

Clinton
County,
Michigan



Year Ended
December 31,
2018

Financial
Statements

CLINTON COUNTY, MICHIGAN

ELECTED OFFICERS

For the Year Ended December 31, 2018

BOARD OF COMMISSIONERS

Robert Showers
Chair

Kam Washburn
Vice Chair

Adam Stacey
Bruce DeLong
Ken Mitchell

David Pohl
Dwight Washington

Ryan Wood
Administrator

Tina Ward
Treasurer

Diane Zuker
Clerk / Register of Deeds

Phil Hanses
Drain Commissioner

Charles Sherman
Prosecuting Attorney

Lawrence Jerue
Sheriff

Lisa Sullivan
Chief Circuit Court Judge

Michael Clarizio
District Court Judge

Randy Tahvonen
Circuit Court Judge

Michelle Rick
Circuit Court Judge

CLINTON COUNTY, MICHIGAN

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INDEPENDENT AUDITORS' REPORT

May 8, 2019

Board of Commissioners
Clinton County
St. Johns, Michigan 48879**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of *Clinton County, Michigan* (the "County"), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Independent Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Clinton County Road Commission component unit, which represent 71 percent, 70 percent, and 92 percent, respectively, of the assets and deferred outflows of resources, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Clinton County Road Commission component unit, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of December 31, 2018, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons of the general fund and the major special revenue fund, for the year then ended in conformity with accounting principles general accepted in the United States of America.

Implementation of GASB Statement No. 75

As described in Note 20, the County implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* in the current year. Accordingly, beginning net position was restated. Our opinion is not modified with respect to this matter.

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual fund financial statements and schedule are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedule are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued, under separate cover, our report dated May 8, 2019, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Rehmann Lobson LLC

MANAGEMENT'S DISCUSSION AND ANALYSIS

Ryan L. Wood
County Administrator

Craig Longnecker
Deputy Administrator



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Management's Discussion and Analysis

As management of Clinton County, we offer this narrative overview and analysis of the financial activities of the County for the year ended December 31, 2018.

Financial Highlights

- The assets and deferred outflows of the County's primary government exceeded its liabilities and deferred inflows at the close of the fiscal year by approximately \$92.3 million (net position). Of this amount, approximately \$33.3 million (unrestricted net position) may be used to meet the government's ongoing obligations.
- The government's total net position increased by approximately \$6.5 million, or 7.6 percent over the prior year.
- As of the close of the fiscal year, the County's governmental funds reported combined ending fund balances of approximately \$37 million, an increase of approximately \$5,264,000, or 16.6 percent more than the prior year. Of this total, approximately \$10.6 million or 28.7 percent is classified as unassigned and available for spending at the government's discretion. Approximately \$3.5 million is assigned and approximately \$375,000 is considered nonspendable. The remaining \$22.5 million is made up of restricted funds and those committed to specific purposes by the Board of Commissioners.
- At the end of the fiscal year, the unassigned fund balance for the General Fund was approximately \$10.6 million, an amount equal to 45.2 percent of total General Fund expenditures and transfers.
- The County's total net bonded debt (excluding drain notes), including that of the Drainage Districts and Department of Public Works component units, decreased by a net of \$494,000 or 27.53 percent during the current fiscal year.

Overview of the Financial Statements

The County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required and other supplementary information in addition to the basic financial statements themselves.

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

The *statement of net position* presents information on all of the County's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position indicate whether the financial position of the County is improving or deteriorating. The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Management's Discussion and Analysis

Both of the government-wide financial statements distinguish functions of Clinton County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, public safety, public works, health and welfare, community and economic development, and recreation and cultural functions. The business-type activities primarily represent the administration of the delinquent property tax system and the building code enforcement program.

The government-wide financial statements include not only the County itself (*known as the primary government*), but also three legally separate entities: the Clinton County Road Commission, the County Drain Commissioner, and the Department of Public Works. Financial information for the *component units* is reported separately from the financial information presented for the primary government itself.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds and governmental activities*.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, 911 Central Dispatch, and Public Improvement funds, each of which is considered to be a major fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The County adopts an annual appropriated budget for its General, special revenue, debt service, capital projects, internal service, and enterprise funds. A budgetary comparison statement has been provided herein to demonstrate compliance with the County General Fund and the major special revenue fund.

Proprietary funds. The County maintains two types of proprietary funds: enterprise and internal service. *Enterprise funds* report the same functions as business-type activities in the government-wide financial statements. The County uses an enterprise fund to account for the Delinquent Tax Revolving fund which is considered to be a major fund. Data from the other nonmajor enterprise funds are combined into a single, aggregate presentation. Individual fund data for each of these nonmajor enterprise funds is provided in the form of combining statements elsewhere in this report.

Internal service funds account for and allocate costs internally among the County's various functions. The County uses nine internal service funds to account for the following functions: management information services, central stores, telecommunications, vehicle purchases, drain equipment, and employee benefits. Because these services predominantly benefit governmental functions, they have been included within *governmental activities* in the government-wide financial statements.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the County's own programs.

Management's Discussion and Analysis

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

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain other supplementary information, including combining statements of the nonmajor governmental funds, nonmajor enterprise funds, and internal service funds information.

Government-wide Financial Analysis

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 49,042,603	\$ 44,154,220	\$ 13,458,962	\$ 12,315,579	\$ 62,501,565	\$ 56,469,799
Capital assets, net	30,991,399	31,599,875	43,875	66,542	31,035,274	31,666,417
Total assets	80,034,002	75,754,095	13,502,837	12,382,121	93,536,839	88,136,216
Deferred outflows of resources	6,226,180	1,619,725	-	-	6,226,180	1,619,725
Long-term liabilities	4,151,250	1,137,934	9,493	6,285	4,160,743	1,144,219
Other liabilities	994,795	666,453	14,082	21,115	1,008,877	687,568
Total liabilities	5,146,045	1,804,387	23,575	27,400	5,169,620	1,831,787
Deferred inflows of resources	2,306,239	1,190,550	-	-	2,306,239	1,190,550
Net position						
Investment in capital assets	30,991,399	31,599,875	43,875	66,542	31,035,274	31,666,417
Restricted	27,966,965	9,555,403	-	-	27,966,965	9,555,403
Unrestricted	19,849,534	33,223,605	13,435,387	12,288,179	33,284,921	45,511,784
Total net position	\$ 78,807,898	\$ 74,378,883	\$ 13,479,262	\$ 12,354,721	\$ 92,287,160	\$ 86,733,604

As noted previously, net position serves over time as a useful indicator of a government's financial position. In the case of Clinton County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by approximately \$92.3 million at the close of the fiscal year.

The County's net position includes approximately \$31 million in capital assets comprised of land, buildings, vehicles, and equipment less accumulated depreciation and any outstanding related debt used to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Certain other limitations on the use of net position apply due primarily to legal restrictions. Restrictions on net position total approximately \$28 million. The remaining balance of unrestricted net position (\$33.3 million or 36.1 percent) may be used to meet the government's ongoing obligations.

Management's Discussion and Analysis

	Changes in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues						
Program revenue:						
Charges for services	\$ 5,537,356	\$ 5,737,090	\$ 2,224,532	\$ 1,160,847	\$ 7,761,888	\$ 6,897,937
Operating grants and contributions	2,770,553	2,649,698	-	-	2,770,553	2,649,698
General revenues:						
Property taxes	15,978,095	15,338,498	-	-	15,978,095	15,338,498
State revenue sharing	1,727,776	1,764,355	-	-	1,727,776	1,764,355
Investment earnings	608,726	270,863	129,989	60,440	738,715	331,303
911 Surcharge	2,542,328	2,294,625	-	-	2,542,328	2,294,625
Gain on disposal of capital assets	27,525	4,349	-	979	27,525	5,328
Total revenues	29,192,359	28,059,478	2,354,521	1,222,266	31,546,880	29,281,744
Expenses						
General government	10,389,940	10,117,188	-	-	10,389,940	10,117,188
Public safety	10,347,858	10,087,446	-	-	10,347,858	10,087,446
Public works	421,037	405,796	-	-	421,037	405,796
Health and welfare	2,045,484	2,174,232	-	-	2,045,484	2,174,232
Community and economic development	419,885	426,131	-	-	419,885	426,131
Recreation and cultural	284,226	318,006	-	-	284,226	318,006
Other	311,120	290,000	-	-	311,120	290,000
Delinquent tax collection and other business-type activities	-	-	845,980	687,480	845,980	687,480
Total expenses	24,219,550	23,818,799	845,980	687,480	25,065,530	24,506,279
Change in net position before transfers	4,972,809	4,240,679	1,508,541	534,786	6,481,350	4,775,465
Transfers	384,000	384,000	(384,000)	(384,000)	-	-
Change in net position	5,356,809	4,624,679	1,124,541	150,786	6,481,350	4,775,465
Net position:						
Beginning of year	74,378,883	69,754,204	12,354,721	12,203,935	86,733,604	81,958,139
Restatement for GASB 75	(927,794)	-	-	-	(927,794)	-
End of Year	\$ 78,807,898	\$ 74,378,883	\$ 13,479,262	\$ 12,354,721	\$ 92,287,160	\$ 86,733,604

Governmental Activities

The preceding table shows that the net position of governmental activities increased by approximately \$4.4 million (after consideration of the restatement) or 6.0 percent during 2018. This compares favorably to the increase of \$4.6 million in 2017. The slightly lower amount for 2018 is due primarily to an increase in general government and public safety expenditures and a reduction in charges for services revenue.

Management's Discussion and Analysis

Business-Type Activities

Net position of the County's business-type activities increased by approximately \$1,124,541 in 2018.

Financial Analysis of the Government's Funds

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

Governmental funds. The focus of the County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. At the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of approximately \$37 million. This represents an increase of approximately \$5.2 million in comparison with the prior year. This increase is mainly due to a positive variance of General fund revenue over expenditures, transfers to the Public Improvement Fund and an increase in the fund balance of 911 Central Dispatch Fund.

Approximately \$10.6 million or 28.7 percent of total fund balance is classified as unassigned and available for spending at the government's discretion. Approximately \$3.5 million is assigned and approximately \$375,000 is considered nonspendable. The remaining \$22.5 million is made up of restricted funds and those committed for specific purposes by the Board of Commissioners.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, the total fund balance was approximately \$16.5 million, the unassigned fund balance of the General Fund was approximately \$10.6 million, an amount equal to 45.2 percent of total General Fund expenditures and transfers. This level of General Fund unassigned fund balance is consistent with the Board's desire to maintain services throughout challenging economic cycles.

The fund balance of the County's General Fund increased by approximately \$1.4 million during the current fiscal year. This increase is the net result of slightly higher revenues and significant expenditure savings in several areas of the General fund budget. (See subsequent section entitled "General Fund Budgetary Highlights").

The 911 Central Dispatch Fund has a total fund balance of approximately \$3.6 million. The fund accounts for the collection of the 911 telephone surcharges. The primary function of Central Dispatch is to handle emergency and non-emergency requests for police, fire, and medical service, determine the dispatch needed, and dispatch the appropriate personnel to the requested location. A healthy fund balance is necessary for cash flow purposes as well as major capital improvements, which are listed in the County's five-year capital improvement plan.

The Public Improvement Fund is used to address infrastructure needs by financing capital projects. The fund currently has a total fund balance of approximately \$13 million. The budget document contains a five-year capital improvement plan listing all major projects, their costs, and their priority for implementation. Each year, funds are transferred into the Public Improvement Fund based on plan priorities.

General Fund Budgetary Highlights

The original General Fund total revenues and total expenditures and transfers out budget of \$21.1 million was revised to \$24.5 million. Actual expenditures and transfers totaled only \$23.5 million or 4.1 percent under the revised budget. Actual revenues came in at \$24.9 million or slightly higher than the revised budget. Significant changes to the original budget occurred in the category of transfers to other funds and primarily consisted of \$2.3 million to the Public Improvement Fund for capital expenditures and \$1 million to the Retirement Fund in order to make surplus contributions.

Management's Discussion and Analysis

Capital Asset and Debt Administration

Capital assets. As of December 31, 2018, the County's investment in capital assets, net of accumulated depreciation, totaled approximately \$31 million for its governmental and business-type activities. This investment in capital assets includes land and improvements, buildings and improvements, construction in progress, vehicles, machinery and equipment.

	Capital Assets (Net of Depreciation)					
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land and land improvements	\$ 3,116,074	\$ 3,116,074	\$ -	\$ -	\$ 3,116,074	\$ 3,116,074
Buildings and improvements	21,501,321	22,077,581	-	-	21,501,321	22,077,581
Furniture, fixtures, and equipment	5,592,750	5,396,233	12,413	45,022	5,605,163	5,441,255
Vehicles	730,838	671,281	31,462	21,520	762,300	692,801
Construction in progress	50,416	338,706	-	-	50,416	338,706
Total capital assets, net	<u>\$ 30,991,399</u>	<u>\$ 31,599,875</u>	<u>\$ 43,875</u>	<u>\$ 66,542</u>	<u>\$ 31,035,274</u>	<u>\$ 31,666,417</u>

Additional information regarding the County's capital assets can be found in Note 5 of the financial statements.

Long-term debt. At the end of the current fiscal year, the County's Drain Commission and Department of Public Works component units had total general obligation bonds outstanding of \$1,300,250 (This amount does not include the debt of the separately audited Road Commission component unit). All of the bonds are backed by the County's full faith and credit.

Clinton County's Bond Indebtedness

	Drainage District and DPW Component Units	
	2018	2017
General obligations bonds	<u>\$ 1,300,250</u>	<u>\$ 1,794,250</u>

The net decrease in the County's total general obligation bonded debt was \$494,000 or 27.53 percent during the current fiscal year. The County does not intend to issue any bonds in the near future.

Standard and Poor's bond rating for both general obligation unlimited and limited tax bonds is "AA".

Additionally, the Clinton County Drainage District has long-term notes payable totaling \$955,292 at December 31, 2018 for which the County has pledged its full faith and credit. The balance on these notes payable increased by \$74,442 or 8.45 percent. The County (primary government) also has accrued compensated absences at December 31, 2018 of \$1,178,742.

