OPEB cost	4,250,137
Contributions made	<u>(4,250,834)</u>
Change in net OPEB asset	(697)
Net OPEB asset, beginning of year	<u>(1,057,986)</u>
Net OPEB asset, end of year	<u>\$ (1,058,683)</u>

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

Three-Year Trend Information			
Years Ended December 31,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB (Asset)
2015	\$ 2,119,906	81%	\$ (828,599)
2016	2,861,004	108%	(1,057,986)
2017	4,250,137	100%	(1,058,683)

Funded status and funding progress. As of December 31, 2017, the date of the most recent actuarial valuation, the Plan was 49.7 percent funded. The actuarial accrued liability for benefits was \$70,407,341, and the actuarial value of assets was \$35,000,478, resulting in an unfunded actuarial accrued liability (UAAL) of \$35,406,863. The covered payroll (annual payroll of the active employees covered by the Plan) was \$29,730,309 and the ratio of the UAAL to the covered payroll was 119.1 percent.

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

COUNTY OF BERRIEN, MICHIGAN

Notes to Financial Statements

Actuarial Methods and Assumptions. In the December 31, 2017 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions include: (a) a rate of return on investments of 7.5%; (b) projected salary increases of 3.25% attributable to inflation; (c) additional projected salary increases ranging from 3.55% to 6.25%, depending on age, attributable to seniority/merit; and (d) projected healthcare benefit increases of 3.25% to 9.0%. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the fair value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll over 30 years on an open basis.

Road Commission

As described in Note 20, the Board of Commissioners passed a resolution to dissolve and assume all functions of the Road Commission effective September 28, 2017. Non-union members of the former Road Commission were transferred to the County's OPEB plan while union employees remained on a separate plan based on the terms of existing collective bargaining agreements. The separate plan is not pre-funded. The County has determined that the terms of the plan are such that no current employees are expected to retire and take benefits prior to the expiration of the contract on December 31, 2017, as the benefits provided by the plan can be obtained through the open market or Medicare at significantly better rates. As a result, the County has not reported any liability for this plan.

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

Financial statements for individual pension and employee benefit plans:

	Pension and Other Postemployment Benefits Net Position		
	Pension	Other Postemployment Benefit Trust Fund	Totals
Assets			
Cash and cash equivalents	\$ 885,604	\$ 10,256	\$ 895,860
Investments:			
Equity mutual funds	100,249,695	21,192,216	121,441,911
Fixed income mutual funds	50,090,122	10,892,647	60,982,769
Commodities mutual funds	5,127,262	1,313,816	6,441,078
Real estate mutual funds	17,205,771	1,816,734	19,022,505
Accrued interest receivable	14,626	-	14,626
Total assets	173,573,080	35,225,669	208,798,749
Liabilities			
Accounts payable	173,156	-	173,156
Net position			
Restricted for pension and other postemployment benefits	<u>\$ 173,399,924</u>	<u>\$ 35,225,669</u>	<u>\$ 208,625,593</u>

COUNTY OF BERRIEN, MICHIGAN

Notes to Financial Statements

	Changes in Pension and Other Postemployment Benefits Net Position		
	Pension	Other Postemployment Benefit Trust Fund	Totals
Additions			
Investment income (loss):			
Net change in fair value of investments	\$ 23,193,359	\$ 4,070,305	\$ 27,263,664
Interest and dividends	550	9	559
Less investment expenses	(625,361)	-	(625,361)
Net investment income	22,568,548	4,070,314	26,638,862
Contributions:			
Employer	7,727,058	4,250,834	11,977,892
Employees	2,932,496	-	2,932,496
Total contributions	10,659,554	4,250,834	14,910,388
Total additions	33,228,102	8,321,148	41,549,250
Deductions			
Benefit payments	13,275,910	3,814,978	17,090,888
Contribution refunds	532,329	-	532,329
Administration	86,025	-	86,025
Total deductions	13,894,264	3,814,978	17,709,242
Change in net position	19,333,838	4,506,170	23,840,008
Net position, beginning of year	154,066,086	30,719,499	184,785,585
Net position, end of year	\$ 173,399,924	\$ 35,225,669	\$ 208,625,593

COUNTY OF BERRIEN, MICHIGAN

Notes to Financial Statements

17. TAX ABATEMENTS

The County received reduced property tax revenues during 2017 as a result of industrial facilities tax exemptions (IFT's) and brownfield redevelopment agreements entered into by cities, villages, townships, and authorities within the County.

The IFT's were entered into based upon the Plant Rehabilitation and Industrial Development Districts Act, (known as the Industrial Facilities Exemption), PA 198 of 1974, as amended. IFT's provide a tax incentive to manufacturers to enable renovation and expansion of aging facilities, assist in the building of new facilities, and to promote the establishment of high tech facilities. Properties qualifying for IFT status are taxed at 50% of the millage rate applicable to other real and personal property in the County. The abatements amounted to approximately \$197,000 in reduced County tax revenues for 2017.

Brownfield redevelopment agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties. These agreements were entered into based upon the Brownfield Redevelopment Act, PA 381 of 1996, as amended. Under this act, a municipality may create a brownfield redevelopment authority to develop and implement brownfield projects. Tax increment financing may be used as a tool for property redevelopment. The abatements amounted to approximately \$268,000 in reduced County tax revenues for 2017.

18. CONTINGENT LIABILITIES

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

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

COUNTY OF BERRIEN, MICHIGAN

Notes to Financial Statements

19. SPECIAL ITEM - TRANSFER OF OPERATIONS

The Board of Commissioners passed a resolution to dissolve and assume all functions of the Road Commission effective September 28, 2017. A summary of the carrying value of transferred operations as of September 28, 2017 is as follows:

	Road Fund	Government- wide Adjustments	Total Governmental Activities
Assets			
Current assets	\$ 9,792,873	\$ -	\$ 9,792,873
Capital assets, net	-	79,420,385	79,420,385
	<u>9,792,873</u>	<u>79,420,385</u>	<u>89,213,258</u>
 Deferred outflows of resources	 -	 3,799,273	 3,799,273
 Liabilities			
Current liabilities	1,928,502	-	1,928,502
Long-term debt	-	1,257,831	1,257,831
Other liabilities	-	9,741,695	9,741,695
	<u>1,928,502</u>	<u>10,999,526</u>	<u>12,928,028</u>
 Deferred inflows of resources	 157,482	 1,379,239	 1,536,721
 Fund balance/net position	 <u>\$ 7,706,889</u>	 <u>\$ 70,840,893</u>	 <u>\$ 78,547,782</u>

20. SUBSEQUENT EVENTS

On February 21, 2018, Benton Charter Township issued Capital Improvement Project Bonds, Series 2018 with a face value of \$14,880,000 to advance refund \$15,185,000 of Benton Charter Township Improvement Project Bonds, Series 2010. The refunded bonds were backed by the full faith and credit of the County, while the new bonds are direct obligations of Benton Charter Township.

On May 29, 2018, the County issued General Obligation Limited Tax Notes, Series 2018 with a face value of \$11,000,000 to finance the purchase of delinquent property taxes receivable from each taxing unit in the County, which is part of the normal financing activities of the County.