The County's outstanding general obligation debt is well within its current debt limitation of \$360,581,500 (10 percent of total assessed valuation).

Additional information regarding the County's long-term debt can be found in Note 8 of the financial statements.

Management's Discussion and Analysis

Economic Factors and Next Year's Budgets and Rates

The following factors were considered in preparing the County's budget for the 2019 fiscal year:

- The continued uncertainty over the State's budget situation may lead to decreases in state funding.
- Low inflation is capping property tax revenue growth.
- Healthcare costs will continue to escalate at a rate higher than inflation and require continued cost containment measures.

Highlights of the 2019 budget are as follows:

- Major Capital Improvements totaling \$2,563,000
- Ordinary Capital Improvements totaling \$455,200
- Continuation of the personnel hiring freeze
- General fund contingency of 2.1%

Requests for Information

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

- Clinton County Administrative Services-Office of Accounting
- 100 East State Street, Suite 2700
- St Johns, Michigan 48879

BASIC FINANCIAL STATEMENTS

CLINTON COUNTY, MICHIGAN

Statement of Net Position

December 31, 2018

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 8,252,725	\$ 6,562,401	\$ 14,815,126	\$ 3,239,341
Investments	35,060,934	4,110,952	39,171,886	1,250,000
Receivables	2,524,337	2,785,867	5,310,204	5,218,223
Internal balances	500	(500)	-	-
Inventory	11,760	242	12,002	969,404
Prepays	11,917	-	11,917	11,309
Advance to component unit	250,000	-	250,000	-
Restricted cash and cash equivalents	-	-	-	57,614
Capital assets not being depreciated	3,166,490	-	3,166,490	8,567,340
Capital assets being depreciated, net	27,824,909	43,875	27,868,784	76,135,627
Net other postemployment benefits asset	2,930,430	-	2,930,430	52,343
Total assets	80,034,002	13,502,837	93,536,839	95,501,201
Deferred outflows of resources				
Deferred pension amounts	5,155,056	-	5,155,056	2,101,949
Deferred other postemployment benefits amounts	1,071,124	-	1,071,124	455,834
Total deferred outflows of resources	6,226,180	-	6,226,180	2,557,783
Liabilities				
Accounts payable and accrued liabilities	653,687	14,082	667,769	417,495
Due to other governmental units	-	-	-	209,897
Unearned revenue	341,108	-	341,108	-
Performance bonds payable	-	-	-	88,156
Advance from primary government	-	-	-	250,000
Advances from State	-	-	-	246,638
Long-term liabilities:				
Due within one year	759,150	9,493	768,643	783,661
Due in more than one year	410,099	-	410,099	2,077,966
Net pension liability, not due within one year	2,982,001	-	2,982,001	7,918,724
Total liabilities	5,146,045	23,575	5,169,620	11,992,537
Deferred inflows of resources				
Deferred pension amounts	1,029,639	-	1,029,639	303,772
Deferred other postemployment benefits amounts	1,276,600	-	1,276,600	47,195
Total deferred inflows of resources	2,306,239	-	2,306,239	350,967
Net position				
Net investment in capital assets	\$ 30,991,399	\$ 43,875	\$ 31,035,274	\$ 82,607,425
Restricted for:				
Public safety	16,785,207	-	16,785,207	-
Other employee benefits	4,071,194	-	4,071,194	-
Pension and OPEB benefits	3,868,370	-	3,868,370	52,343
Child care	1,952,421	-	1,952,421	-
Other	1,289,773	-	1,289,773	461,946
Unrestricted	19,849,534	13,435,387	33,284,921	2,593,766
Total net position	\$ 78,807,898	\$ 13,479,262	\$ 92,287,160	\$ 85,715,480

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

CLINTON COUNTY, MICHIGAN

Statement of Activities

For the Year Ended December 31, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities:					
General government	\$ 10,389,940	\$ 3,688,675	\$ 1,936,073	\$ -	\$ (4,765,192)
Public safety	10,347,858	1,345,250	231,151	-	(8,771,457)
Public works	421,037	438,881	-	-	17,844
Health and welfare	2,045,484	32,585	495,369	-	(1,517,530)
Community and economic development	419,885	29,115	96,236	-	(294,534)
Recreation and cultural	284,226	2,850	3,133	-	(278,243)
Other	311,120	-	8,591	-	(302,529)
Total governmental activities	24,219,550	5,537,356	2,770,553	-	(15,911,641)
Business-type activities:					
Delinquent tax	12,602	1,204,041	-	-	1,191,439
Other	833,378	1,020,491	-	-	187,113
Total business-type activities	845,980	2,224,532	-	-	1,378,552
Total primary government	\$ 25,065,530	\$ 7,761,888	\$ 2,770,553	\$ -	\$ (14,533,089)
Component units					
Drainage Districts	\$ 682,932	\$ 67,456	\$ -	\$ 1,694,839	\$ 1,079,363
Department of Public Works	13,931	-	13,931	-	-
Road Commission	14,521,476	1,379,449	10,767,522	6,735,956	4,361,451
Total component units	\$ 15,218,339	\$ 1,446,905	\$ 10,781,453	\$ 8,430,795	\$ 5,440,814

continued...

CLINTON COUNTY, MICHIGAN

Statement of Activities

For the Year Ended December 31, 2018

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Changes in net position				
Net revenue (expense)	\$ (15,911,641)	\$ 1,378,552	\$ (14,533,089)	\$ 5,440,814
General revenues:				
Property taxes	15,978,095	-	15,978,095	-
State shared revenue	1,727,776	-	1,727,776	-
Investment/interest earnings	608,726	129,989	738,715	31,761
911 Surcharge	2,542,328	-	2,542,328	-
Gain on disposal of capital assets	27,525	-	27,525	67,479
Other	-	-	-	576,915
Transfers - internal activities	384,000	(384,000)	-	-
Total general revenues and transfers	21,268,450	(254,011)	21,014,439	676,155
Change in net position	5,356,809	1,124,541	6,481,350	6,116,969
Net position, beginning of year, as restated	73,451,089	12,354,721	85,805,810	79,598,511
Net position, end of year	\$ 78,807,898	\$ 13,479,262	\$ 92,287,160	\$ 85,715,480

concluded

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

CLINTON COUNTY, MICHIGAN

Balance Sheet

Governmental Funds

December 31, 2018

		Special Revenue Fund	Capital Projects Fund		
	General Fund	911 Central Dispatch	Public Improvement	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 2,892,504	\$ 2,892,504
Investments	32,770,057	-	-	-	32,770,057
Receivables:					
Taxes:					
Current	716,619	-	-	-	716,619
Delinquent	13,886	-	-	-	13,886
Accounts	24,473	525,765	-	30,604	580,842
Interest	179,684	-	-	-	179,684
Due from other governments	577,300	79,297	-	330,383	986,980
Due from other funds	2,185	3,107,479	13,057,736	1,116,792	17,284,192
Prepays	11,917	-	-	-	11,917
Advance to other funds	125,000	-	-	-	125,000
Advance to component unit	250,000	-	-	-	250,000
Total assets	\$ 34,671,121	\$ 3,712,541	\$ 13,057,736	\$ 4,370,283	\$ 55,811,681
Liabilities					
Accounts payable	\$ 181,299	\$ 35,972	\$ 14,738	\$ 49,957	\$ 281,966
Accrued liabilities	205,426	20,383	-	28,519	254,328
Deposits payable	-	4,500	-	-	4,500
Due to other funds	17,308,414	2,393	-	3,335	17,314,142
Unearned revenue	11,000	-	-	330,108	341,108
Advance from other funds	-	-	-	90,000	90,000
Total liabilities	17,706,139	63,248	14,738	501,919	18,286,044
Deferred inflows of resources					
Unavailable revenue - property taxes	487,126	-	-	-	487,126
Fund balances					
Nonspendable	375,000	-	-	-	375,000
Restricted	-	3,649,293	13,042,998	3,335,110	20,027,401
Committed	2,480,701	-	-	-	2,480,701
Assigned	3,000,000	-	-	533,254	3,533,254
Unassigned	10,622,155	-	-	-	10,622,155
Total fund balances	16,477,856	3,649,293	13,042,998	3,868,364	37,038,511
Total liabilities, deferred inflows of resources and fund balances	\$ 34,671,121	\$ 3,712,541	\$ 13,057,736	\$ 4,370,283	\$ 55,811,681

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

CLINTON COUNTY, MICHIGAN

Reconciliation

Fund Balances of Governmental Funds
 To Net Position of Governmental Activities
 December 31, 2018

Fund balances - total governmental funds \$ 37,038,511

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

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

Capital assets not being depreciated	3,166,490
Capital assets being depreciated, net	27,824,909

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

Unavailable revenue - property taxes	487,126
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Certain pension and OPEB-related amounts, such as the net pension liability, OPEB asset 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	(2,982,001)
Other postemployment benefits asset	2,930,430
Deferred inflows related to the net pension liability	(1,029,639)
Deferred outflows related to the net pension liability	5,155,056
Deferred inflows related to other postemployment benefits asset	(1,276,600)
Deferred outflows related to other postemployment benefits asset	1,071,124

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.

Net position of governmental activities accounted for in internal service funds	9,019,008
Net capital assets of internal service funds included in total capital assets above	(1,477,303)
Compensated absences of internal service funds included in total compensated absences below	50,036

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

Compensated absences	(1,169,249)
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Net position of governmental activities	\$ 78,807,898
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The accompanying notes are an integral part of these basic financial statements.

CLINTON COUNTY, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended December 31, 2018

	General Fund	Special Revenue Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
		911 Central Dispatch	Public Improvement		
Revenues					
Taxes	\$ 15,986,175	\$ -	\$ -	\$ -	\$ 15,986,175
Licenses and permits	142,920	-	-	45,632	188,552
Intergovernmental	3,076,906	-	-	1,060,648	4,137,554
Charges for services	3,920,115	2,551,928	-	533,136	7,005,179
Fines and forfeitures	-	-	-	20,004	20,004
Interest and rents	572,502	34,319	-	336	607,157
Other	1,159,586	37,360	2,687	722	1,200,355
Total revenues	24,858,204	2,623,607	2,687	1,660,478	29,144,976
Expenditures					
Current:					
General government	8,315,139	-	-	1,032,766	9,347,905
Public safety	7,451,844	1,696,223	-	16,349	9,164,416
Public works	45,787	-	-	363,677	409,464
Health and welfare	995,098	-	-	916,997	1,912,095
Community and economic development	380,751	-	-	-	380,751
Recreation and cultural	138,357	-	-	3,133	141,490
Other	311,120	-	-	-	311,120
Capital outlay	-	-	544,549	-	544,549
Total expenditures	17,638,096	1,696,223	544,549	2,332,922	22,211,790
Revenues over (under) expenditures	7,220,108	927,384	(541,862)	(672,444)	6,933,186
Other financing sources (uses)					
Transfers in	-	-	3,250,000	940,656	4,190,656
Transfers out	(5,860,002)	-	-	-	(5,860,002)
Total other financing sources (uses)	(5,860,002)	-	3,250,000	940,656	(1,669,346)
Net change in fund balances	1,360,106	927,384	2,708,138	268,212	5,263,840
Fund balances, beginning of year	15,117,750	2,721,909	10,334,860	3,600,152	31,774,671
Fund balances, end of year	\$ 16,477,856	\$ 3,649,293	\$ 13,042,998	\$ 3,868,364	\$ 37,038,511

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

CLINTON COUNTY, MICHIGAN

Reconciliation

Net Changes in Fund Balances of Governmental Funds
 To Change in Net Position of Governmental Activities
 For the Year Ended December 31, 2018

Net change in fund balances - total governmental funds	\$ 5,263,840
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.	
Capital assets purchased	1,136,320
Depreciation expense	(1,732,894)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but rather are deferred to the following fiscal year.	
Change in unavailable revenue - property taxes	(8,801)
Certain expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the funds.	
Change in net pension liability and related deferred amounts	83,336
Change in net other postemployment benefits asset and related deferred amounts	274,754
Internal service funds are used by management to charge the costs of certain activities to individual funds.	
Change in net position of internal service funds	667,342
Capital assets transactions of internal service funds included in the capital assets purchased above	(630,503)
Depreciation expense of internal service funds included in the total above	327,285
Change in accrued compensated absences of internal service funds included in the change in accrued compensated absences total below	7,445
Some items 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. These activities consist of:	
Change in accrued compensated absences	(31,315)
Change in net position of governmental activities	<u>\$ 5,356,809</u>

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

CLINTON COUNTY, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund

For the Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 15,040,000	\$ 15,840,000	\$ 15,986,175	\$ 146,175
Licenses and permits	134,500	134,500	142,920	8,420
Intergovernmental	2,174,337	3,056,860	3,076,906	20,046
Charges for services	2,738,880	3,926,880	3,920,115	(6,765)
Interest and rents	125,600	375,600	572,502	196,902
Other	911,807	1,147,050	1,159,586	12,536
Total revenues	21,125,124	24,480,890	24,858,204	377,314
Expenditures				
Current:				
General government	8,625,823	8,682,221	8,315,139	(367,082)
Public safety	7,465,759	7,579,474	7,451,844	(127,630)
Public works	61,600	61,600	45,787	(15,813)
Health and welfare	975,029	1,016,631	995,098	(21,533)
Community and economic development	407,314	413,516	380,751	(32,765)
Recreation and cultural	172,010	172,010	138,357	(33,653)
Other	757,587	721,889	311,120	(410,769)
Total expenditures	18,465,122	18,647,341	17,638,096	(1,009,245)
Revenues over expenditures	2,660,002	5,833,549	7,220,108	1,386,559
Other financing uses				
Transfers out	(2,660,002)	(5,860,002)	(5,860,002)	-
Net change in fund balance	-	(26,453)	1,360,106	1,386,559
Fund balance, beginning of year	15,117,750	15,117,750	15,117,750	-
Fund balance, end of year	\$ 15,117,750	\$ 15,091,297	\$ 16,477,856	\$ 1,386,559

Note: General fund budget and actual is presented at activity level in the Detailed Schedule of Revenues, Expenditures and Changes in Fund Balance, found in the combining and individual fund financial statements and schedule section of this report, as identified in the table of contents.