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REQUIRED SUPPLEMENTARY INFORMATION

COUNTY OF BERRIEN, MICHIGAN

Defined Benefit Pension Plan Required Supplementary Information

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

	Fiscal Year Ended December 31,		
	2017	2016	2015
Total pension liability			
Service cost	\$ 6,407,413	\$ 4,694,759	\$ 4,669,602
Interest on total pension liability	16,796,275	15,655,309	15,305,513
Difference between expected and actual experience	(7,472,589)	694,777	(3,197,192)
Changes in assumptions	(14,114,633)	48,836,330	-
Benefit changes	79,619	(7,048)	112,917
Benefit payments and refunds	(13,058,873)	(12,703,945)	(12,357,966)
Net change in total pension liability	(11,362,788)	57,170,182	4,532,874
Total pension liability, beginning of year	256,866,133	199,695,951	195,163,077
Total pension liability, end of year	245,503,345	256,866,133	199,695,951
Plan fiduciary net position			
Employer contributions	6,668,570	7,235,958	7,172,058
Employee contributions	2,790,453	2,829,258	2,742,953
Pension plan net investment income (loss)	11,732,140	(2,091,339)	10,630,310
Benefit payments and refunds	(13,058,873)	(12,703,945)	(12,357,966)
Pension plan administrative expense	(67,327)	(66,733)	(20,738)
Net change in plan fiduciary net position	8,064,963	(4,796,801)	8,166,617
Plan fiduciary net position, beginning of year	146,001,123	150,797,924	142,631,307
Plan fiduciary net position, end of year	154,066,086	146,001,123	150,797,924
Net pension liability	\$ 91,437,259	\$ 110,865,010	\$ 48,898,027
Plan fiduciary net position as a percentage of total pension liability	62.76%	56.84%	75.51%
Covered payroll	\$ 44,052,971	\$ 43,865,207	\$ 41,465,482
Net pension liability as a percentage of covered payroll	207.56%	252.74%	117.92%

Notes to Schedule

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

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

Changes in assumptions - In 2016, amounts reported as changes in assumptions resulted from decreases in the inflation rate used to calculate the discount rate, decreases in the expected salary increases, change in the single discount rate, and changes in the mortality tables. In 2017, amounts reported as changes in assumptions resulted from changes in the single discount rate.

COUNTY OF BERRIEN, MICHIGAN

Defined Benefit Pension Plan Required Supplementary Information

Schedule of the Net Pension Liability

Fiscal Year Ended	Total Pension Liability	Plan Net Pension	Net Pension Liability	Plan Net Position as Percentage of Total Pension Liability	Covered Payroll	Net Pension Liability as Percentage of Covered Payroll
12/31/2015	\$ 199,695,951	\$ 150,797,924	\$48,898,027	75.51%	\$ 41,465,482	117.92%
12/31/2016	256,866,133	146,001,123	110,865,010	56.84%	43,865,207	252.74%
12/31/2017	245,503,345	154,066,086	91,437,259	62.76%	44,052,971	207.56%

Notes to Schedule

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

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

COUNTY OF BERRIEN, MICHIGAN

Defined Benefit Pension Plan

Required Supplementary Information

Schedule of County Contributions

Fiscal Year Ended	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/2014	\$ 7,172,057	\$ 7,172,057	\$ -	\$ 41,465,482	17.3%
12/31/2015	7,235,958	7,235,958	-	43,865,207	16.5%
12/31/2016	6,668,570	6,668,570	-	44,052,971	15.1%
12/31/2017	7,727,058	7,727,058	-	45,802,966	16.9%

Notes to Schedule of Contributions

Notes

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	General county - level percent of payroll, closed
Remaining amortization period	20-year open in fiscal year 2016; 30-year closed period for 10 years, switching to a 20-year open period thereafter beginning with fiscal year 2017.
Asset valuation method	Market value with 5 year smoothing of gains and losses.
Inflation	3.50%
Salary increases	3.55-6.25% including inflation
Investment rate of return	7.50% net of pension plan investment expense, including inflation
Mortality rates	RP-2000 Mortality Table projected to 2010 set forward 2 years for males and 1 year for females. Estimated margins for future mortality improvements of 8% for males and 18% for females are provided in these tables.

COUNTY OF BERRIEN, MICHIGAN

Other Postemployment Benefits Plan

General County

Schedule of Funding Progress						
Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (B)	Unfunded AAL (UAAL) (A-B)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percent of Covered Payroll
* 12/31/2015	\$ 28,640,255	\$ 66,286,999	\$ (37,646,744)	43.21%	\$ 33,709,384	-111.68%
12/31/2016	31,919,969	68,944,128	(37,024,159)	46.30%	30,310,471	-122.15%
12/31/2017	35,000,478	70,407,341	(35,406,863)	49.71%	29,730,309	-119.09%

Schedule of Employer Contributions		
Year Ended December 31	Annual Required Contributions	Percentage Contributed
2015	\$ 2,138,969	80.13%
2016	2,870,794	107.65%
2017	4,250,834	100.00%

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

_____, 2018

**HOLLYWOOD ROAD CONSOLIDATED DRAIN #524
DRAINAGE DISTRICT,
COUNTY OF BERRIEN, STATE OF MICHIGAN**

We have examined the law and such certified proceedings of the Hollywood Road Consolidated Drain #524 Drainage District, Berrien County, Michigan (the "District") and other documents as we deemed necessary to render this opinion in connection with the issuance of the District's \$1,810,000* Hollywood Road Consolidated Drain Drainage District #524, Drain Refunding Bonds, Series 2018, dated November 1, 2018 (the "Refunding Bonds"), under and pursuant to the Constitution and statutes of the State of Michigan and especially Act No. 40, Public Acts of Michigan, 1956 as amended (the "Act").

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation. We have not been engaged nor have we undertaken to review the accuracy, completeness or sufficiency of the Official Statement or any other offering material relating to the Refunding Bonds (except to the extent, if any, stated in the Official Statement), and we express no opinion relating thereto (excepting only the matters set forth as our opinion in the Official Statement).

Based on the foregoing, under existing law, we are of the opinion that:

1. The Refunding Bonds are valid and binding obligations of the District.
2. The Refunding Bonds are to be issued to pay the costs of refunding part of the Hollywood Road Consolidated Drain #524 Drainage District Bonds, Series 2010 maturing 2019 through 2030 which were issued in anticipation of, and are primarily payable from, the collection of installments of assessments against the Lincoln Charter Township, Township of Royalton and the St. Joseph Charter Township (the "Municipalities") and the County of Berrien in an amount equal to principal of and interest on the Refunding Bonds. The District has pledged its full faith and credit for the payment of the principal of and interest on the Refunding Bonds when due. The District has no taxing power. In addition, the County of Berrien has pledged its limited tax full faith and credit power for the prompt payment of the principal of and interest on the Refunding Bonds.
3. It is the opinion of Clark Hill PLC, Bond Counsel, based on its examination of the documents described in its opinion, under existing law as enacted and construed on the date of the initial delivery of the Bonds, the interest on the Bonds is excluded from gross income for federal income tax purposes. Interest on the Bonds is not an item of tax preference for purposes of the individual federal alternative minimum tax. For corporations with tax years beginning after December 31, 2017, the corporate alternative minimum tax was repealed by Public Law No. 115-97 (the "**Tax Cuts and Jobs Act**") enacted on December 22, 2017, effective for tax

* Subject to Adjustment

**HOLLYWOOD ROAD CONSOLIDATED DRAIN
DRAINAGE DISTRICT #524**

_____, 2018
Page Two

years beginning after December 31, 2017. For tax years beginning before January 1, 2018, interest on the Bonds is not an item of tax preference for purposes of the corporate alternative minimum tax in effect prior to enactment of the Tax Cuts and Jobs Act; however, interest on the Bonds held by a corporation (other than an S Corporation, regulated investment company, or real estate investment trust) may be subject to the federal alternative minimum tax for tax years beginning before January 1, 2018 because of its inclusion in the adjusted current earnings of a corporate holder. The opinion set forth above is subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended (the "**Code**"), that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be (or continue to be) excluded from gross income for federal income tax purposes. Failure to comply with such requirements could cause the interest on the Bonds to be included in gross income retroactive to the date of issuance of the Bonds. The District has covenanted to comply with all such requirements. Bond Counsel expresses no opinion regarding other federal tax consequences arising with respect to the Bonds and the interest thereon.

In the opinion of Clark Hill PLC, Bond Counsel, based on its examination of the documents described in its opinion, under existing law as enacted and construed on the date of the initial delivery of the Bonds, the Bonds and the interest thereon are exempt from all taxation by the State of Michigan or a political subdivision thereof, except estate taxes and taxes on gains realized from the sale, payment or other disposition thereof.

4. In addition, the Refunding Bonds and the interest thereon are exempt from taxation presently in effect in the State of Michigan, except inheritance and estate taxes and taxes on gains realized from the sale, payment or other disposition thereof.

5. The Refunding Bonds have been designated by the District as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

The rights of holders of the Refunding Bonds may be affected by bankruptcy, reorganization, moratorium, receivership or other similar laws affecting the enforceability of creditors' rights now existing or hereafter enacted to the extent constitutionally applicable, and the enforcement of such rights may be subject to the exercise of judicial discretion in appropriate cases.

CLARK HILL PLC

By _____

CONTINUING DISCLOSURE CERTIFICATE

COUNTY OF BERRIEN

\$1,810,000*

Hollywood Road Consolidated Drain Drainage District #524,
Drain Refunding Bonds, Series 2018
(Berrien County, Michigan)

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the County of Berrien, State of Michigan (the "County") in connection with the issuance by the Hollywood Road Consolidated Drain Drainage District #524 (the "District") of its \$1,810,000* Drain Refunding Bonds, Series 2018 (the "Bonds"). This Disclosure Certificate is being executed and delivered pursuant to a resolution approved by the Board of Commissioners of the County on _____, 2018 (the "Resolution"). The County covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate.

(a) This Disclosure Certificate is being executed and delivered by the County for the benefit of the Bondholders and the Beneficial Owners and in order to assist the Participating Underwriters in complying with subsection (b)(5) of the Rule.

(b) In consideration of the purchase and acceptance of any and all of the Bonds by those who shall hold the same or shall own beneficial ownership interests therein from time to time, this Disclosure Certificate shall be deemed to be and shall constitute a contract between the County and the Bondholders and Beneficial Owners from time to time of the Bonds, and the covenants and agreements herein set forth to be performed on behalf of the County shall be for the benefit of the Bondholders and Beneficial Owners of any and all of the Bonds.

SECTION 2. Definitions. The following capitalized terms shall have the following meanings in this Disclosure Certificate:

"Annual Report" shall mean any Annual Report provided by the County pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

"Dissemination Agent" shall mean the County, or any successor Dissemination Agent appointed in writing by the County and which has filed with the County a written acceptance of such designation.

"EMMA" shall mean the Electronic Municipal Market Access system of the MSRB. As of the date of this Disclosure Certificate, the EMMA Internet Web site address is <http://www.emma.msrb.org>.

* Subject to Adjustment

"GAAP" shall mean generally accepted accounting principles, as such principles are prescribed, in part, by the Financial Accounting Standards Board and modified by the Government Accounting Standards Board and in effect from time to time.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Official Statement" shall mean the Official Statement for the Bonds dated _____, 2018.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

"Rule" shall mean Rule 15c2-12 promulgated by the SEC pursuant to the 1934 Act, as the same may be amended from time to time, together with all interpretive guidances or other official interpretations or explanations thereof that are promulgated by the SEC.

"SEC" shall mean the Securities and Exchange Commission.

"Securities Counsel" shall mean legal counsel expert in federal securities law.

"State" shall mean the State of Michigan.

"1934 Act" shall mean the Securities Exchange Act of 1934, as amended.

SECTION 3. Provision of Annual Reports.

(a) Each year, the County shall provide, or shall cause the Dissemination Agent to provide, not later than nine months after the first day of the County's fiscal year, commencing with the County's Annual Report for the fiscal year ending December 31, 2016, to the MSRB an Annual Report for the preceding fiscal year which is consistent with the requirements of Section 4 of this Disclosure Certificate. Currently, the County's fiscal year commences January 1. Not later than fifteen (15) business days prior to said date, the County shall provide the Annual Report to the Dissemination Agent (if other than the County). In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided, however, that if the audited financial statements of the County are not available by the deadline for filing the Annual Report, they shall be provided when and if available, and unaudited financial statements in a format similar to the audited financial statements most recently prepared for the County shall be included in the Annual Report.

(b) If the County is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the County shall send a notice, in a timely manner, to the MSRB in substantially the form attached as Exhibit A.

(c) If the County's fiscal year changes, the County shall send written notice of such change to MSRB, in substantially the form attached as Exhibit B.

(d) If the Dissemination Agent is other than the County, the Dissemination Agent shall file a report with the County certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided.

(f) In connection with providing the Annual Report, the Dissemination Agent (if other than the County) is not obligated or responsible under this Disclosure Certificate to determine the sufficiency of the content of the Annual Report for purposes of the Rule or any other state or federal securities law, rule, regulation or administrative order.

SECTION 4. Content of Annual Reports. The County's Annual Report shall contain or incorporate by reference the following:

(a) The audited financial statements of the County for its fiscal year immediately preceding the due date of the Annual Report.

(b) An update of the financial information and operating data relating to the County of the same nature as that contained in the following tables in the Official Statement: "Major Taxpayers," "Top Ten Employers," "State Equalized Valuation," "Taxable Valuation," "Tax Rates & Levies", "Tax Collection Record," "General Fund Revenues and Expenditures", and "Debt Statement".

The County's financial statements shall be audited and prepared in accordance with GAAP with such changes as may be required from time to time in accordance with State law.

Any or all of the items listed above may be included by specific reference to other documents available to the public on the MSRB's Internet Web site or filed with the SEC. The County shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) The County covenants to provide, or cause to be provided, notice of any of the following events with respect to the Bonds, if material, in a timely manner and in accordance with the Rule:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue

(IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;

- (7) Modifications to rights of security holders, if material;
- (8) Bond calls, if material;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the securities, if material;
- (11) Rating changes;
- (12) Tender offers;
- (13) Bankruptcy, insolvency, receivership or similar event of the obligated person;
- (14) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (15) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) Whenever the County obtains knowledge of the occurrence of a Listed Event, the County shall as soon as possible determine if such event would be material under applicable federal securities laws. The County covenants that its determination of materiality will be in conformance with federal securities laws.

(c) If the County determines that the occurrence of a Listed Event would be material under applicable federal securities laws, the County shall promptly cause a notice of such occurrence to be filed with the MSRB. In connection with providing a notice of the occurrence of a Listed Event described in subsection (a)(9), the County shall include in the notice explicit disclosure as to whether the Bonds have been escrowed to maturity or escrowed to call, as well as appropriate disclosure of the timing of maturity or call.

(d) In connection with providing a notice of the occurrence of a Listed Event, the Dissemination Agent (if other than the County), solely in its capacity as such, is not obligated or responsible under this Disclosure Certificate to determine the sufficiency of the content of the notice for purposes of the Rule or any other state or federal securities law, rule, regulation or administrative order.

(e) The County acknowledges that the "rating changes" referred to above in Section 5(a)(11) of this Disclosure Certificate may include, without limitation, any change in any rating on the Bonds or other indebtedness for which the County is liable.

(f) The County acknowledges that it is not required to provide a notice of a Listed Event with respect to credit enhancement when the credit enhancement is added after the primary offering of the Bonds, the County does not apply for or participate in obtaining such credit enhancement, and such credit enhancement is not described in the Official Statement.

SECTION 6. Mandatory Electronic Filing with EMMA: All filings with the MSRB under this Disclosure Certificate shall be made by electronically transmitting such filings through the EMMA Dataport at <http://www.emma.msrb.org> as provided by the amendments to the Rule adopted by the SEC in Securities Exchange Act Release No. 59062 on December 5, 2008.

SECTION 7. Termination of Reporting Obligation.

(a) The County's obligations under this Disclosure Certificate shall terminate upon the legal defeasance of the Resolution or the prior redemption or payment in full of all of the Bonds. If the County's obligation to pay the principal of and interest on the Bonds is assumed in full by some other entity, such entity shall be responsible for compliance with the Disclosure Certificate in the same manner as if it were the County, and the County shall have no further responsibility hereunder.

(b) This Disclosure Certificate, or any provision hereof, shall be null and void in the event that the County (i) receives an opinion of Securities Counsel, addressed to the County, to the effect that those portions of the Rule, which require such provisions of this Disclosure Certificate, do not or no longer apply to the Bonds, whether because such portions of the Rule are invalid, have been repealed, amended or modified, or are otherwise deemed to be inapplicable to the Bonds, as shall be specified in such opinion, and (ii) delivers notice to such effect to the MSRB.

SECTION 8. Dissemination Agent. The County, from time to time, may appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Disseminating Agent. The initial Dissemination Agent shall be the County. Except as otherwise provided in this Disclosure Certificate, the Dissemination Agent (if other than the County) shall not be responsible in any manner for the content of any notice or report prepared by the County pursuant to this Disclosure Certificate.