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

CLINTON COUNTY, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual - 911 Central Dispatch For the Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Charges for services	\$ 2,431,832	\$ 2,436,632	\$ 2,551,928	\$ 115,296
Interest and rents	2,500	2,500	34,319	31,819
Other	25,800	21,000	37,360	16,360
Total revenues	2,460,132	2,460,132	2,623,607	163,475
Expenditures				
Public safety	1,769,819	1,902,951	1,696,223	(206,728)
Net change in fund balance	690,313	557,181	927,384	370,203
Fund balance, beginning of year	2,721,909	2,721,909	2,721,909	-
Fund balance, end of year	\$ 3,412,222	\$ 3,279,090	\$ 3,649,293	\$ 370,203

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

CLINTON COUNTY, MICHIGAN

Statement of Net Position

Proprietary Funds

December 31, 2018

	Business-type Activities			Governmental Activities
	Delinquent Tax Revolving	Nonmajor Enterprise Funds	Total	Internal Service Funds
Assets				
Cash and cash equivalents	\$ 5,225,308	\$ 1,337,093	\$ 6,562,401	\$ 5,360,221
Investments	4,110,952	-	4,110,952	2,290,877
Accounts receivable	3,030	9,739	12,769	-
Interest receivable	49,631	-	49,631	5,929
Delinquent taxes receivable	2,723,467	-	2,723,467	-
Inventory	-	242	242	11,760
Due from other governmental units	-	-	-	40,397
Due from other funds	-	-	-	33,487
Capital assets, being depreciated	2,961	40,914	43,875	1,477,303
Total assets	12,115,349	1,387,988	13,503,337	9,219,974
Liabilities				
Accounts payable	1,968	5,214	7,182	104,873
Accrued liabilities	231	6,669	6,900	8,020
Advances from other funds	-	-	-	35,000
Due to other funds	-	500	500	3,037
Long-term liabilities:				
Due within one year	-	9,493	9,493	28,383
Due in more than one year	-	-	-	21,653
Total liabilities	2,199	21,876	24,075	200,966
Net position				
Investment in capital assets	2,961	40,914	43,875	1,477,303
Restricted for employee benefits	-	-	-	4,071,194
Unrestricted	12,110,189	1,325,198	13,435,387	3,470,511
Total net position	\$ 12,113,150	\$ 1,366,112	\$ 13,479,262	\$ 9,019,008

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

CLINTON COUNTY, MICHIGAN

Statement of Revenues, Expenses, and Changes in Fund Net Position

Proprietary Funds

For the Year Ended December 31, 2018

	Business-type Activities			Governmental Activities
	Delinquent Tax Revolving	Nonmajor Enterprise Funds	Total	Internal Service Funds
Operating revenues				
Interest and penalties on delinquent taxes	\$ 1,204,041	\$ -	\$ 1,204,041	\$ -
Charges for services	-	606,152	606,152	3,824,527
Intergovernmental - Federal/State	-	-	-	161,669
Sales	-	366,935	366,935	-
Rent	-	7,115	7,115	-
Other	-	40,289	40,289	212,041
Total operating revenues	1,204,041	1,020,491	2,224,532	4,198,237
Operating expenses				
Personnel services and fringes	-	265,628	265,628	4,854,410
Supplies	6,840	404,799	411,639	61,721
Contracted services	4,884	80,620	85,504	93,884
Depreciation	493	22,174	22,667	327,285
Other	385	60,157	60,542	303,125
Total operating expenses	12,602	833,378	845,980	5,640,425
Operating income (loss)	1,191,439	187,113	1,378,552	(1,442,188)
Nonoperating revenues				
Interest revenue	129,960	29	129,989	28,659
Gain on sale of capital assets	-	-	-	27,525
Total nonoperating revenues	129,960	29	129,989	56,184
Income (loss) before transfers	1,321,399	187,142	1,508,541	(1,386,004)
Transfers				
Transfers in	-	16,000	16,000	2,053,346
Transfers out	(400,000)	-	(400,000)	-
Total transfers	(400,000)	16,000	(384,000)	2,053,346
Change in net position	921,399	203,142	1,124,541	667,342
Net position, beginning of year	11,191,751	1,162,970	12,354,721	8,351,666
Net position, end of year	\$ 12,113,150	\$ 1,366,112	\$ 13,479,262	\$ 9,019,008

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

CLINTON COUNTY, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended December 31, 2018

	Business-type Activities			Governmental Activities
	Delinquent Tax Revolving	Nonmajor Enterprise Funds	Total	Internal Service Funds
Cash flows from operating activities				
Receipts from customers and users	\$ 521,091	\$ 1,022,169	\$ 1,543,260	\$ 4,155,973
Payments to vendors	(12,921)	(552,935)	(565,856)	(468,120)
Payment for personnel services and fringes	-	(260,767)	(260,767)	(4,963,517)
Net cash provided by (used in) operating activities	<u>508,170</u>	<u>208,467</u>	<u>716,637</u>	<u>(1,275,664)</u>
Cash flows from capital and related financing activities				
Proceeds from sale of capital assets	-	-	-	39,427
Capital asset purchases	-	-	-	(630,503)
Net cash provided by (used in) capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(591,076)</u>
Cash flows from noncapital financing activities				
Transfers in	-	16,000	16,000	2,053,346
Transfers out	(400,000)	-	(400,000)	-
Net cash provided by (used in) noncapital financing activities	<u>(400,000)</u>	<u>16,000</u>	<u>(384,000)</u>	<u>2,053,346</u>
Cash flows from investing activities				
Purchase of investments	(4,110,952)	-	(4,110,952)	(2,290,877)
Sale and maturity of investments	5,089,578	-	5,089,578	1,518,912
Interest received	129,960	29	129,989	28,659
Net cash provided by (used in) investing activities	<u>1,108,586</u>	<u>29</u>	<u>1,108,615</u>	<u>(743,306)</u>
Net change in cash and cash equivalents	1,216,756	224,496	1,441,252	(556,700)
Cash and cash equivalents, beginning of year	<u>4,008,552</u>	<u>1,112,597</u>	<u>5,121,149</u>	<u>5,916,921</u>
Cash and cash equivalents, end of year	<u>\$ 5,225,308</u>	<u>\$ 1,337,093</u>	<u>\$ 6,562,401</u>	<u>\$ 5,360,221</u>

continued...

CLINTON COUNTY, MICHIGAN

Statement of Cash Flows Proprietary Funds For the Year Ended December 31, 2018

	Business-type Activities			Governmental Activities
	Delinquent Tax Revolving	Nonmajor Enterprise Funds	Total	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 1,191,439	\$ 187,113	\$ 1,378,552	\$ (1,442,188)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	493	22,174	22,667	327,285
Change in operating assets and liabilities that provided (used) cash:				
Accounts receivable	(682,950)	1,555	(681,395)	(2,002)
Inventory	-	515	515	(152)
Due from other governments	-	-	-	(40,397)
Due from other funds	-	-	-	135
Accounts payable	(602)	(7,274)	(7,876)	(107,374)
Accrued liabilities	(210)	1,053	843	2,494
Accrued compensated absences	-	3,208	3,208	7,445
Due to other funds	-	123	123	(20,910)
Net cash provided by (used in) operating activities	<u>\$ 508,170</u>	<u>\$ 208,467</u>	<u>\$ 716,637</u>	<u>\$ (1,275,664)</u>

concluded

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

CLINTON COUNTY, MICHIGAN

Statement of Net Position Fiduciary Funds December 31, 2018

	Post- employment Healthcare	Agency Funds
Assets		
Cash and cash equivalents	\$ 440,858	\$ 1,066,776
Investments - mutual funds	12,013,250	-
Total assets	<u>12,454,108</u>	<u>\$ 1,066,776</u>
Liabilities		
Undistributed collections payable	-	\$ 89,941
Due to other governmental units:		
Federal/State	-	244,427
Local	-	243,500
Due to individuals and agencies	-	488,908
Total liabilities	<u>-</u>	<u>\$ 1,066,776</u>
Net position		
Restricted for other postemployment benefits	<u>\$ 12,454,108</u>	

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

CLINTON COUNTY, MICHIGAN

Statement of Changes in Net Position

Fiduciary Fund

For the Year Ended December 31, 2018

	Post- employment Healthcare
Additions	
Contributions:	
Employer portion	\$ 390,034
Net decrease in fair value of investments	<u>(497,301)</u>
Total additions	(107,267)
Deductions	
Retiree benefits	<u>382,735</u>
Change in net position	(490,002)
Net position, beginning of year	<u>12,944,110</u>
Net position, end of year	<u><u>\$ 12,454,108</u></u>

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

CLINTON COUNTY, MICHIGAN

Statement of Net Position

Component Units
December 31, 2018

	Drainage Districts	Department of Public Works	Road Commission	Total Component Units
Assets				
Cash and cash equivalents	\$ 756,872	\$ -	\$ 2,482,469	\$ 3,239,341
Investments	1,250,000	-	-	1,250,000
Accrued interest receivable	8,390	-	-	8,390
Accounts receivable	79,856	-	10,720	90,576
Due from other governmental units	-	-	2,336,163	2,336,163
Special assessments receivable	2,621,775	-	-	2,621,775
Inventory	-	-	969,404	969,404
Prepays	-	-	11,309	11,309
Lease receivable	-	161,319	-	161,319
Restricted cash and cash equivalents	57,614	-	-	57,614
Assets not being depreciated	354,498	-	8,212,842	8,567,340
Assets being depreciated, net	22,852,351	-	53,283,276	76,135,627
Net other postemployment benefits asset	-	-	52,343	52,343
Total assets	27,981,356	161,319	67,358,526	95,501,201
Deferred outflows of resources				
Deferred pension amounts	-	-	2,101,949	2,101,949
Deferred other postemployment benefits amounts	-	-	455,834	455,834
Total deferred outflows of resources	-	-	2,557,783	2,557,783
Liabilities				
Accounts payable	74,531	-	206,655	281,186
Accrued liabilities	5,949	-	111,457	117,406
Accrued interest payable	17,584	1,319	-	18,903
Due to other governmental units	-	-	209,897	209,897
Performance bonds payable	-	-	88,156	88,156
Advances from primary government	250,000	-	-	250,000
Advances from State	-	-	246,638	246,638
Net pension liability	-	-	7,918,724	7,918,724
Long-term liabilities:				
Due within one year	360,558	160,000	263,103	783,661
Due in more than one year	1,734,984	-	342,982	2,077,966
Total liabilities	2,443,606	161,319	9,387,612	11,992,537
Deferred inflows of resources				
Deferred pension amounts	-	-	303,772	303,772
Deferred other postemployment benefits amounts	-	-	47,195	47,195
Total deferred inflows of resources	-	-	350,967	350,967
Net position				
Net investment in capital assets	21,111,307	-	61,496,118	82,607,425
Restricted for:				
Debt service	461,946	-	-	461,946
Pension benefits	-	-	52,343	52,343
Unrestricted (deficit)	3,964,497	-	(1,370,731)	2,593,766
Total net position	\$ 25,537,750	\$ -	\$ 60,177,730	\$ 85,715,480

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

CLINTON COUNTY, MICHIGAN

Statement of Activities Component Units For the Year Ended December 31, 2018

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue	
		Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Component units					
Drainage districts	\$ 682,932	\$ 67,456	\$ -	\$ 1,694,839	\$ 1,079,363
Department of public works	13,931	-	13,931	-	-
Road commission	14,521,476	1,379,449	10,767,522	6,735,956	4,361,451
Total component units	15,218,339	1,446,905	10,781,453	8,430,795	5,440,814

continued...

CLINTON COUNTY, MICHIGAN

Statement of Activities

Component Units

For the Year Ended December 31, 2018

	Component Units			
	Drainage Districts	Department of Public Works	Road Commission	Total
Changes in net position				
Net revenue	\$ 1,079,363	\$ -	\$ 4,361,451	\$ 5,440,814
General revenues:				
Investment/interest earnings	21,091	-	10,670	31,761
Gain on disposal of capital assets	-	-	67,479	67,479
Other	-	-	576,915	576,915
Total general revenues	21,091	-	655,064	676,155
Change in net position	1,100,454	-	5,016,515	6,116,969
Net position, beginning of year, as restated	24,437,296	-	55,161,215	79,598,511
Net position, end of year	\$ 25,537,750	\$ -	\$ 60,177,730	\$ 85,715,480

concluded

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

NOTES TO FINANCIAL STATEMENTS

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County of Clinton, Michigan, (the "County") was incorporated in 1839 and covers an area of approximately 571 square miles with the County seat located in the City of St. Johns. The County operates under an elected Board of Commissioners and provides services to its more than 75,300 residents in many areas including law enforcement, administration of justice, community enrichment and development, and human services. Education is provided to citizens through fifteen (15) local School Districts and seven (7) Intermediate School Districts. The School Districts are separate governmental entities whose financial statements are not included herein.

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

Financial Reporting Entity

As required by accounting principles generally accepted in the United States of America, these financial statements present the financial activities of the County (primary government) and its component units. The component units described below are included in the County's reporting entity because of the significance of their operational or financial relationship with the County. Blended component units, although legally separate entities, are in substance part of the County's operations, so data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the County.

Blended Component Unit

The Clinton County Building Authority - The Clinton County Building Authority is governed by a three (3) member Board appointed by the County Board of Commissioners. Its sole purpose is to finance and construct the County's public buildings. It would generally be reported in the debt service fund category. However, there is no activity or year-end balances to report as of December 31, 2018.

Discretely Presented Component Units

These component units are reported in a separate column to emphasize that, while legally separate, the County remains financially accountable for these entities, or the nature and significance of the relationship between these entities and the County is such that exclusion of these entities would render the financial statements misleading or incomplete.