SECTION 9. Amendment; Waiver. (a) Notwithstanding any other provision of this Disclosure Certificate, this Disclosure Certificate may be amended, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(1) If the amendment relates to the provisions of Section 3(a), (b), (c), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(2) This Disclosure Certificate, as so amended or taking into account such waiver, would, in the opinion of Securities Counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(3) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Bondholders.

(b) In the event of any amendment to, or waiver of a provision of, this Disclosure Certificate, the County shall describe such amendment or waiver in the next Annual Report, and shall include a narrative explanation of the reason for the amendment or waiver. In particular, if the amendment results in a change to the annual financial information required to be included in the Annual Report pursuant to Section 4 of this Disclosure Certificate, the first Annual Report that contains the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of such change in the type of operating data or financial information being provided. Further, if the annual financial information required to be provided in the Annual Report can no longer be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be included in the first Annual Report that does not include such information.

(c) If the amendment results in a change to the accounting principles to be followed in preparing financial statements as set forth in Section 4 of this Disclosure Certificate, the Annual Report for the year in which the change is made shall include a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of such differences and the impact of the changes on the presentation of the financial information. To the extent reasonably feasible, the comparison shall also be quantitative. A notice of the change in accounting principles shall be sent by the County, or the Dissemination Agent (if other than the County) at the written direction of the County, to the MSRB.

SECTION 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the County from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the County chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the County shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 11. Failure to Comply. In the event of a failure of the County or the Dissemination Agent (if other than the County) to comply with any provision of this Disclosure Certificate, any Bondholder or Beneficial Owner may bring an action to obtain specific performance of the obligations of the County or the Dissemination Agent (if other than the County) under this Disclosure Certificate, but no person or entity shall be entitled to recover monetary damages under any circumstances, and any failure to comply with the obligations under

this Disclosure Certificate shall not constitute a default with respect to the Bonds or under the Resolution.

SECTION 12. Duties of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate.

SECTION 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the County, the Dissemination Agent, the Participating Underwriters, the Bondholders and the Beneficial Owners, and shall create no rights in any other person or entity.

SECTION 14. Transmission of Information and Notices. Unless otherwise required by law or this Disclosure Certificate, and, in the sole determination of the County or the Dissemination Agent, as applicable, subject to technical and economic feasibility, the County or the Dissemination Agent, as applicable, shall employ such methods of information and notice transmission as shall be requested or recommended by the herein designated recipients of such information and notices.

SECTION 15. Additional Disclosure Obligations. The County acknowledges and understands that other State and federal laws, including, without limitation, the Securities Act of 1933, as amended, and Rule 10b-5 promulgated by the SEC pursuant to the 1934 Act, may apply to the County, and that under some circumstances, compliance with this Disclosure Certificate, without additional disclosures or other action, may not fully discharge all duties and obligations of the County under such laws.

SECTION 16. Governing Law. This Disclosure Certificate shall be construed and interpreted in accordance with the laws of the State, and any suits and actions arising out of this Disclosure Certificate shall be instituted in a court of competent jurisdiction in the State. Notwithstanding the foregoing, to the extent this Disclosure Certificate addresses matters of federal securities laws, including the Rule, this Disclosure Certificate shall be construed and interpreted in accordance with such federal securities laws and official interpretations thereof.

COUNTY OF BERRIEN

By: _____
Bret E. Witkowski
Its: Treasurer

Date: _____, 2018

EXHIBIT A

NOTICE TO
THE MSRB
OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: County of Berrien, Michigan

Name of Bond Issue: \$_____ Hollywood Road Consolidated Drain Drainage District #524,
Drain Refunding Bonds, Series 2018

Date of Bonds: _____

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of its Continuing Disclosure Certificate with respect to the Bonds. The Issuer anticipates that the Annual Report will be filed by _____, ____.

COUNTY OF BERRIEN

By: _____

Its: _____

Dated: _____, ____

EXHIBIT B

NOTICE TO
THE MSRB
OF CHANGE IN ISSUER'S FISCAL YEAR

Name of Issuer: County of Berrien, Michigan

Name of Bond Issue: \$_____ Hollywood Road Consolidated Drain Drainage District #524,
Drain Refunding Bonds, Series 2018

Date of Bonds: _____

NOTICE IS HEREBY GIVEN that the Issuer's fiscal year has changed. Previously, the Issuer's
fiscal year ended on _____, _____. It now ends on _____, _____.

COUNTY OF BERRIEN

By: _____

Its: _____

Dated: _____, _____

CONTINUING DISCLOSURE CERTIFICATE

HOLLYWOOD CONSOLIDATED DRAIN #524 DRAINAGE DISTRICT

\$1,810,000*

Hollywood Consolidated Drain #524 Drainage District,
Drain Refunding Bonds, Series 2018
(Berrien County, Michigan)

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Hollywood Consolidated Drain #524 Drainage District, County of Berrien, State of Michigan (the "District") in connection with the issuance of its \$1,810,000 Drain Refunding Bonds, Series 2018 (the "Bonds"). This Disclosure Certificate is being executed and delivered pursuant to an Order by the Drain Commissioner of the County on _____, 2018 (the "Order"). The District covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate.

(a) This Disclosure Certificate is being executed and delivered by the District for the benefit of the Bondholders and the Beneficial Owners and in order to assist the Participating Underwriters in complying with subsection (b)(5) of the Rule.

(b) In consideration of the purchase and acceptance of any and all of the Bonds by those who shall hold the same or shall own beneficial ownership interests therein from time to time, this Disclosure Certificate shall be deemed to be and shall constitute a contract between the District and the Bondholders and Beneficial Owners from time to time of the Bonds, and the covenants and agreements herein set forth to be performed on behalf of the District shall be for the benefit of the Bondholders and Beneficial Owners of any and all of the Bonds.

SECTION 2. Definitions. The following capitalized terms shall have the following meanings in this Disclosure Certificate:

"Annual Report" shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

"Dissemination Agent" shall mean the District, or any successor Dissemination Agent appointed in writing by the District and which has filed with the District a written acceptance of such designation.

"EMMA" shall mean the Electronic Municipal Market Access system of the MSRB. As of the date of this Disclosure Certificate, the EMMA Internet Web site address is <http://www.emma.msrb.org>.

* Subject to Adjustment

"GAAP" shall mean generally accepted accounting principles, as such principles are prescribed, in part, by the Financial Accounting Standards Board and modified by the Government Accounting Standards Board and in effect from time to time.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Official Statement" shall mean the Official Statement for the Bonds dated _____, 2018.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

"Rule" shall mean Rule 15c2-12 promulgated by the SEC pursuant to the 1934 Act, as the same may be amended from time to time, together with all interpretive guidances or other official interpretations or explanations thereof that are promulgated by the SEC.

"SEC" shall mean the Securities and Exchange Commission.

"Securities Counsel" shall mean legal counsel expert in federal securities law.

"State" shall mean the State of Michigan.

"1934 Act" shall mean the Securities Exchange Act of 1934, as amended.

SECTION 3. Provision of Annual Reports.

(a) Each year, the District shall provide, or shall cause the Dissemination Agent to provide, not later than nine months after the first day of the District's fiscal year, commencing with the District's Annual Report for the fiscal year ending December 31, 2017, to the MSRB an Annual Report for the preceding fiscal year which is consistent with the requirements of Section 4 of this Disclosure Certificate. Currently, the District's fiscal year commences January 1. Not later than fifteen (15) business days prior to said date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided, however, that if the audited financial statements of the District are not available by the deadline for filing the Annual Report, they shall be provided when and if available, and unaudited financial statements in a format similar to the audited financial statements most recently prepared for the District shall be included in the Annual Report.

(b) If the District is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the District shall send a notice, in a timely manner, to the MSRB in substantially the form attached as Exhibit A.

(c) If the District's fiscal year changes, the District shall send written notice of such change to MSRB, in substantially the form attached as Exhibit B.

(d) If the Dissemination Agent is other than the District, the Dissemination Agent shall file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided.

(f) In connection with providing the Annual Report, the Dissemination Agent (if other than the District) is not obligated or responsible under this Disclosure Certificate to determine the sufficiency of the content of the Annual Report for purposes of the Rule or any other state or federal securities law, rule, regulation or administrative order.

SECTION 4. Content of Annual Reports. The District's Annual Report shall contain or incorporate by reference the following which is the same as for the County of Berrien:

(a) The audited financial statements of the District for its fiscal year immediately preceding the due date of the Annual Report.