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

The Clinton County Drainage Districts - The Clinton County Drainage Districts come under the jurisdiction of the Clinton County Drain Commissioner. This includes planning, developing, and maintaining surface water drainage systems. A complete file of finance, construction, and maintenance is maintained for each of the drains. The Drain Commissioner has authority to spend up to \$2,500 per mile each year on drain maintenance and may borrow up to \$300,000 from any source to provide for maintenance or establishment of a drain without Board of Commissioner approval and without going through the Municipal Finance Division, State of Michigan. The Drain Commissioner has authority to levy special assessments on properties benefiting from the existence and operation of a drain. The Drainage Districts are financially accountable to the County because bond issuances greater than \$300,000 require County authorization and are backed by the full faith and credit of the County.

The Clinton County Department of Public Works (the "DPW") - The DPW is a five (5) member Board comprised of the Drain Commissioner and four (4) members appointed by the County Board of Commissioners. The DPW Board establishes policy and reviews operations of the DPW for the County Board of Commissioners. The DPW has the responsibility of administering the various public works construction projects and the associated debt service funds under the provision of Act 185 of the Public Acts of 1957. The Department of Public Works is financially accountable to the County because all general obligation bond issuances require County authorization and are backed by the full faith and credit of the County.

The Clinton County Road Commission (the "Road Commission") - The Road Commission is responsible for the maintenance and construction of the County road system. The Road Commission operations are financed primarily from the state distribution of gas and weight taxes, federal financial assistance, license plate fees and contributions from other local government units within the County. The three (3) Board Members of the Road Commission are appointed by the Clinton County Board of Commissioners. This component unit is audited individually and complete financial statements may be obtained from the Road Commission's administrative office. In addition, the Road Commission is financially accountable to the County because all general obligation bond issuances require County authorization and are backed by the full faith and credit of the County.

Joint Ventures

Mid-Michigan District Health Department (the "Department") - The County is a member of the Department, which is a joint venture between Clinton, Montcalm, and Gratiot counties. Each unit appoints two (2) of the six (6) members to the governing Board. The Department has responsibility for preparing the annual budget (which is approved by each County) and to carry out all activities of the Department.

Clinton County is responsible to fund approximately 36% of the required local contribution to cover operational costs. For the year ended December 31, 2018, the County contributed \$390,905 to cover its share of operational costs. In addition, the treasury function for the Mid-Michigan District Health Department rests with the Montcalm County Treasurer. For this reason the Department is discretely presented in the Montcalm County Financial Statements.

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

The financial activities of the Mid-Michigan District Health Department are accounted for and reported separately from the participating units. Separate audited financial statements for their year ended September 30, 2018, are available at the Department's administrative offices. As of September 30, 2018, the Department had total net position of \$481,267.

Jointly Governed Organizations

The County participates in the following activities which are considered to be jointly governed organizations in relation to the County due to there being no ongoing financial interest or responsibility.

Tri-County Regional Planning Commission (the "Commission") - The Commission services Ingham, Eaton, and Clinton Counties. The Commission's membership includes the Counties of Ingham, Eaton, and Clinton, the City of Lansing, and the Michigan Department of Transportation. Also included by right are the County Road Commissions and Transit Authorities, making a total of nineteen (19) voting members.

The Commission must adopt a proposed budget at its February meeting and submit the same to the Board of Commissioners of the three (3) Counties it serves and to the Lansing City Council with its request for allocation of funds. Each major member unit shall pay a one nineteenth (1/19) share of the total annual allocation budget for each voting membership on the Commission. For the year ended December 31, 2018, the County's contribution to the Commission was \$63,077.

Tri-County Office on Aging - The organization provides comprehensive services to older individuals residing in Ingham, Eaton, and Clinton Counties. Operating revenues are derived from Federal, State, and local governments as well as fees for services. The Tri-county Office on Aging is governed by a thirteen (13) member Board appointed by the Board of Commissioners of the three (3) Counties it services. For the year ended December 31, 2018, the County's contribution to the Tri-county Office on Aging was \$46,297.

Capital Area Michigan Works! - Clinton County, in conjunction with three (3) other Counties, has entered into an agreement, which created the Capital Area Michigan Works! The Organization's Board is composed of 12 members, of which two (2) are appointed by Clinton County. The organization receives all of its funding from State and Federal grants and, as a result, the County has no financial responsibility other than potential liability related to appropriate use of the funds.

Tri-County Community Mental Health - The Board provides comprehensive mental health services to Ingham, Eaton, and Clinton Counties. Operation revenues are derived from Federal, State, and local governments as well as from fees for services. The Tri-County Community Mental Health is governed by a twelve (12) member Board appointed by the Board of Commissioners of the three (3) Counties it services. For the year ended December 31, 2018, the County's contribution to the Tri-County Community Mental Health was \$282,684.

Mid-State Health Network - As of October 1, 2014, Clinton County, in conjunction with twenty-one (21) other Counties, has entered into an agreement that created Mid-State Health Network (MSHN). For the year ended December 31, 2018, the County passed through \$6,202 in PA2 funding and contributed its annual contribution of \$122,160 and was not required to make any additional appropriation.

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been eliminated in the preparation of 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 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 specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. *Program revenues* are associated with specific functions and include charges to recipients of goods or services and grants and contributions that are restricted to meeting the operational or capital requirements of that function. Revenues that are not required to be presented as program revenues are general revenues. This includes all taxes, interest, and unrestricted State revenue sharing payments and other general revenues and shows how governmental functions are either self-financing or supported by *general revenues*.

The fund financial statements present the County's individual major funds and aggregated nonmajor funds. 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, except for agency funds, which do not have a measurement focus. 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.

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.

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

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

The major governmental funds of the County are:

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

The *911 central dispatch fund* accounts for the collection of the 911 telephone surcharges. The primary function of central dispatch is to handle emergency and non-emergency requests for police, fire, and medical services, determine the dispatch needed, and dispatch the appropriate personnel to the requested location.

The *public improvement fund* accounts for the collection and distribution of monies specifically earmarked for statutory public improvements. Money for the operation of this fund is supplied from transfers from other funds.

The major proprietary fund of the County is:

The *delinquent tax revolving fund* accounts for money advanced by the County to other local taxing units and various county funds to pay for their delinquent real property taxes. Revenues are generated by the collection of the delinquent real property taxes, penalties, and interest.

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 assigned, restricted, or committed to expenditure for specified purposes other than debt service or capital projects.

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 account for goods and services to the public for a fee that makes the fund self-supporting.

Internal service funds account for the data processing, mail services, fringe benefits and fleet management services provided to other departments or agencies of the government on a cost reimbursement basis.

The *Postemployment Healthcare Trust Fund* accounts for activities of the retiree health trust, which accumulates resources for other postemployment benefit payments to qualified employees.

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

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 held for other governments in an agency capacity, including tax collections.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, *general revenues* include all taxes.

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

When both restricted and unrestricted resources are available for use, it is the County'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 Net Position or Equity

Cash and Cash Equivalents

The County pools cash resources of various funds in order to facilitate the management of cash, with the exception of any funds that are required by law to maintain separate accounts. Cash contained in the pool that is applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing securities and disclosed as part of the County's investments. Cash equivalents consist of temporary investments in certificates of deposit and U.S. Government Securities with a maturity from date of purchase of 90 days or less.

Investments

Investments during the year consisted of certificates of deposit, commercial paper, municipal bonds, U.S. Government securities and other investments with original maturities of greater than 90 days. Investments are recorded at fair market value in accordance with GAAP.

Receivables

Receivables consist of amounts due from governmental units for various financial assistance programs and State shared revenues, accounts receivable related to charges for services, interest receivable and other amounts owed to the County at year-end.

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

Inventories and Prepaids

Inventories of the Central Stores (internal service) and Jail Commissary (enterprise) funds consist of miscellaneous consumer products on hand for resale, which are stated at the lower of cost (first-in, first-out) or market. Road Commission inventory items are charged to road construction and maintenance, equipment repairs and operations, as used.

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

Lease Receivable

The County has irrevocably pledged its full faith and credit as collateral for certain water and sewer system bonds. Payments by the municipalities to the County, in accordance with contractual agreements, provide the monies required to meet the principal and interest on the water and sewer system bonds. All future amounts due for bond principal and an additional amount for accrued interest payable has been recorded as a lease receivable.

Advances

Long-term advances from certain funds to other funds or component units are made to finance new activities during their initial operations and to finance capital acquisitions. For the governmental fund types, fund balance is reported as nonspendable for the amount of advances made to other funds to reflect the fund balance not currently available for expenditure.

Capital Assets

Primary Government and Component Units (except Road Commission)

Capital assets include land, buildings, equipment, and vehicles and are recorded (net of accumulated depreciation, if applicable) in the government-wide financial statements. Capital assets are those with an initial individual cost of \$5,000 or more and an estimated useful life of more than one year. Capital assets are not recorded in the governmental funds. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the government-wide financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated acquisition cost on the date received.

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Depreciation is computed using the straight-line method over the following useful lives:

	Years
Building and improvements	20-50 years
Furniture, fixtures and equipment	3-25 years
Vehicles	4-15 years
Drain infrastructure	75 years

Component Unit - Road Commission

Capital assets are reported in the government-wide financial statements. Capital assets are defined by the Commission as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of three (3) years except for certain equipment which has no minimum cost. Such assets are recorded at historical costs or estimated historical cost of purchase or constructed. Donated capital assets are recorded at estimated acquisition cost at the date of donation.

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

	Years
Buildings	25-50 years
Equipment:	
Road	5-8 years
Shop	10 years
Office	4-10 years
Engineering	4-12 years
Yard	10 years
Infrastructure:	
Roads	8-30 years
Bridges	12-50 years
Traffic signals	15 years
Depletable assets	20-30 years

Interfund Transactions

During the course of normal operations the County has numerous transactions between funds and component units including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

Internal service funds record charges for services to all County departments and funds as operating revenue. All County funds record these payments to the internal service funds as operating expenditures/expenses.

Deferred Outflows of Resources

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

Long-term Obligations

Long-term debt and other long-term obligations are recognized as a liability in the government-wide financial statements and proprietary fund types when incurred. The portion of those liabilities expected to be paid within the next year is a current liability with the remaining amounts shown as long-term.

Long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated in a debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenues, which arises only under a modified accrual basis of accounting, from one source: property taxes receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The County also reports deferred inflows of resources for the difference between expected and actual experience and changes in assumptions related to pension and OPEB costs.

Compensated Absences

In accordance with County personnel policies and/or contracts negotiated with the various employee groups of the County, individual employees have vested rights upon termination of employment to receive payment for unused compensated absences under formulas and conditions specified in the respective personnel policies and/or contracts.

Vested compensated absences earned as of December 31, 2018, including related payroll taxes, are recorded in the government-wide financial statements and in proprietary-type funds.

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

Fund Balance

Governmental funds report nonspendable fund balance for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. 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 government's highest level of decision-making authority, the Board of Commissioners. A majority vote of the Board of Commissioners is required to establish, modify, or rescind a fund balance commitment. The County reports assigned fund balance for amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The Board of Commissioners has delegated the authority to assign fund balance to the County Administrator. Unassigned fund balance is the residual classification for the general fund.

Pensions and OPEB Plans

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Federal Programs

Federal programs are accounted for in the funds to which the programs pertain. The County has not integrated its Single Audit Act Compliance and financial data as part of the financial statements. The Single Audit Report and financial data will be issued under separate cover as supplementary information to the financial statements.

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

2. BUDGETARY INFORMATION

Budgets are adopted on a basis consistent with the modified accrual basis used to reflect actual results in the fund financial statements. This basis is consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for all required governmental fund types. The County employs the following procedures in establishing budgets:

- a. Prior to September 1, the County Administrator prepares and submits the proposed operating budgets for the calendar year commencing the following January 1. The operating budgets include proposed expenditures and resources to finance them.
- b. A public hearing is conducted to obtain taxpayers' comments.
- c. Prior to October 31, the budgets are legally enacted through passage of an annual budget resolution.
- d. The budgets are legally adopted at the activity level for the general fund and the fund level for the special revenue funds. Budgetary transfers between \$2,500 and \$10,000 are not permitted without Finance Committee approval and transfers of greater than \$10,000 are not permitted without Board approval. For control purposes, all funds' budgets are maintained at the activity and account level.
- e. The County employs encumbrance accounting as an extension of formal budgetary integration in the governmental funds. All unexpended appropriations lapse at year-end.
- f. Budgeted amounts are reported as originally adopted or as amended by the Board of Commissioners during the year. Individual amendments were not material to the original appropriations that were adopted, with the exception of the transfers out.

3. DEPOSITS AND INVESTMENTS

The County's pooled cash accounts consist of common checking accounts.

The County's pooled cash accounts and investments are utilized by the general fund, special revenue funds, capital project fund, internal service funds, trust and agency funds, and the component units (with the exception of the Road Commission, which is separately maintained). Each fund's portion of these pooled accounts is included in the cash and cash equivalents caption on the applicable balance sheet or statement of net position.

Certain funds and portions of the component unit funds of the County utilize separate savings and interest-bearing checking accounts. In addition, certificates of deposit, mutual funds, and U.S. Government securities are held separately by several of the County's funds and component units.