(b) An update of the financial information and operating data relating to the District of the same nature as that contained in the following tables in the Official Statement: "State Equalized Valuation," "Taxable Valuation," "Major Taxpayers," "Tax Rates and Levies," "Tax Collection Record," "General Fund Revenues and Expenditures," "Employment Characteristics," and "Debt Statement".

The District's financial statements shall be audited and prepared in accordance with GAAP with such changes as may be required from time to time in accordance with State law.

Any or all of the items listed above may be included by specific reference to other documents available to the public on the MSRB's Internet Web site or filed with the SEC. The District shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) The District covenants to provide, or cause to be provided, notice of any of the following events with respect to the Bonds, if material, in a timely manner, but not to exceed 10 business days, and in accordance with the Rule:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of

proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;

- (7) Modifications to rights of security holders, if material;
- (8) Bond calls, if material;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the securities, if material;
- (11) Rating changes;
- (12) Tender offers;
- (13) Bankruptcy, insolvency, receivership or similar event of the obligated person;
- (14) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (15) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) Whenever the District obtains knowledge of the occurrence of a Listed Event, the District shall as soon as possible determine if such event would be material under applicable federal securities laws. The District covenants that its determination of materiality will be in conformance with federal securities laws.

(c) If the District determines that the occurrence of a Listed Event would be material under applicable federal securities laws, the District shall promptly cause a notice of such occurrence to be filed with the MSRB. In connection with providing a notice of the occurrence of a Listed Event described in subsection (a)(9), the District shall include in the notice explicit disclosure as to whether the Bonds have been escrowed to maturity or escrowed to call, as well as appropriate disclosure of the timing of maturity or call.

(d) In connection with providing a notice of the occurrence of a Listed Event, the Dissemination Agent (if other than the District), solely in its capacity as such, is not obligated or responsible under this Disclosure Certificate to determine the sufficiency of the content of the notice for purposes of the Rule or any other state or federal securities law, rule, regulation or administrative order.

(e) The District acknowledges that the "rating changes" referred to above in Section 5(a)(11) of this Disclosure Certificate may include, without limitation, any change in any rating on the Bonds or other indebtedness for which the District is liable.

(f) The District acknowledges that it is not required to provide a notice of a Listed Event with respect to credit enhancement when the credit enhancement is added after the primary offering of the Bonds, the District does not apply for or participate in obtaining such credit enhancement, and such credit enhancement is not described in the Official Statement.

SECTION 6. Mandatory Electronic Filing with EMMA: All filings with the MSRB under this Disclosure Certificate shall be made by electronically transmitting such filings through the EMMA Dataport at <http://www.emma.msrb.org> as provided by the amendments to the Rule adopted by the SEC in Securities Exchange Act Release No. 59062 on December 5, 2008.

SECTION 7. Termination of Reporting Obligation.

(a) The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance of the Order or the prior redemption or payment in full of all of the Bonds. If the District's obligation to pay the principal of and interest on the Bonds is assumed in full by some other entity, such entity shall be responsible for compliance with the Disclosure Certificate in the same manner as if it were the District, and the District shall have no further responsibility hereunder.

(b) This Disclosure Certificate, or any provision hereof, shall be null and void in the event that the District (i) receives an opinion of Securities Counsel, addressed to the District, to the effect that those portions of the Rule, which require such provisions of this Disclosure Certificate, do not or no longer apply to the Bonds, whether because such portions of the Rule are invalid, have been repealed, amended or modified, or are otherwise deemed to be inapplicable to the Bonds, as shall be specified in such opinion, and (ii) delivers notice to such effect to the MSRB.

SECTION 8. Dissemination Agent. The District, from time to time, may appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Disseminating Agent. The initial Dissemination Agent shall be the District. Except as otherwise provided in this Disclosure Certificate, the Dissemination Agent (if other than the District) shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate.

SECTION 9. Amendment; Waiver. (a) Notwithstanding any other provision of this Disclosure Certificate, this Disclosure Certificate may be amended, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(1) If the amendment relates to the provisions of Section 3(a), (b), (c), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(2) This Disclosure Certificate, as so amended or taking into account such waiver, would, in the opinion of Securities Counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(3) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Bondholders.

(b) In the event of any amendment to, or waiver of a provision of, this Disclosure Certificate, the District shall describe such amendment or waiver in the next Annual Report, and shall include a narrative explanation of the reason for the amendment or waiver. In particular, if the amendment results in a change to the annual financial information required to be included in the Annual Report pursuant to Section 4 of this Disclosure Certificate, the first Annual Report that contains the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of such change in the type of operating data or financial information being provided. Further, if the annual financial information required to be provided in the Annual Report can no longer be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be included in the first Annual Report that does not include such information.

(c) If the amendment results in a change to the accounting principles to be followed in preparing financial statements as set forth in Section 4 of this Disclosure Certificate, the Annual Report for the year in which the change is made shall include a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of such differences and the impact of the changes on the presentation of the financial information. To the extent reasonably feasible, the comparison shall also be quantitative. A notice of the change in accounting principles shall be sent by the District, or the Dissemination Agent (if other than the District) at the written direction of the District, to the MSRB.

SECTION 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 11. Failure to Comply. In the event of a failure of the District or the Dissemination Agent (if other than the District) to comply with any provision of this Disclosure Certificate, any Bondholder or Beneficial Owner may bring an action to obtain specific performance of the obligations of the District or the Dissemination Agent (if other than the District) under this Disclosure Certificate, but no person or entity shall be entitled to recover monetary damages under any circumstances, and any failure to comply with the obligations under

this Disclosure Certificate shall not constitute a default with respect to the Bonds or under the Order.

SECTION 12. Duties of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate.

SECTION 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriters, the Bondholders and the Beneficial Owners, and shall create no rights in any other person or entity.

SECTION 14. Transmission of Information and Notices. Unless otherwise required by law or this Disclosure Certificate, and, in the sole determination of the District or the Dissemination Agent, as applicable, subject to technical and economic feasibility, the District or the Dissemination Agent, as applicable, shall employ such methods of information and notice transmission as shall be requested or recommended by the herein designated recipients of such information and notices.

SECTION 15. Additional Disclosure Obligations. The District acknowledges and understands that other State and federal laws, including, without limitation, the Securities Act of 1933, as amended, and Rule 10b-5 promulgated by the SEC pursuant to the 1934 Act, may apply to the District, and that under some circumstances, compliance with this Disclosure Certificate, without additional disclosures or other action, may not fully discharge all duties and obligations of the District under such laws.

SECTION 16. Governing Law. This Disclosure Certificate shall be construed and interpreted in accordance with the laws of the State, and any suits and actions arising out of this Disclosure Certificate shall be instituted in a court of competent jurisdiction in the State. Notwithstanding the foregoing, to the extent this Disclosure Certificate addresses matters of federal securities laws, including the Rule, this Disclosure Certificate shall be construed and interpreted in accordance with such federal securities laws and official interpretations thereof.

HOLLYWOOD CONSOLIDATED DRAIN #524
DRAINAGE DISTRICT

By: _____
Christopher J. Quattrin
Its: Drain Commissioner

Date: _____, 2018

EXHIBIT A

NOTICE TO
THE MSRB
OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Hollywood Consolidated Drain #524 Drainage District, Michigan

Name of Bond Issue: \$_____ Hollywood Consolidated Drain #524 Drainage District,
Drain Refunding Bonds, Series 2018

Date of Bonds: _____

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of its Continuing Disclosure Certificate with respect to the Bonds. The Issuer anticipates that the Annual Report will be filed by _____, _____.

HOLLYWOOD CONSOLIDATED DRAIN #524
DRAINAGE DISTRICT

By: _____

Its: _____

Dated: _____, _____

EXHIBIT B

NOTICE TO
THE MSRB
OF CHANGE IN ISSUER'S FISCAL YEAR

Name of Issuer: Hollywood Consolidated Drain #524 Drainage District, Michigan

Name of Bond Issue: \$_____ Hollywood Consolidated Drain #524 Drainage District,
Drain Refunding Bonds, Series 2018

Date of Bonds: _____

NOTICE IS HEREBY GIVEN that the Issuer's fiscal year has changed. Previously, the Issuer's
fiscal year ended on _____, _____. It now ends on _____, _____.