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

A reconciliation of cash and investments as shown in the basic financial statements to the County's deposits and investments is as follows:

	Primary Government	Component Units	Totals
Statement of Net Position			
Cash and cash equivalents	\$ 14,815,126	\$ 3,239,341	\$ 18,054,467
Restricted cash and cash equivalents	-	57,614	57,614
Investments	39,171,886	1,250,000	40,421,886
Statement of Fiduciary Net Position			
Postemployment healthcare fund:			
Cash and cash equivalents	440,858	-	440,858
Investments	12,013,250	-	12,013,250
Agency funds:			
Cash and cash equivalents	1,066,776	-	1,066,776
Total	\$ 67,507,896	\$ 4,546,955	\$ 72,054,851
Deposits and investments			
Bank deposits (checking and savings accounts)			\$ 10,872,755
Certificates of deposit:			
Due within one year (original duration)			28,616,955
Due within one to five years (original duration)			250,000
Total certificates of deposit			28,866,955
Investments:			
U.S. agencies			2,395,118
U.S. treasury			5,830,887
Commercial paper			1,641,960
Municipal bonds			1,686,966
Mutual funds			20,312,002
Money market accounts			440,858
Total investments			32,307,791
Cash on hand			7,350
Total			\$ 72,054,851

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

	Total Fair Value	Investment Maturities (in Years)			Ratings
		No Maturity	Less Than 1	1 -5	Standard & Poor's
U.S. Agencies	\$ 2,395,118	\$ -	\$ 1,615,294	\$ 779,824	AAA
U.S. Treasury	5,830,887	-	4,324,734	1,506,153	AAA
Commercial paper	1,641,960	-	1,641,960	-	A1P1
Municipal bonds	1,497,846	-	562,791	935,055	AA
Municipal bonds	189,120	-	189,120	-	AA1
Unrated mutual funds	12,013,250	12,013,250	-	-	N/A
Rated mutual funds	8,298,752	8,298,752	-	-	AAAm
Rated money market funds	440,858	440,858	-	-	AAAm
Total	\$ 32,307,791	\$ 20,752,860	\$ 8,333,899	\$ 3,221,032	

Statutory Authority

State statutes authorize the County to invest in:

Bonds, securities, other direct obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.

Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.

Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.

Bankers acceptances of United States banks.

Obligations of the State of Michigan and its political subdivisions that, at the time of purchase are rated as investment grade by at least one standard rating service.

Mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

External investment pools as authorized by Public Act 20 as amended through 12/31/97.

The County's investment policy allows for all of these types of investments.

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

Investment and deposit risk

Interest Rate Risk. State law limits the allowable investments and the maturities of some of the allowable investments as identified above. The County's investment policy states that the County will minimize the risk that the market value of the securities in the portfolio will fall due to changes in the general interest rates by structuring the portfolio to meet the cash requirements of ongoing operations, thereby mitigating the need to liquidate securities at a loss prior to maturity. The maturity dates for each investment are identified above for investments held at year end.

Credit Risk. State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools as identified above. The County's investment policy states that the County will minimize credit risk by limiting investments to the safest types of securities, pre-qualifying and continually monitoring financial institutions with which the County will do business, diversifying the portfolio so that potential losses on individual securities would be minimized, and maintaining credit ratings when available on all holdings. The ratings for each investment type are identified above for investments held at year end.

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned. State law does not require and the County does not have a policy for deposit custodial credit risk. As of year-end \$35,538,591 of the County's bank balance of \$41,588,773 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial Credit Risk - Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require a policy for investment custodial credit risk. The County's investment policy states the County will minimize custodial credit risk by using only financial institutions meeting a pre-qualification evaluation and holding securities in the County's name. However, while uninsured and unregistered, the County's funds are not exposed to custodial credit risk since the securities are held in the counterparty's trust department in the County's name.

Concentration of Credit Risk. State law limits allowable investments but does not limit concentration of credit risk as identified above. The County's investment policy states that the County will minimize the risk in placing a large portion of the portfolio with a single security issuer by limiting the exposure to 25% of the total portfolio, excluding investments in U.S. Government securities. All investments held at year-end are reported above.

Fair Value. The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. As of year end, the County's mutual fund investments in the amount of \$20,312,002 were considered to be Level 1, and the remaining investments in the amount of \$11,995,789 were considered to be Level 2 (fair value determined based on quoted prices in active markets for similar assets).

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

4. RECEIVABLES

Receivables in the primary government and component units are as follows:

	Governmental Activities	Business-type Activities	Component Units
Taxes	\$ 730,505	\$ 2,723,467	\$ -
Special assessments	-	-	2,621,775
Accounts	580,842	12,769	90,576
Interest	185,613	49,631	8,390
Due from other governments	1,027,377	-	2,336,163
Lease receivable	-	-	161,319
Total	<u>\$ 2,524,337</u>	<u>\$ 2,785,867</u>	<u>\$ 5,218,223</u>

All of the governmental activities and business-type activities receivables are expected to be collected within one year. The component units lease receivable is expected to be collected within one year and the special assessments of \$1,422,250 are not expected to be collected within one year.

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

5. CAPITAL ASSETS

Primary government

Capital asset activity for the primary government for the year ended December 31, 2018, was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Governmental activities					
Capital assets, not being depreciated:					
Land and improvements	\$ 3,116,074	\$ -	\$ -	\$ -	\$ 3,116,074
Construction in progress	338,706	50,416	-	(338,706)	50,416
	<u>3,454,780</u>	<u>50,416</u>	<u>-</u>	<u>(338,706)</u>	<u>3,166,490</u>
Capital assets, being depreciated:					
Buildings and building improvements	34,908,856	271,421	-	49,547	35,229,824
Furniture, fixtures and equipment	11,996,762	555,357	(60,440)	289,159	12,780,838
Vehicles	1,466,085	259,126	(131,807)	-	1,593,404
	<u>48,371,703</u>	<u>1,085,904</u>	<u>(192,247)</u>	<u>338,706</u>	<u>49,604,066</u>
Less accumulated depreciation for:					
Buildings and building improvements	(12,831,275)	(897,228)	-	-	(13,728,503)
Furniture, fixtures and equipment	(6,600,529)	(647,999)	60,440	-	(7,188,088)
Vehicles	(794,804)	(187,667)	119,905	-	(862,566)
	<u>(20,226,608)</u>	<u>(1,732,894)</u>	<u>180,345</u>	<u>-</u>	<u>(21,779,157)</u>
Total capital assets being depreciated, net	<u>28,145,095</u>	<u>(646,990)</u>	<u>(11,902)</u>	<u>338,706</u>	<u>27,824,909</u>
Governmental activities capital assets, net	<u>\$ 31,599,875</u>	<u>\$ (596,574)</u>	<u>\$ (11,902)</u>	<u>\$ -</u>	<u>\$ 30,991,399</u>

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

	Beginning Balance	Additions	Disposals	Ending Balance
Business-type activities				
Capital assets being depreciated:				
Furniture, fixtures and equipment	\$ 84,487	\$ -	\$ -	\$ 84,487
Vehicles	81,760	-	-	81,760
	<u>166,247</u>	<u>-</u>	<u>-</u>	<u>166,247</u>
Less accumulated depreciation for:				
Furniture, fixtures and equipment	(62,967)	(9,107)	-	(72,074)
Vehicles	(36,738)	(13,560)	-	(50,298)
	<u>(99,705)</u>	<u>(22,667)</u>	<u>-</u>	<u>(122,372)</u>
Total capital assets being depreciated, net	<u>66,542</u>	<u>(22,667)</u>	<u>-</u>	<u>43,875</u>
Business-type activities capital assets, net	<u>\$ 66,542</u>	<u>\$ (22,667)</u>	<u>\$ -</u>	<u>\$ 43,875</u>

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

Depreciation of governmental activities by function

General government	\$ 465,250
Public safety	694,562
Health and welfare	110,457
Recreation and cultural	130,895
Public works	4,445
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>327,285</u>
	<u>\$ 1,732,894</u>

Depreciation of business-type activities by function

Delinquent tax	\$ 493
Other	<u>22,174</u>
	<u>\$ 22,667</u>

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

Discretely presented component units

Capital asset activity for the Drainage Districts component unit for the year ended December 31, 2018, was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Component Unit - Drainage District					
Capital assets, not being depreciated:					
Construction in progress	\$ 586,543	\$ 308,263	\$ -	\$ (540,308)	\$ 354,498
Capital assets, being depreciated:					
Infrastructure	27,513,224	1,409,349	-	540,308	29,462,881
Less accumulated depreciation for:					
Infrastructure	(6,254,763)	(355,767)	-	-	(6,610,530)
Total capital assets being depreciated, net	21,258,461	1,053,582	-	540,308	22,852,351
Drainage District capital assets, net	\$ 21,845,004	\$ 1,361,845	\$ -	\$ -	\$ 23,206,849

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

Capital asset activity for the Road Commission component unit for the year ended December 31, 2018, was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Component Unit - Road Commission				
Capital assets, not being depreciated				
Land	\$ 220,750	\$ -	\$ -	220,750
Infrastructure				
Land/right-of-way	1,357,716	68,350	-	1,426,066
Land improvements	6,408,364	157,662	-	6,566,026
Construction in progress	12,471	7,719	(20,190)	-
	<u>7,999,301</u>	<u>233,731</u>	<u>(20,190)</u>	<u>8,212,842</u>
Capital assets, being depreciated:				
Buildings	1,988,322	75,595	-	2,063,917
Road equipment	7,798,873	701,929	(617,137)	7,883,665
Shop equipment	146,040	7,541	(407)	153,174
Office equipment	151,501	28,060	(39,481)	140,080
Engineer's equipment	2,972	-	-	2,972
Yard equipment	70,155	144,032	-	214,187
Depletable assets	75,448	-	-	75,448
Infrastructure - bridges	33,613,355	844,562	-	34,457,917
Infrastructure - roads	60,110,887	5,891,394	(1,493,307)	64,508,974
Infrastructure - signals	1,100,139	65,095	-	1,165,234
	<u>105,057,692</u>	<u>7,758,208</u>	<u>(2,150,332)</u>	<u>110,665,568</u>
Less accumulated depreciation for:				
Buildings	(1,460,447)	(61,939)	-	(1,522,386)
Road equipment	(5,934,124)	(688,956)	612,242	(6,010,838)
Shop equipment	(130,171)	(8,617)	407	(138,381)
Office equipment	(124,763)	(7,961)	39,481	(93,243)
Engineer's equipment	(1,837)	(582)	-	(2,419)
Yard equipment	(56,161)	(5,995)	-	(62,156)
Depletable assets	(75,448)	-	-	(75,448)
Infrastructure - bridges	(16,993,005)	(531,369)	-	(17,524,374)
Infrastructure - roads	(29,488,250)	(3,201,163)	1,493,307	(31,196,106)
Infrastructure - signals	(684,130)	(72,811)	-	(756,941)
	<u>(54,948,336)</u>	<u>(4,579,393)</u>	<u>2,145,437</u>	<u>(57,382,292)</u>
Total capital assets being depreciated, net	<u>50,109,356</u>	<u>3,178,815</u>	<u>(4,895)</u>	<u>53,283,276</u>
Road Commission capital assets, net	<u>\$ 58,108,657</u>	<u>\$ 3,412,546</u>	<u>\$ (25,085)</u>	<u>\$ 61,496,118</u>

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are comprised of the following:

	Governmental Activities	Business-type Activities	Component Units
Accounts payable	\$ 386,839	\$ 7,182	\$ 281,186
Accrued liabilities	262,348	6,900	117,406
Accrued interest payable	-	-	18,903
Deposits payable	4,500	-	-
Total	<u>\$ 653,687</u>	<u>\$ 14,082</u>	<u>\$ 417,495</u>

7. INTERFUND RECEIVABLE, PAYABLES, AND TRANSFERS

The composition of interfund balances as of December 31, 2018, was as follows:

Due to and from primary government funds

	Due from Other Funds	Due to Other Funds
General fund	\$ 2,185	\$ 17,308,414
Public improvement fund	13,057,736	-
911 central dispatch fund	3,107,479	2,393
Nonmajor governmental funds	1,116,792	3,335
Nonmajor enterprise funds	-	500
Internal service funds	33,487	3,037
	<u>\$ 17,317,679</u>	<u>\$ 17,317,679</u>

Interfund receivables and payables are primarily for short-term financing of certain operations.

Long-term advances as of December 31, 2018, are as follows:

Advance from general fund to:	
Nonmajor governmental funds	\$ 90,000
Internal service funds	35,000
Total advances from general fund	<u>\$ 125,000</u>

The above advances were used to finance operations. The advances from the general fund to the drainage district component unit of \$250,000 were for working capital.

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

Interfund transfers as of December 31, 2018, are as follows:

	Transfers out:		
	General Fund	Delinquent Tax Revolving Fund	Total
Transfers in:			
Public improvement fund	\$ 2,850,000	\$ 400,000	\$ 3,250,000
Nonmajor governmental funds	940,656	-	940,656
Nonmajor enterprise funds	16,000	-	16,000
Internal service funds	2,053,346	-	2,053,346
Total	\$ 5,860,002	\$ 400,000	\$ 6,260,002

Interfund transfers include transfer of unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds, in accordance with budgetary authorizations; and, transfer of revenues from the fund that is required to collect them to the fund that is required or allowed to expend them. The general fund transferred funds out to the internal service fund for additional contributions to the pension plan, MIS fund, and County Vehicle fund; the transfer out to the public improvement fund was for capital equipment purchases.

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

8. LONG-TERM DEBT

Changes in long-term debt

The following is a summary of changes in long-term debt (including current portions) of the County for the year ended December 31, 2018:

	Balance January 1, 2018	Additions	Deletions	Balance December 31, 2018	Due Within One Year
Primary Government					
Governmental Activities:					
Compensated absences	\$ 1,137,934	\$ 795,348	\$ (764,033)	\$ 1,169,249	\$ 759,150
Business-type Activities:					
Compensated absences	6,285	9,493	(6,285)	9,493	9,493
Total primary government	1,144,219	804,841	(770,318)	1,178,742	768,643
Component Units					
Department of Public Works:					
Water and sewer bonds	500,000	-	(340,000)	160,000	160,000
Drainage Districts:					
Drain bonds	1,294,250	-	(154,000)	1,140,250	216,000
Drain notes	880,850	281,000	(206,558)	955,292	144,558
Total drainage districts	2,175,100	281,000	(360,558)	2,095,542	360,558
Road Commission:					
Compensated absences	540,727	300,089	(234,731)	606,085	263,103
Total component units	3,215,827	581,089	(935,289)	2,861,627	783,661
Total reporting entity	\$ 4,360,046	\$ 1,385,930	\$ (1,705,607)	\$ 4,040,369	\$ 1,552,304

Primary Government

Advance Refunding

On March 14, 2006, the County issued general obligation bonds of \$7,060,000. Proceeds from this bond issue were used to advance refund a portion of the 1999 Building Authority Bonds. The refunded bonds mature as scheduled through 2019. The balance of the defeased debt outstanding at December 31, 2018, was \$1,095,000.