HOLLYWOOD CONSOLIDATED DRAIN #524
DRAINAGE DISTRICT

By: _____

Its: _____

Dated: _____, _____

APPENDIX H
KEY PROVISIONS OF THE ORDER AGREED TO BY THE
COUNTY OF BERRIEN
Undertakings By the County

The County has undertaken to:

- a. Within 180 days of the entry of the Order, establish appropriate written policies and procedures and periodic training regarding continuing disclosure obligations to effect compliance with the federal securities laws, including the designation of an individual or officer at the County responsible for ensuring compliance by the County with such policies and procedures and responsible for implementing and maintaining a record (including attendance) of such training.
- b. Within 180 days of the entry of the Order, comply with existing continuing disclosure undertakings, including updating past delinquent filings if the County is not currently in compliance with its continuing disclosure obligations.
- c. Disclose in a clear and conspicuous fashion the terms of the Order in any final official statement for an offering by the County within five years of the institution of these proceedings.
- d. Certify, in writing, compliance with the undertakings set forth above. The certification shall identify the undertakings, provide written evidence of compliance in the form of a narrative, and be supported by exhibits sufficient to demonstrate compliance. The Commission staff may make reasonable requests for further evidence of compliance, and the County agrees to provide such evidence.
- e. Cooperate with any subsequent investigation by the Division regarding the false statement(s) and/or material omission(s), including the roles of individuals and/or other parties involved.

The Commission has ordered that:

- A. Pursuant to Section 8A of the Securities Act, the County cease and desist from committing or causing any violations of Section 17(a)(2) of the Securities Act.
- B. The County shall comply with the undertakings enumerated in paragraphs (a) through (e) above.

APPENDIX I

**[FORM OF OFFICIAL NOTICE OF SALE]
\$1,810,000
COUNTY OF BERRIEN, STATE OF MICHIGAN**

**COUNTY OF BERRIEN
HOLLYWOOD ROAD CONSOLIDATED DRAIN #524 DRAINAGE DISTRICT
DRAIN REFUNDING BONDS, SERIES 2018**

SEALED OR ELECTRONIC PROPOSALS: Sealed written proposals for the purchase of the bonds described herein (the "Bonds") will be received by the undersigned on behalf of the Hollywood Road Consolidated Drain #524 Drainage District (the "District"), at the office of the Berrien County Drain Commissioner, 701 Main Street, St. Joseph, Michigan 49085, on October 24, 2018, until 11:00 a.m., Eastern Time, at which time and place the proposals will be publicly opened and read.

In the alternative, sealed written proposals will also be received on the same date and until the same time by an agent of the undersigned at the Municipal Advisory Council of Michigan, Buhl Building, 535 Griswold, Suite 1850, Detroit, Michigan 48226, where they will be publicly opened simultaneously. Proposals received at St. Joseph, Michigan will be read first followed by proposals received at the alternate location. Proposers may choose either location to present proposals and good faith checks, but not both locations.

Any proposer may submit a proposal in person to either proposing location. However, no proposer is authorized to submit a FAX proposal to St. Joseph, Michigan.

Also in the alternative, electronic proposals will also be received on the same date and until the same time by an agent of the undersigned Bidcomp/Parity. Further information about Bidcomp/Parity, including any fee charged, may be obtained from Bidcomp/Parity, Eric Washington, 1359 Broadway, 2nd Floor, New York, New York, 10018, (212) 849-5021.

If any provision of this Request for Proposal shall conflict with information provided by Bidcomp/Parity as the approved provider of electronic proposing services, this Request for Proposal shall control.

The Bonds will be awarded or all proposals will be rejected by the County Drain Commissioner or County Treasurer at a proceeding to be held within twenty-four hours of the sale.

BOND DETAILS: The Bonds will be fully registered bonds, both as to principal and interest, in any one or more denominations of \$5,000 or a multiple of \$5,000, not exceeding the aggregate principal amount for each maturity, dated on the date of delivery, numbered from 1 upwards and will bear interest from their date of issuance payable on June 1, 2019 and semiannually thereafter on each December 1 and June 1 until maturity. The Bonds will mature on June 1 of each year as follows:

<u>YEAR</u>	<u>PRINCIPAL*</u>	<u>YEAR</u>	<u>PRINCIPAL*</u>
2019	\$125,000	2025	\$155,000
2020	130,000	2026	155,000**
2021	135,000	2027	165,000**
2022	140,000	2028	165,000**
2023	145,000	2029	175,000**
2024	150,000	2030	170,000**

*See “Adjustment in Principal Amount” herein

**Callable-See “Description of The Refunding Bonds-Prior Redemption”

PRIOR REDEMPTION: Bonds maturing prior to June 1, 2026, shall not be subject to redemption prior to maturity. Bonds maturing on or after June 1, 2026 shall be subject to redemption prior to maturity at the option of the District, in any order, in whole or in part, on any date on or after June 1, 2025. Bonds so called for redemption shall be redeemed at par, plus accrued interest to the date fixed for redemption.

With respect to partial redemptions, any portion of a bond outstanding in a denomination larger than the minimum authorized denomination may be redeemed provided such portion as well as the amount not being redeemed each constitutes an authorized denomination. In the event that less than the entire principal amount of a bond is called for redemption, upon surrender of the bond to the Bond Registrar, the Bond Registrar shall authenticate and deliver to the Registered Owner of the bond a new bond in the principal amount of the principal portion not redeemed.

Notice of redemption shall be sent to the registered holder of each bond being redeemed by first class mail at least thirty (30) days prior to the date fixed for redemption, which notice shall fix the date of record with respect to the redemption, if different than otherwise provided in the resolution authorizing the issuance of the bonds. Any defect in such notice shall not affect the validity of the redemption proceedings. Bonds so called for redemption shall not bear interest after the date fixed for redemption, provided funds are on hand with the Bond Registrar to redeem the same.

INTEREST RATE AND PROPOSAL DETAILS: The Bonds shall bear interest at a rate or rates not exceeding 6% per annum, to be fixed by the proposals therefor, expressed in multiples of 1/8 or 1/100 of 1%, or both. The interest on any one bond shall be at one rate only and all bonds maturing in any one year must carry the same interest rate. THE INTEREST RATE BORNE BY BONDS MATURING IN ANY YEAR SHALL NOT BE AT A RATE LOWER THAN THE RATE BORNE BY BONDS MATURING IN ANY PRECEDING YEAR. No proposal for the purchase of less than all of the Bonds, at a price less than 99% of their par value or at an interest rate or rates that will result in a net interest cost of more than 6% per annum, will be considered.

TERM BOND OPTION: Bonds maturing in any year are eligible for designation by the original purchaser at the time of sale as serial bonds or term bonds, or both. There may be more than one term bond maturity. However, principal maturities designated as term bonds shall be subject to mandatory redemption, in part, by lot, at par and accrued interest on June 1st of the year in which the Bonds are presently scheduled to mature. Each maturity of term bonds and serial bonds must carry the same interest rate. Any such designation must be made at the time the proposals are submitted.

BOOK-ENTRY-ONLY: The Bonds will be issued in book-entry-only form as one fully-registered bond per maturity and will be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchase of the Bonds will be made in book-entry-only form, in the denomination of \$5,000 or any multiple thereof. Purchasers will not receive certificates representing their interest in Bonds purchased. The book-entry-only system is described further in the nearly final official statement for the Bonds.

BOND REGISTRAR, PAYING AGENT AND DATE OF RECORD: The Huntington National Bank, Grand Rapids, Michigan has been selected as bond registrar and paying agent (the "Bond Registrar") for the Bonds. The Bond Registrar will keep records of the registered holders of the Bonds, serve as transfer agent for the Bonds, authenticate the original and any re-issued bonds and pay interest by check or draft mailed to the registered holders of the Bonds as shown on the registration books of the District kept by the Bond Registrar on the applicable date of record. The date of record for each interest payment shall be the 15th day of the month before such payment is due. The principal of and redemption premium, if any, on the Bonds will be paid when due upon presentation and surrender thereof to the Bond Registrar. As long as DTC, or its nominee Cede & Co., is the registered owner of the Bonds, payments will be made directly to such registered owner. Disbursement of such payments to DTC participants is the responsibility of DTC and disbursement of such payments to the beneficial owners of the Bonds is the responsibility of DTC participants and indirect participants as described in the nearly final official statement for the Bonds. The District may from time to time as required designate a successor bond registrar and paying agent.