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

Accrued Compensated Absences

In accordance with County personnel policies and/or contracts negotiated with various employee groups of the County, individual employees have vested rights upon termination of employment to receive payment for unused vacation and sick leave under formulas and conditions specified in their respective personnel policies and/or contracts.

The dollar amount of these vested rights including related payroll taxes for governmental and business-type activities combined, amounted to \$535,817 and \$642,925 for vacation and sick, respectively, at December 31, 2018. Of the \$1,178,742 total liability, \$768,643 has been reported as a current liability and \$410,099 has been reported as a noncurrent liability.

For the governmental activities, compensated absences are generally liquidated by the general fund and certain special revenue funds.

Component Unit - Road Commission

Accrued Employee Benefit Payable

In accordance with County Road Commission personnel policies and/or contracts negotiated with various employee groups of the County Road Commission, individual employees have vested rights upon termination of employment to receive payment for unused vacation, sick leave and longevity under formulas and conditions specified in their respective personnel policies and/or contracts.

Compensated absences represent a liability to the Commission, which is presented in current and noncurrent portions of the liability. For this reason, the total liability reported in the government-wide financial statements represents a current liability of \$263,103 and a noncurrent liability of \$342,982 at December 31, 2018.

Component Unit - Department of Public Works

Indirect County Obligations - Water and Sewer Bonds

The County has irrevocably pledged its full faith and credit as collateral for the following water and sewer system bonds. Payments by the municipalities to the County, in accordance with contractual agreements, provide the monies required to meet the principal and interest on the water and sewer system bonds.

Bonds payable at December 31, 2018, per respective construction projects serviced from the debt service funds of the Department of Public Works component unit are as follows:

\$3,055,000 Bingham Township Sanitary Sewage Project Bonds dated May 1, 1999, due in annual installment ranging from \$50,000 to \$160,000 through May 1, 2019 with interest of 4.0 to 5.0 percent, payable semi-annually.

\$ 160,000

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

Component Unit - Drainage Districts

Indirect County Obligations - Drain Bonds and Notes

The County has irrevocably pledged its full faith and credit as collateral for the following Drain bonds and notes. These projects are administered by the Clinton County Drain Commission for various local drainage districts. The Drain bonds and notes were issued to finance the various construction funds for the purpose of paying costs in connection with various drainage district projects and are payable out of assessments to be made against the benefited properties. The Edwards Drain Bond was issued jointly with Eaton County, with Clinton County acting as the treasurer of the project. Clinton County is reimbursed by Eaton County for 23% of the annual debt service requirements.

Bonds and notes payable and amounts due to other local governments at December 31, 2018, per respective Drain projects serviced from the Capital Projects Funds of the Component Unit Drainage Districts are as follows:

\$980,000 Edwards Drain Bonds dated May 1, 2004, due in annual installments ranging from \$50,000 to \$75,000 through June 1, 2019, with interest ranging from 2.75 to 4.70 percent, payable semi-annually. Amount represents the County's 77% portion.	\$ 57,750
\$410,000 Big Horn Drain Bonds dated October 1, 2012, due in annual installments of \$51,250 through June 1, 2020, with interest of 2.08 percent, payable annually.	102,500
\$530,000 Park Lake Level Drain Bonds dated February 5, 2014, due in annual installments ranging from \$40,000 to \$45,000 through June 1, 2026, with interest of 3.39 percent, payable semi-annually.	360,000
\$620,000 Waltz & Sturgis Drain Bonds dated December 20, 2017, due in annual installments of \$62,000 through June 1, 2028, with interest of 2.90 percent, payable semi-annually.	620,000
\$2,774,750 Various drain notes due in annual installments ranging from \$8,900 to \$75,000 and interest rates ranging from 0.99 to 5.00 percent through 2028.	<u>955,292</u>
Total Indirect County Obligations - Drain Bonds and Notes	<u><u>\$ 2,095,542</u></u>

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

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

Year Ended December 31,	Discretely-presented Component Units			
	Department of Public Works Water and Sewer Bonds		Drainage Districts Drain Bonds and Notes	
	Principal	Interest	Principal	Interest
2019	\$ 160,000	\$ 4,000	\$ 360,558	\$ 55,365
2020	-	-	302,809	47,867
2021	-	-	239,875	39,579
2022	-	-	213,375	32,959
2023	-	-	213,375	26,845
2024 - 2027	-	-	674,550	49,539
2028	-	-	91,000	1,868
	<u>\$ 160,000</u>	<u>\$ 4,000</u>	<u>\$ 2,095,542</u>	<u>\$ 254,022</u>

9. BENEFIT PLANS

Employee Retirement System - Defined Benefit Plan

Primary Government and Component Units (except Road Commission)

Plan description. The County participates in the Municipal Employees' Retirement System (MERS) of Michigan, a defined benefit pension plan providing certain retirement, disability and death benefits to plan members and beneficiaries. MERS is an agent multiple-employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine member Retirement Board. Public Act 427 of 1984, as amended, establishes and amends the benefit provisions of the participants in MERS. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS website at www.mersofmich.com. All full-time and part-time County employees who work 20 hours or more per week are covered by the retirement system with exception of the Road Commission employees, which are covered under a separate retirement plan.

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

Benefits Provided. Pension benefits vary by division/bargaining unit and are calculated as final average compensation (based on a 3 or 5 year period) and multipliers ranging from 2.25% to 2.50%. Participants are considered to be fully vested in the plan after 10 years.

Normal Retirement:

Union: FOP-Sheriff/COAM

Age 55 with 20 or more years of credited service

Age 60 with 10 or more years of credited service

Mandatory Retirement: None

Union: Prosecutors/Telecommunicators

Age 60 with 10 or more years of credited service

Mandatory Retirement: None

Non-union:

Age 55 with 30 or more years of credited service

Age 60 with 10 or more years of credited service

Mandatory Retirement: None

Deferred retirement. The termination of membership before age 60, other than by retirement or death, after 10 years of credited service is considered a deferred retirement. Retirement allowance begins upon application and satisfaction of normal retirement requirements. The retirement allowance is computed in the same manner as a service retirement with the applicable benefit program being determined as of the date of termination of membership.

Rights to an allowance are forfeited if the member's accumulated contributions are withdrawn.

Benefit allowances are computed based on the applicable criteria as detailed within the plan. Death and disability benefits are also provided.

Employees Covered by Benefit Terms. At December 31, 2017, plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	162
Inactive employees entitled to but not yet receiving benefits	41
Active employees	118
Total membership	<u>321</u>

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

Contributions. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees. After the FOP division of the Plan was closed in February 2015, the amounts went to a flat amount per month as follows:

Union	
COAM	\$13,242
Prosecutors	1,477
Telecommunicators	3,160
FOP Deputies	8,046
FOP Corrections	12,517
Non-union	26,266

Net Pension Liability. The County's net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017.

Actuarial Assumptions. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.75% in the long-term
Investment rate of return	7.75%, net of investment and administrative expense including inflation

Although no specific price inflation assumptions are needed for the valuation, the long-term annual rate of price inflation implicit in the 3.75% base wage inflation is 2.5%.

Mortality rates used were based on the RP-2014 Group Annuity Mortality Table of a 50% Male and 50% Female blend.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of the most recent actuarial experience study of 2009-2013.

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment and administrative expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Global equity	57.50%	5.02%	2.89%
Global fixed income	20.00%	2.18%	0.44%
Real assets	12.50%	4.23%	0.53%
Diversifying strategies	<u>10.00%</u>	6.56%	0.64%
	<u>100.00%</u>		
Inflation			3.25%
Administrative expenses netted above			<u>0.25%</u>
Investment rate of return			<u>8.00%</u>

Discount Rate. The discount rate used to measure the total pension liability as of December 31, 2017 was 8.0%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset.

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

Changes in Net Pension Asset

The components of the change in the net pension asset are summarized as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset)/ Liability
Balances at December 31, 2017	\$ 58,384,353	\$ 59,015,258	\$ (630,905)
Changes for the year:			
Service cost	740,593	-	740,593
Interest	4,583,770	-	4,583,770
Changes in benefits	(538,291)	-	(538,291)
Differences between expected and actual experience	(1,484,103)	-	(1,484,103)
Employer contributions	-	1,776,300	(1,776,300)
Employee contributions	-	135,183	(135,183)
Net investment income (loss)	-	(2,278,454)	2,278,454
Benefit payments, including refunds of employee contributions	(2,915,057)	(2,915,057)	-
Administrative expense	-	(113,664)	113,664
Other changes	(169,698)	-	(169,698)
Net changes	<u>217,214</u>	<u>(3,395,692)</u>	<u>3,612,906</u>
Balances at December 31, 2018	<u>\$ 58,601,567</u>	<u>\$ 55,619,566</u>	<u>\$ 2,982,001</u>

Sensitivity of the Net Pension Liability Asset to Changes in the Discount Rate. The following presents the net pension liability of the County, calculated using the discount rate of 8.00%, as well as what the County's net pension liability (asset) would be if it were calculated using a discount rate that is 1% lower (7.00%) or 1% higher (9.00%) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
County's net pension liability (asset)	\$ 9,505,912	\$ 2,982,001	\$ (2,551,912)

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

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2018, the County recognized pension expense of \$1,692,964. The County reported deferred outflows and inflows of resources related to its pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ 296,145	\$ 1,029,639	\$ (733,494)
Changes in assumptions	553,953	-	553,953
Net difference between projected and actual earnings on pension plan investments	<u>4,304,958</u>	-	<u>4,304,958</u>
Total	<u><u>\$ 5,155,056</u></u>	<u><u>\$ 1,029,639</u></u>	<u><u>\$ 4,125,417</u></u>

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

Year Ended December 31,	Amount
2019	\$ 1,774,636
2020	95,658
2021	864,127
2022	<u>1,390,996</u>
	<u><u>\$ 4,125,417</u></u>

Payable to the Pension Plan. At December 31, 2018, the County reported a payable of \$82,209 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2018.

Component Unit - Road Commission

Plan Description. The Road Commission participates in the Municipal Employees Retirement System (MERS) of Michigan, an agent multiple-employer statewide public employee pension plan established by the Michigan's Legislature under Public Act 135 of 1945 and administered by a nine (9) member Retirement Board. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing MERS website at www.mersofmich.com. Further information regarding the Plan is presented in the separately issued Road Commission report.

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

10. DEFINED CONTRIBUTION PLAN

The County's Defined Contribution Plan is a 401-money purchase plan, established by the County and administered by MERS. All Non-Union County employees hired on or after January 1, 2007, Prosecutors and Telecommunicators hired on or after January 1, 2008, Command Officers hired on or after January 1, 2014, and FOP deputies and corrections officers hired on or after March 1, 2015 are required to participate in the plan. The County will contribute on behalf of each participant 5% of earnings for FOP group and 6% of earnings for remaining groups. Participants are not required to contribute, but can make a one-time election to contribute 2% of their earnings, of which the County will match for a total employer and employee contribution of 10%. The FOP group, a one-time election can be made to contribute either 3% or 5% of their earnings, of which the County will match for a total employer and employee contribution of 11% or 15%. Employees are immediately vested.

Employer contributions to the Plan for the year ended December 31, 2018, amounted to \$353,152 and employee contributions were \$105,295. The number of active participants in this plan is 103 members.

11. POSTEMPLOYMENT HEALTHCARE BENEFITS

Primary Government and Component Units (except Road Commission)

Plan description. The County provides certain healthcare benefits, including prescription drug benefits for employees who have retired. Substantially all of the County's employees may become eligible for those benefits when they reach twenty (20) years of service and 60 years of age. Under this program the County pays \$527 per month for each eligible retiree and out-of-area eligible retiree under age 65, and \$331 per month for each eligible retiree and out-of-area eligible retiree age 65 or older.

In 2002 the County established a trust fund (the "Trust") for the purpose of providing retiree healthcare benefits under County policy. On establishment of the Trust the County made a transfer of assets in the amount of \$1,842,539 to cover costs of current retirees' health benefits and also those of employees eligible to retire within one year.

Basis of accounting. The Trust's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Method 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 market quotations are not readily available are valued at fair market values as determined by the custodian under the direction of the Board of Commissioners, with the assistance of a valuation service; and cash deposits are reported at carrying amounts which reasonably estimates fair value. The difference between aggregate fair value and the cost of investments along with realized gains and losses on sales of investments are reflected in the Statement of Changes in Net Position as net appreciation or depreciation in the fair value of investments.

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

Funding policy. The contribution requirements of the Plan members and the County are established and may be amended by the County Board of Commissioners, in accordance with County policies, union contracts, and Plan provisions. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined through the annual actuarial valuation. For the year ended December 31, 2018, the County contributed \$390,034 to the Plan.

At December 31, 2017, the date of the latest actuarial valuation, participants in the plan consisted of:

Retirees and beneficiaries currently receiving benefits	63
Inactive, nonretired members	6
Active employees	<u>198</u>
Total	<u><u>267</u></u>

Changes in Net OPEB Asset

The components of the change in the net OPEB asset are summarized as follows:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Asset (a) - (b)
Balances at December 31, 2017	\$ 10,493,910	\$ 12,944,110	\$ (2,450,200)
Changes for the year:			
Service cost	197,696	-	197,696
Interest	676,090	-	676,090
Employer contributions	-	390,034	(390,034)
Net investment loss	-	(497,301)	497,301
Change in benefit terms	(2,818)	-	(2,818)
Difference between expected and actual experience	(1,315,010)	-	(1,315,010)
Changes in assumptions	(143,455)	-	(143,455)
Benefit payments, including refunds of employee contributions	<u>(382,735)</u>	<u>(382,735)</u>	<u>-</u>
Net changes	<u>(970,232)</u>	<u>(490,002)</u>	<u>(480,230)</u>
Balances at December 31, 2018	<u>\$ 9,523,678</u>	<u>\$ 12,454,108</u>	<u>\$ (2,930,430)</u>

Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing 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.