PURPOSE AND SECURITY: The Bonds are to be issued pursuant to the provisions of Act No. 40, Public Acts of Michigan, 1956, as amended (the "Drain Code"), to pay the costs of refunding part of the Hollywood Road Consoligated Drain No. 524 Drainage District Bonds, Series 2010 maturing in 2019 through 2030 (the "Refunding Bonds") which bonds were issued in anticipation of assessments against the Lincoln Charter Township, Township of Royalton and the St. Joseph Charter Township (the "Municipalities") and Berrien County Michigan (the "County"). The Bonds are to be issued in anticipation of, and are primarily payable from, the collection of installments of assessments against the County, the Municipalities and the benefited properties in the District in an amount equal to the principal of and interest on the Bonds. The full faith and credit of the District (which has no taxing power) has been pledged for the prompt payment of the principal of and interest on the Bonds.

FULL FAITH AND CREDIT OF COUNTY: Pursuant to a resolution adopted by a two thirds vote of its Board of Commissioners, the County has pledged its limited tax full faith and credit as additional security for the prompt payment of principal of and interest on the Bonds. In the event and to the extent that moneys required to pay such principal and interest are not collected from the aforementioned assessments the County is required to pay from its general fund, as a first budget obligation, sufficient moneys to pay such principal and interest. The ability of the County to raise funds with which to meet such pledge is subject to applicable statutory and constitutional tax limitations.

ADJUSTMENT IN PRINCIPAL AMOUNT: The aggregate principal amount of the Refunding Bonds has been determined as the amount necessary to retire the Refunded Bonds and pay a portion or all of the costs of issuance of the Refunding Bonds, assuming certain conditions and events exist on the date of receipt of proposals. Following receipt of proposals and prior to final award, the District reserves the right to increase or decrease the aggregate principal amount of the refunding Bonds by any amount. The increase or decrease may be made in any one or more maturities. The purchase price will be adjusted proportionately to the increase or decrease

in issue size, but the interest rates specified by the successful proposer for all maturities will not change. The successful proposer may not withdraw the proposal as a result of any changes made within these limits.

If no proposal results in debt service savings acceptable to the District when the proceeds are used to provide for the refunding of the Refunded Bonds, the District may reject all proposals and negotiate with one or more of the bidders for the sale of the Refunding Bonds on terms which will enable the District to achieve debt service savings acceptable to the District.

ADJUSTMENT IN DISCOUNT OR PREMIUM: In the event the principal amount of this issue is increased or decreased, the discount or premium proposal, if any, will be adjusted so that it is the same percent as the discount or premium originally proposed.

BOND INSURANCE AT PURCHASER'S OPTION: If the Bonds qualify for issuance of any policy of municipal bond insurance or commitment therefor at the option of the proposer/purchaser, the purchase of any such insurance policy or the issuance of any such commitment shall be at the option and expense of the purchaser of the Bonds. Any increased costs of issuance of the Bonds resulting from such purchase of insurance shall be paid by the purchaser. Any additional rating agency fees shall be the responsibility of the purchaser. FAILURE OF THE MUNICIPAL BOND INSURER TO ISSUE THE POLICY AFTER THE BONDS HAVE BEEN AWARDED TO THE PURCHASER SHALL NOT CONSTITUTE CAUSE FOR FAILURE OR REFUSAL BY THE PURCHASER TO ACCEPT DELIVERY OF THE BONDS FROM THE DISTRICT.

GOOD FAITH: A certified or cashier's check drawn upon an incorporated bank or trust company or a wire transfer in an amount equal to 2% (\$36,200) of the face amount of the Bonds, and payable to the order of the District will be required of the successful proposer as a guarantee of good faith on the part of the proposer, to be forfeited as liquidated damages if such proposal be accepted and the proposer fails to take up and pay for the Bonds. If a check is used, it must accompany each proposal. If a wire transfer is used, the successful proposer is required to wire the good faith deposit not later than Noon, prevailing Eastern Time, on the next business day following the sale using the wire instructions provided by Municipal Financial Consultants Incorporated. The good faith deposit will be applied to the purchase price of the Bonds. No interest shall be allowed on the good faith checks, and checks of each unsuccessful proposer will be promptly returned to such proposer's representative or by registered mail. The good faith check of the successful proposer will be cashed immediately, in which event, payment of the balance of the purchase price of the Bonds shall be made at the closing.

AWARD OF THE BONDS – TRUE INTEREST COST: The Bonds will be awarded to the proposer whose proposal produces the lowest true interest cost determined in the following manner: the lowest true interest cost will be the single interest rate (compounded on June 1, 2019 and semi-annually thereafter) necessary to discount the debt service payments from their respective payment dates to November 15, 2018 in an amount equal to the price proposed, excluding accrued interest. November 15, 2018 is the anticipated date of delivery of the Bonds.

LEGAL OPINION: Proposals shall be conditioned upon the approving opinion of Clark Hill PLC, Detroit, Michigan (the "Bond Counsel"), a copy of which will be printed on the reverse side of each bond and the original of which will be furnished without expense to the purchaser of the Bonds at the delivery thereof. The fees of Bond Counsel for its services in connection with such approving opinion are expected to be paid from Bond Proceeds. Except to the extent necessary to issue such opinion and as described in the Official Statement, Bond Counsel has not been requested to examine or review, and has not examined or reviewed, any financial documents, statements or other materials that have been or may be furnished in connection with

the authorization, marketing or issuance of the Bonds and, therefore, has not expressed and will not express an opinion with respect to the accuracy or completeness of the Official Statement or any such financial documents, statements or materials.

TAX MATTERS: It is the opinion of Clark Hill PLC, Bond Counsel, based on its examination of the documents described in its opinion, under existing law as enacted and construed on the date of the initial delivery of the Bonds, the interest on the Bonds is excluded from gross income for federal income tax purposes. Interest on the Bonds is not an item of tax preference for purposes of the individual federal alternative minimum tax. For corporations with tax years beginning after December 31, 2017, the corporate alternative minimum tax was repealed by Public Law No. 115-97 (the “**Tax Cuts and Jobs Act**”) enacted on December 22, 2017, effective for tax years beginning after December 31, 2017. For tax years beginning before January 1, 2018, interest on the Bonds is not an item of tax preference for purposes of the corporate alternative minimum tax in effect prior to enactment of the Tax Cuts and Jobs Act; however, interest on the Bonds held by a corporation (other than an S Corporation, regulated investment company, or real estate investment trust) may be subject to the federal alternative minimum tax for tax years beginning before January 1, 2018 because of its inclusion in the adjusted current earnings of a corporate holder. The opinion set forth above is subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended (the “**Code**”), that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be (or continue to be) excluded from gross income for federal income tax purposes. Failure to comply with such requirements could cause the interest on the Bonds to be included in gross income retroactive to the date of issuance of the Bonds. The District has covenanted to comply with all such requirements. Bond Counsel expresses no opinion regarding other federal tax consequences arising with respect to the Bonds and the interest thereon.

In the opinion of Clark Hill PLC, Bond Counsel, based on its examination of the documents described in its opinion, under existing law as enacted and construed on the date of the initial delivery of the Bonds, the Bonds and the interest thereon are exempt from all taxation by the State of Michigan or a political subdivision thereof, except estate taxes and taxes on gains realized from the sale, payment or other disposition thereof.

"QUALIFIED TAX-EXEMPT OBLIGATIONS": The Bonds have been designated as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986.

CERTIFICATE REGARDING "ISSUE PRICE": The winning bidder shall assist the Issuer in establishing the issue price of the Bonds and shall execute and deliver to the Issuer at Closing an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications, substantially in the form provided by Bond Counsel, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the Issuer and Bond Counsel. All actions to be taken by the Issuer under this Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the Issuer by the Issuer’s municipal advisor identified herein and any notice or report to be provided to the Issuer may be provided to the Issuer’s municipal advisor.