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

The County's net OPEB asset was measured as of December 31, 2018, and the total OPEB liability was determined by an actual valuation as of December 31, 2017. The following actuarial assumptions were applied to all periods included in the measurement, unless otherwise specified:

Actuarial cost method	Entry-age normal
Amortization method	Level percent
Remaining amortization period	25 years, closed
Asset valuation method	Market value of assets
Actuarial assumptions:	
Price inflation	2.0-3.0 percent
Wage inflation	4.0 percent
Salary increases	4.0-17.0 percent
Investment rate of return	6.5 percent, net of investment expense
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	The RP-2000 Mortality Table projected 20 years with scale BB
Healthcare trend rates	Initial trend of 9.0 percent gradually decreasing to an ultimate trend rate of 4.0 percent in year 10

On August 2016, coverage was extended to dependents defined under terms of the health insurance policy. The Plan began to provide dependent coverage under the same terms offered to the spouse. There were no other benefit changes during the year.

Investments

Investment Policy. The OPEB Plan's policy in regard to the allocation of invested assets is established and may be amended by the Board of Commissioners. The investment policy has been formulated based on consideration of a wide range of policies and describes the prudent investment processes that the Board deems appropriate. The OPEB Plan's asset allocation policy is shown below.

Rate of Return. For the year ended December 31, 2018, the annual money-weighted rate of return on investments, net of investment expense, was -3.70 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

The long-term expected rate of return on OPEB Plan investments was determined using a forward looking estimate of capital market returns model for each investment major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and investment expenses. The target allocation and best estimates of arithmetic real rates of return for each asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Cash/equivalents	2.0%	-1.00%	-0.02%
Fixed income	45.0%	1.20%	0.55%
Equities	51.0%	7.70%	3.94%
Real estate	2.0%	1.40%	0.03%
	100.0%		
Inflation			2.00%
Investment rate of return			6.50%

Discount Rate. The discount rate used to measure the total OPEB liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that County contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB Plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments.

Sensitivity of the Net OPEB Asset to Changes in the Discount Rate. The following presents the net OPEB asset of the County, calculated using the discount rate of 6.50%, as well as what the County's net OPEB asset would be if it were calculated using a discount rate that is 1% lower (5.50%) or 1% higher (7.50%) than the current rate:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
County's net OPEB asset	\$ (1,645,959)	\$ (2,930,430)	\$ (4,000,606)

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

Sensitivity of the Net OPEB Asset to Changes in the Healthcare Cost Trend Rates. The following presents the net OPEB asset of the County, calculated using the healthcare cost trend rate of 9.0%, as well as what the County's net OPEB asset would be if it were calculated using a healthcare cost trend rate that is 1% lower (8.0%) or 1% higher (10.0%) than the current rate:

	1% Decrease (8.0%)	Current Trend Rate (9.0%)	1% Increase (10.0%)
County's net OPEB asset	\$ (3,996,858)	\$ (2,930,430)	\$ (1,650,699)

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2018, the County recognized OPEB expense of \$115,280. The County reported deferred outflows and inflows of resources related to its OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ -	\$ 1,151,033	\$ (1,151,033)
Changes in assumptions	-	125,567	(125,567)
Net difference between projected and actual earnings on pension plan investments	1,071,124	-	1,071,124
Total	<u>\$ 1,071,124</u>	<u>\$ 1,276,600</u>	<u>\$ (205,476)</u>

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

Year Ended	Amount
2019	\$ 85,916
2020	85,916
2021	85,916
2022	85,916
2023	(181,865)
Thereafter	<u>\$ (367,275)</u>
	<u>\$ (205,476)</u>

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

Component Unit - Road Commission

Plan description. The Road Commission provides certain retiree health care benefits as other post-employment benefits (OPEB) to all applicable employees, in accordance with union agreements and/or personnel policies. The Commission administers the OPEB plan through a single-employer defined benefit healthcare plan that is reported as the Retiree Health Care Trust Fund and the Health Care Savings Plan Fund financial statements. Plan benefit provisions were established and may be amended under the authority of Board of County Road Commissioners. The Commission makes contributions to the extent possible but has no obligation to make contributions in advance of when the premiums are due for payment (i.e., may be financed on a “pay-as-you-go” basis). The Commission has no legally required reserves that must be maintained. The Commission reserves the right to modify or terminate other post-employment benefits. The Commission does not issue separate stand-alone financial statements for the plan. Further information regarding the Plan is presented in the separately issued Road Commission report.

12. CAFETERIA PLAN

In April 1990 the County implemented a flexible benefits cafeteria plan established under Section 125 of the Internal Revenue Code. The plan is available to all employees who have completed 90 days of employment with the County and normally work not less than 20 hours per week for the County and normally are scheduled to work at least six months during the plan year. The plan permits them to reduce their salary and put these amounts into a flexible benefits account up to certain limits. The plan allows the employee to reduce their salary and apply it to dependent care benefits, medical expense reimbursement benefits or medical benefits. A participating employee may elect instead a cash alternative to supplement salary compensation in lieu of a nontaxable health benefit. An employee’s elected cash alternative will be considered a taxable benefit under the County’s Cafeteria Plan.

The plan is administered by 44North, a third-party administrator.

13. CONTINGENT LIABILITIES

The County participates in a number of Federal and State assisted grant programs that are subject to compliance audits. The periodic program compliance audits of many of these programs have not yet been completed or final resolution has not been received. Accordingly, the County’s compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

14. RISK MANAGEMENT

Primary Government and Component Units (except Road Commission)

The County is self-insured for vision, dental, and disability benefits. Each participating fund of the County makes payments to the respective self-insurance Internal Service Fund. These payments are accounted for as fringe benefit charges in the paying fund and charges for services in the receiving fund.

The plan covers all enrolled employees. The dental plan basically provides reimbursements for dental costs up to a maximum \$1,200 per covered person per year for certain expenses and a lifetime maximum of \$1,500 per covered person for other expenses. See plan for percentages of coverage for types of expenses. The vision plan provides enrollees coverage for the cost on an annual vision exam and up to \$130 for corrective lenses and frames. Certain co-pays apply. For all self-insured plans, an independent administrator is contracted for claims review and processing.

The County is completely self-insured for disability benefits. The plan covers all full-time employees with the exception of elected officials. The disability benefits plan basically provides benefits of current wages up to a maximum of \$350 per week for applicable sheriff's department employees and assistant prosecutors and up to a maximum of \$250 for all other applicable County employees, for a period not to exceed 52 weeks. The program is administered by an independent administrator that furnishes claims review and processing.

The County also participates in a pool, the Michigan County Workers' Compensation Fund ("MCWCF"). The pool is organized under Public Act 317 of 1969, as amended. The County has no liability for additional assessments based on the claims filed against the pool nor do they have any right to dividends.

The County is a voluntary member of the Michigan Municipal Risk Management Authority which is organized under Public Act 138 of 1982, as amended as a governmental group self-insurance pool. Public Act 138 authorizes local units of government to exercise jointly any power, privilege, or authority which each might exercise separately.

The administration of the Authority is directed by a nine (9) member Board of Directors composed of municipal representatives from the membership elected by the membership. The Board establishes the general policy of the Authority, creates and publishes rules to be followed by the Manager and Board, and is empowered with the authority to impose sanctions or terminate membership. The County, by resolution of the County Board of Commissioners, has designated a representative to the Authority to be responsible for the execution of all loss control measures, to ensure the payment of all annual and supplementary or other payment requirements, to ensure the filing of all required reports, and to act as a liaison between the County and the Authority.

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

The Authority provides risk management, underwriting, reinsurance, and claim services with member contributions allocated to meet these obligations. The Authority administers a risk management fund providing Clinton County with loss protection for general and auto liability, motor vehicle physical damage, and property damage. Under most circumstances the County’s maximum loss per occurrence is limited as follows:

Type Of Risk	Maximum Retention per Occurrence
General and Auto Liability	\$ 100,000
Motor Vehicle Physical Damage	30,000
Sewage System Overflow	75,000
Property Coverage	N/A

The limit of insurance for general and auto liability was \$15,000,000. The property damage blanket limit of insurance at December 31, 2018, was \$57,693,241.

The Authority has established a Retained Risk Program to pay losses incurred by members that exceed individual retention levels and are not covered under existing reinsurance agreements. In the event that losses are incurred in excess of the resources available, the Authority as a whole (i.e., all constituent municipalities) is liable for the excess. The Authority may authorize dividends to individual members in the event that the members and individual fund balance is determined to be sufficient to do so.

Liability insurance claims are expensed as incurred. The liability is determined by the Michigan Municipal Risk Management Authority management based on an actuarial study performed using historical data and available insurance industry statistics. The liability includes a reserve for reported claims, and reported legal expenses as well as incurred but not reported claims.

The Authority has reserved fund balance to pay losses incurred by members that exceed individual retention levels and are not covered under existing reinsurance agreements. Losses incurred within the established limits are general obligations of the Authority. In the event that Clinton County incurs a loss in excess of the resources available, the Authority as a whole (i.e., all constituent municipalities) is liable for the excess.

In addition, the Authority has accumulated resources to create and fund an internal Stop Loss Fund. The Stop Loss Fund was initiated to eliminate the need to purchase aggregate reinsurance for aggregate losses paid in excess of \$225,000, net of reinsurance recoveries for any one member in any one year. Aggregate paid losses in excess of \$225,000 net of reinsurance recoveries are paid entirely from the Internal Stop Loss Fund. If at any time the Stop Loss Fund is insufficient to fund Clinton County’s losses, the remaining liability shall become the responsibility of the Authority as a whole.

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

Component Unit - Road Commission

The County Road Commission participates in a pool, the Michigan County Road Commission Self-Insurance Pool, with other municipalities, for claims relating to property, general liability, audit liability, trunkline, employment practices and public officials liability, errors and omissions liability, physical damage, and storage and tank systems. The pool is organized under Public Act 138 of 1982, as amended as a governmental group property and casualty self-insurances pool. In the event the pool's claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to a special assessment to make up the deficiency. The Commission has not been informed of any special assessments being required.

The County Road Commission participates in the County Road Association Self-Insurance Fund (CRASIF) for workers' compensation insurance and has full statutory coverage for workers' disability compensation and employers' liability as granted by the State of Michigan under Chapter 6, Section 418.611 of the Workers' Disability Compensation Act. The Commission has no liability for additional assessments based on the claims filed against the fund nor do they have rights to dividends.

15. PROPERTY TAXES AND TAXES RECEIVABLE

The County property tax is levied each July 1st on the taxable valuation of property located in the County as of the preceding December 31. On July 1, the property tax attachment is an enforceable lien on property and is payable by the last day of February.

Taxable values are established annually by the local municipalities and are equalized by the County based on State statutes at an estimated percentage of the current market value. Real and personal property in Clinton County for the 2018 levy had a taxable value of \$2,766,767,941 on which ad valorem taxes levied for County general operating purposes was 5.7877 mills.

Taxes are collected by the various tax collecting units from the date of the levy and remitted to the County through the trust and agency fund for distribution to the general fund.

The delinquent taxes receivable represents unpaid real property taxes in the delinquent tax revolving fund and unpaid personal property taxes in the general fund.

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

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

16. FUND BALANCES - GOVERNMENTAL FUNDS

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

	General Fund	911 Central Dispatch	Public Improvement	Nonmajor Governmental Funds	Total
Nonspendable:					
Long-term advances	\$ 375,000	\$ -	\$ -	\$ -	\$ 375,000
Restricted for:					
911 central dispatch	-	3,649,293	-	-	3,649,293
Waste management	-	-	-	906,247	906,247
Register of deeds	-	-	-	197,022	197,022
Corrections training	-	-	-	60,223	60,223
Drug forfeiture	-	-	-	23,756	23,756
Law library	-	-	-	65,427	65,427
Act 302 training	-	-	-	8,937	8,937
Child care	-	-	-	1,952,421	1,952,421
Audits or tax exemptions	-	-	-	4,182	4,182
Concealed pistol licensing	-	-	-	116,895	116,895
Major public improvement projects	-	-	8,000,000	-	8,000,000
Equipment replacement	-	-	3,295,386	-	3,295,386
Other public improvement	-	-	1,747,612	-	1,747,612
Total restricted	-	3,649,293	13,042,998	3,335,110	20,027,401
Committed for:					
Family counseling	43,388	-	-	-	43,388
Tri-County Metro	75,000	-	-	-	75,000
Budget stabilization	200,000	-	-	-	200,000
Sick and vacation pay	1,169,249	-	-	-	1,169,249
Tax liabilities	993,064	-	-	-	993,064
Total committed	2,480,701	-	-	-	2,480,701
Assigned for:					
Pension/OPEB	3,000,000	-	-	-	3,000,000
Friend of the court	-	-	-	477,744	477,744
Probation enhancement	-	-	-	55,510	55,510
Total assigned	3,000,000	-	-	533,254	3,533,254
Unassigned	10,622,155	-	-	-	10,622,155
Total fund balances, governmental funds	\$ 16,477,856	\$ 3,649,293	\$ 13,042,998	\$ 3,868,364	\$ 37,038,511

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

17. NET POSITION

Restricted Net Position

The composition of the County's restricted net position as of December 31, 2018, was as follows:

	Governmental Activities	Component Units
Restricted for:		
Public safety	\$ 16,785,207	\$ -
Other employee benefits	4,071,194	-
Pension and OPEB benefits	3,868,370	-
Child care	1,952,421	-
Other:		
Debt service	-	461,946
Waste management	906,247	-
Register of deeds	197,022	-
Law library	65,427	-
Audits or tax exemptions	4,182	-
Concealed pistol licensing	116,895	-
	<u>\$ 27,966,965</u>	<u>\$ 461,946</u>

Net Investment in Capital Assets

The composition of net investment in capital assets as of December 31, 2018, was as follows:

	Governmental Activities	Business-type Activities	Component Units
Capital assets:			
Capital assets not being depreciated	\$ 3,166,490	\$ -	\$ 8,567,340
Capital assets being depreciated, net	27,824,909	43,875	76,135,627
	<u>30,991,399</u>	<u>43,875</u>	<u>84,702,967</u>
Related debt:			
Due with in one year	-	-	360,558
Due in more than one year	-	-	1,734,984
	<u>-</u>	<u>-</u>	<u>2,095,542</u>
Net investment in capital assets	<u>\$ 30,991,399</u>	<u>\$ 43,875</u>	<u>\$ 82,607,425</u>

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

18. FUND EQUITY DESIGNATIONS

The County has recorded various designations of net position in the proprietary funds that reflect management's plans for use of those funds. Since designations are not appropriate for presentation on the face of the applicable statements of net position, the designations are listed here.