The Issuer intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the “competitive sale requirements”) because:

(1) the Issuer is disseminating this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;

- (2) all bidders shall have an equal opportunity to bid;
- (3) the Issuer anticipates receiving bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the Issuer anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the lowest true interest cost, as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid.

In the event that competitive sale requirements are satisfied, the winning bidder shall be expected to certify as to the reasonably expected initially offering price of the Bonds to the public.

In the event that the competitive sale requirements are not satisfied, the Issuer shall so advise the winning bidder. The Issuer shall treat (i) the first price at which 10% of a maturity of the Bonds (the “10% test”) is sold to the public as of the sale date as the issue price of that maturity and (ii) the initial offering price to the public as of the sale date of any maturity of the Bonds not satisfying the 10% test as of the sale date as the issue price of that maturity (the “hold-the-offering-price rule”), in each case applied on a maturity-by-maturity basis (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity). The winning bidder shall advise the Issuer if any maturity of the Bonds satisfies the 10% test as of the date and time of the award of the Bonds. Any maturity of the Bonds (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity) that does not satisfy the 10% test as of the date and time of the award of the Bonds shall be subject to the hold-the-offering-price rule. Bids will not be subject to cancellation in the event that any maturity of the Bonds is subject to the hold-the-offering-price rule. Bidders should prepare their bids on the assumption that some or all of the maturities of the Bonds will be subject to the hold-the-offering-price rule in order to establish the issue price of the Bonds.

By submitting a bid, each bidder confirms that, except as otherwise provided in its bid, it has an established industry reputation for underwriting new issuances of municipal bonds, and, further, the winning bidder shall (i) confirm that the underwriters have offered or will offer the Bonds to the public on or before the date of award at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in the bid submitted by the winning bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the Bonds, that the underwriters will neither offer nor sell unsold Bonds of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the sale date; or
- (2) the date on which the underwriters have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The winning bidder shall promptly advise the Issuer when the underwriters have sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date.

The Issuer acknowledges that, in making the representation set forth above, the winning bidder will rely on (i) the agreement of each underwriter to comply with the hold-the-offering-price rule, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the

event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires. The Issuer further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Bonds.

By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to comply with the hold-the-offering-price rule if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and (ii) any agreement among underwriters relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to comply with the hold-the-offering-price rule if and for so long as directed by the winning bidder or such underwriter and as set forth in the related pricing wires.

Sales of any Bonds to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

- (i) “public” means any person other than an underwriter or a related party,
- (ii) “underwriter” means (A) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public),
- (iii) a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- (iv) “sale date” means the date that the Bonds are awarded by the Issuer to the winning bidder.

DELIVERY OF BONDS: The District will furnish Bonds ready for execution at its expense. Bonds will be delivered without expense to the purchaser. The usual closing documents, including a certificate that no litigation is pending affecting the issuance of the Bonds, will be delivered at the time of delivery of the Bonds. If the Bonds are not tendered for delivery by twelve o'clock noon, Eastern Time, on the 45th day following the date of sale or the first business day thereafter if the 45th day is not a business day, the successful proposer may on that day, or any time thereafter until delivery of the Bonds, withdraw its proposal by serving written notice of cancellation on the undersigned, in which event the District shall promptly return the good faith deposit. Payment for the Bonds shall be made in Federal Reserve Funds. Accrued interest to the date of delivery of the Bonds shall be paid by the purchaser at the time of delivery. Unless the purchaser of the Bonds furnishes the Bond Registrar with a list of names and denominations in which it wishes to have the Bonds issued at least ten (10) business days before delivery of the Bonds, the Bonds will be delivered in the form of one bond for each maturity, registered in the name of the purchaser. **Notwithstanding the foregoing, the successful proposer will be required to pay for and accept delivery of the Bonds on or about November 15, 2018**

OFFICIAL STATEMENT:

Hard Copy

A copy of the nearly final Official Statement (the "Nearly Final Official Statement") may be obtained by contacting Municipal Financial Consultants Incorporated at the address listed below. The Nearly Final Official Statement is in a form deemed final as of its date by the District for purposes of SEC Rule 15c2-12(b)1, but is subject to revision, amendment and completion of a final Official Statement (the "Final Official Statement"). The successful proposer shall supply to the District, within twenty-four hours after the award of the Bonds, all pricing information and any underwriter identification determined by Bond Counsel to be necessary to complete the Final Official Statement.

Internet

In addition, the District has authorized the preparation and distribution of a Nearly Final Official Statement containing information relating to the Bonds via the Internet. The Nearly Final Official Statement can be viewed and downloaded at www.i-dealprospectus.com/ or at www.tm3.com.

The District will furnish to the successful proposer, at no cost, up to 20 copies of the Final Official Statement within seven (7) business days after the award of the Bonds. Additional copies will be supplied upon the proposer's agreement to pay the cost of the District for those additional copies.

The District shall deliver, at closing, an executed certificate to the effect that as of the date of delivery the information contained in the Final Official Statement, including revisions, amendments and completions as necessary, relating to the District and the Bonds is true and correct in all material respects, and that such Final Official Statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

CUSIP NUMBERS: It is anticipated that CUSIP numbers will be printed on the Bonds, but neither the failure to print such numbers nor any improperly printed number shall constitute cause for the purchaser to refuse to accept delivery of, or to pay for the Bonds. All expenses for printing CUSIP numbers on the Bonds will be paid by the District, except that the CUSIP

Service Bureau charge for the assignment of such numbers shall be the responsibility of and paid for by the purchaser.

PROPOSER CERTIFICATION: NOT "IRAN-LINKED BUSINESS:" By submitting a proposal, the proposer shall be deemed to have certified that it is not an "Iran-Linked Business" as defined in Act 17, Public Acts of Michigan, 2012; MCL 129.311 et seq.

ADDITIONAL INFORMATION: Further information may be obtained from the undersigned at the address specified above or from Municipal Financial Consultants, 400 North Main Street, Milford, MI 48381, John R. Axe, telephone (313) 330-9696 or from Steven Burke, CFA, telephone (313) 782-3011, email: os@mfc.com.

THE RIGHT IS RESERVED TO REJECT ANY OR ALL PROPOSALS.

ENVELOPES: Envelopes containing the proposals should be plainly marked "Proposal for Hollywood Road Consolidated Drain #524 Drainage District, Drain Refunding Bonds, Series 2018."

District

CHRISTOPHER J. QUATTRIN,
Berrien County Drain Commissioner
Hollywood Road Consolidated Drain #524 Drainage

APPENDIX J

BID FORM

\$1,810,000*

COUNTY OF BERRIEN

**HOLLYWOOD ROAD CONSOLIDATED DRAIN #524 DRAINAGE DISTRICT DRAIN
REFUNDING BONDS, SERIES 2018
(General Obligation - Limited Tax)**

For your legally issued Bonds, as described in the Official Notice of Sale, we will pay you par, plus a premium / less a discount (cross out non-applicable) of \$ _____ for Bonds maturing and bearing interest as follows:

June 1, 2019	\$125,000	_____ %	June 1, 2027	\$165,000*	_____ %
June 1, 2020	130,000	_____ %	June 1, 2028	165,000*	_____ %
June 1, 2021	135,000	_____ %	June 1, 2029	175,000*	_____ %
June 1, 2022	140,000	_____ %	June 1, 2030	170,000*	_____ %
June 1, 2023	145,000	_____ %			
June 1, 2024	150,000	_____ %			
June 1, 2025	155,000	_____ %			
June 1, 2026	155,000*	_____ %			

*Subject to Prior Redemption
This Bid is for all or none of the Bonds.

In making this offer, we accept all of the terms and conditions of the Official Notice of Sale published in The Bond Buyer.

Respectfully submitted,

Bid of :

Firm

By: _____
Authorized Representative

The following is a computation of the interest cost on the above Bid. This computation is not to be considered as a part of the Bid and is subject to verification.

Gross Interest Cost \$ _____

(-)Premium/(+)Discount \$ _____

Interest Cost \$ _____

True Interest Rate _____ %

\$1,810,000*
COUNTY OF BERRIEN
HOLLYWOOD ROAD CONSOLIDATED DRAIN #524 DRAINAGE
DISTRICT DRAIN REFUNDING BONDS, SERIES 2018
(General Obligation - Limited Tax)