The following are the various net position designations as of December 31, 2018:

Delinquent Tax Revolving Fund	
Designated for unfunded liability	\$ 2,110,189
Designated for prepaids to locals	10,000,000
Total designated	<u>\$ 12,110,189</u>

19. CONSTRUCTION COMMITMENTS

The County has one active construction project as of December 31, 2018. The project is for the Courthouse chiller replacement. At year-end, the County's remaining commitment with the contractor for this project was \$478,324.

20. RESTATEMENT

The County implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting of Postemployment Benefits Other Than Pensions*, during the current year. The implementation of this new standard includes the recognition of the net OPEB asset under GASB 75 at the beginning of the year and the elimination of the net other postemployment benefits asset under GASB 45. The net adjustment reduced the beginning net position of the governmental activities by \$927,794.



REQUIRED SUPPLEMENTARY INFORMATION

CLINTON COUNTY, MICHIGAN

Required Supplementary Information

MERS Agent Multiple-Employer Defined Benefit Pension Plan

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

	Year Ended December 31			
	2018	2017	2016	2015
Total pension liability				
Service cost	\$ 740,593	\$ 814,555	\$ 827,694	\$ 850,699
Interest	4,583,770	4,346,127	4,130,095	3,942,181
Change in benefits	(538,291)	-	-	-
Differences between expected and actual experience	(1,484,103)	888,435	(160,945)	-
Changes of assumptions	-	-	2,215,818	-
Benefit payments, including refunds of employee contributions	(2,915,057)	(2,640,963)	(2,438,076)	(2,313,661)
Other changes	(169,698)	(263,596)	(201,736)	(127,763)
Net change in total pension liability	217,214	3,144,558	4,372,850	2,351,456
Total pension liability, beginning of year	58,384,353	55,239,795	50,866,945	48,515,489
Total pension liability, end of year	58,601,567	58,384,353	55,239,795	50,866,945
Plan fiduciary net position				
Employer contributions	1,776,300	4,000,350	3,739,046	3,022,230
Employee contributions	135,183	149,828	174,338	175,506
Net investment income (loss)	(2,278,454)	6,758,775	5,087,840	(661,205)
Benefit payments, including refunds of employee contributions	(2,915,057)	(2,640,963)	(2,438,076)	(2,313,661)
Administrative expense	(113,664)	(106,869)	(100,336)	(97,366)
Net change in plan fiduciary net position	(3,395,692)	8,161,121	6,462,812	125,504
Plan fiduciary net position, beginning of year	59,015,258	50,854,137	44,391,325	44,265,821
Plan fiduciary net position, end of year	55,619,566	59,015,258	50,854,137	44,391,325
County's net pension (asset) liability	\$ 2,982,001	\$ (630,905)	\$ 4,385,658	\$ 6,475,620
Plan fiduciary net position as a percentage of total pension liability	94.9%	101.1%	92.1%	87.3%
Covered payroll	\$ 6,352,469	\$ 6,900,749	\$ 7,060,695	\$ 7,291,660
County's net pension (asset) liability as a percentage of covered payroll	46.9%	-9.1%	62.1%	88.8%

Notes:

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

CLINTON COUNTY, MICHIGAN

Required Supplementary Information MERS Agent Multiple-Employer Defined Benefit Pension Plan

Schedule of the Net Pension Liability

Year Ended December 31,	Total Pension Liability	Plan Net Position	Net Pension (Asset) Liability	Plan Net Position as Percentage of Total Pension Liability	Covered Payroll	Net Pension (Asset) Liability as Percentage of Covered Payroll
2015	\$ 50,866,945	\$ 44,391,325	\$ 6,475,620	87.3%	\$ 7,291,660	88.8%
2016	55,239,795	50,854,137	4,385,658	92.1%	7,060,695	62.1%
2017	58,384,353	59,015,258	(630,905)	101.1%	6,900,749	-9.1%
2018	58,601,567	55,619,566	2,982,001	94.9%	6,352,469	46.9%

The amounts presented for each fiscal year were determined as of December 31 of the preceding year.

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

Changes in assumptions. In 2016, amounts reported as changes in assumptions resulted in primarily from adjustments to the mortality table to reflect longer lifetimes, decreases in the assumed rate of return and changes in asset smoothing.

Changes in benefits. In 2018, amounts reported as changes in benefits resulted in a change in how the pensionable wages are calculated for the F.O.P Correction Officers Division.

CLINTON COUNTY, MICHIGAN

Required Supplementary Information

MERS Agent Multiple-Employer Defined Benefit Pension Plan

Schedule of Contributions

Year Ending December 31,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as Percentage of Covered Payroll
2015	\$ 1,238,244	\$ 3,022,230	\$ (1,783,986)	\$ 7,376,096	41.0%
2016	799,008	3,739,046	(2,940,038)	7,422,039	50.4%
2017	1,077,588	4,000,350	(2,922,762)	6,689,459	59.8%
2018	965,400	1,776,496	(811,096)	6,275,261	28.3%

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

Notes to Schedule of Contributions

Valuation Date Actuarially determined contribution rates are calculated as of December 31, which is 12 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	Level percent of payroll, open
Remaining amortization period	22 years
Asset valuation method	5 year smoothed
Inflation	2.50%
Salary increases	3.75% in the long-term
Investment rate of return	7.75%, net of investment and administrative expense including inflation
Retirement age	Age-based table of rates that are specific to the type of eligibility condition. The Normal Retirement rates were first used for the December 31, 2015 actuarial valuations. The Early Retirement rates were first used for the December 31, 2015 actuarial valuations.
Mortality	Mortality rates used were based on the RP-2014 Group Annuity Mortality Table of a 50% Male and 50% Female blend.

CLINTON COUNTY, MICHIGAN

Required Supplementary Information

Single Employer Defined Benefit Other Postemployment Benefit Plan

Schedule of Changes in the County's Net OPEB Asset and Related Ratios

	Year Ended December 31	
	2018	2017
Total OPEB liability		
Service cost	\$ 197,696	\$ 203,684
Interest	676,090	648,910
Changes of benefit terms	(2,818)	-
Difference between expected and actual experience	(1,315,010)	(108,348)
Changes of assumptions	(143,455)	-
Benefit payments, including refunds of employee contributions	(382,735)	(263,464)
Net change in total OPEB liability	(970,232)	480,782
Total OPEB liability, beginning of year	10,493,910	10,013,128
Total OPEB liability, end of year	9,523,678	10,493,910
Plan fiduciary net position		
Employer contributions	390,034	302,829
Net investment income (loss)	(497,301)	1,378,385
Benefit payments, including refunds of employee contributions	(382,735)	(263,464)
Net change in plan fiduciary net position	(490,002)	1,417,750
Plan fiduciary net position, beginning of year	12,944,110	11,526,360
Plan fiduciary net position, end of year	12,454,108	12,944,110
County's net OPEB asset	\$ (2,930,430)	\$ (2,450,200)
Plan fiduciary net position as a percentage of total OPEB liability	130.8%	123.3%
Covered payroll	\$ 11,029,053	\$ 10,815,242
County's net OPEB asset as a percentage of covered payroll	-26.6%	-22.7%

Notes:

The amounts presented for each fiscal year were determined as of December 31 of the preceding year.

GASB 74 was implemented in fiscal year 2017. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

CLINTON COUNTY, MICHIGAN

Required Supplementary Information Single Employer Defined Benefit Other Postemployment Benefit Plan

Schedule of the County's Net OPEB Asset

Fiscal Year Ended December 31,	Total OPEB Liability	Plan Net Position	Net OPEB Asset	Plan Net Position as Percentage of Total OPEB Liability	Covered Payroll	Net OPEB Asset as Percentage of Covered Payroll
2017	\$ 10,493,910	\$ 12,944,110	\$ (2,450,200)	123.3%	\$ 10,815,242	-22.7%
2018	9,523,678	12,454,108	(2,930,430)	130.8%	11,029,053	-26.6%

The amounts presented for each fiscal year were determined as of December 31 of the preceding year.

Note: GASB 74 was implemented in fiscal year 2017. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

Changes in assumptions. In 2018, amounts reported as changes in assumptions resulted in primarily from adjustments to the mortality table and other demographic assumptions, decrease in the ultimate trend assumption from 4.00% to 3.75%, and resetting the initial healthcare cost trend rates.

Changes in benefit terms for the December 31, 2018 actuarial valuation were removal of the \$30 spousal credit for FOP retirements after 1/1/2015 and coverage was extended to dependents defined under terms of the health insurance policy. The Plan began to provide dependent coverage under the same terms offered to the spouse. There were no other benefit changes during the year.

CLINTON COUNTY, MICHIGAN

Required Supplementary Information Single Employer Defined Benefit Other Postemployment Benefit Plan

Schedule of Contributions

Fiscal Year Ending December 31,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as Percentage of Covered Payroll
2017	\$ 151,927	\$ 302,829	\$ (150,902)	\$ 10,815,242	2.8%
2018	158,005	390,034	(232,029)	11,029,053	3.5%

Note: GASB 74 was implemented in fiscal year 2017. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

Notes to Schedule of Contributions

Valuation Date Actuarially determined contribution rates are calculated as of December 31, which is 12 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	Level percent
Remaining amortization period	26 years, closed
Asset valuation method	Market value of assets
Actuarial assumptions:	
Price inflation	2.0-3.0 percent
Wage inflation	4.0 percent
Salary increases	4.3-17.0 percent
Investment rate of return	6.5 percent
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	The RP-2000 Mortality Table projected 20 years with scale BB
Healthcare trend rates	Initial trend of 9.0 percent gradually decreasing to an ultimate trend rate of 4.0 percent in year 10

CLINTON COUNTY, MICHIGAN

Required Supplementary Information Single Employer Defined Benefit Other Postemployment Benefit Plan

Schedule of Investment Returns

Fiscal Year Ended December 31,	Annual Rate of Return*
2017	11.92%
2018	-3.70%

* Annual money-weighted rate of return, net of investment expenses. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Note: GASB 74 was implemented in fiscal year 2017. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

**COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS
AND SCHEDULE**

GENERAL FUND

CLINTON COUNTY, MICHIGAN

Detailed Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund

For the Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes:				
Current and delinquent property taxes	\$ 15,010,000	\$ 15,810,000	\$ 15,942,748	\$ 132,748
Mobile home park taxes	10,000	10,000	11,580	1,580
Other tax revenue	20,000	20,000	31,847	11,847
Total taxes	15,040,000	15,840,000	15,986,175	146,175
Licenses and permits:				
Dog licenses	106,000	106,000	103,295	(2,705)
Other licenses and permits	8,500	8,500	10,510	2,010
Building and planning permits	20,000	20,000	29,115	9,115
Total licenses and permits	134,500	134,500	142,920	8,420
Intergovernmental:				
CRP - Prosecuting attorney	75,000	75,000	89,058	14,058
Employment service	68,910	75,112	74,928	(184)
Support incentive	80,000	80,000	87,575	7,575
OHSP - Planning Grant	-	16,399	16,375	(24)
Michigan drug court grant program	-	220	220	-
Swift & sure sanctions probation program	178,154	178,154	153,905	(24,249)
Liquor license	5,000	5,000	6,158	1,158
Liquor convention facility	253,519	255,121	244,321	(10,800)
State revenue sharing	650,000	1,350,000	1,362,872	12,872
Local community stabilization share appropriation	60,000	120,000	120,583	583
Victims' rights	75,212	75,420	67,916	(7,504)
Drivers license restoration	-	-	1,248	1,248
Probate court judge salary	94,195	94,195	100,570	6,375
Circuit court judge	91,448	91,448	91,448	-
District court judge	45,724	45,724	45,724	-
Probate court judge	54,795	54,795	55,913	1,118
Juvenile court director	27,317	27,317	27,317	-
District court state aid	20,000	20,000	19,367	(633)
Marine safety	4,400	4,400	3,250	(1,150)
Prosecuting attorney food stamp	-	-	112	112
Homeland security	38,717	103,732	85,316	(18,416)
PA 345	48,928	59,558	59,558	-
Court equity	175,000	175,000	206,340	31,340
Road patrol	83,018	83,018	72,651	(10,367)

continued...

CLINTON COUNTY, MICHIGAN

Detailed Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund

For the Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues (concluded)				
Intergovernmental (concluded):				
Highway safety	\$ -	\$ 22,247	\$ 22,246	\$ (1)
Emergency management	30,000	30,000	29,596	(404)
Other	15,000	15,000	32,339	17,339
Total intergovernmental	<u>2,174,337</u>	<u>3,056,860</u>	<u>3,076,906</u>	<u>20,046</u>
Charges for services:				
Sheriff	50,880	50,880	56,103	5,223
Treasurer fees	11,000	11,000	22,039	11,039
Drain commissioner	1,000	1,000	2,830	1,830
Friend of the court service fees	35,000	35,000	39,500	4,500
District court	1,450,000	1,843,000	1,798,085	(44,915)
Probation - juvenile	-	-	36	36
Clerk	135,000	135,000	124,397	(10,603)
Register of deeds	445,000	720,000	730,460	10,460
Probate court	20,000	20,000	30,526	10,526
Care of prisoners	591,000	1,111,000	1,116,139	5,139
Total charges for services	<u>2,738,880</u>	<u>3,926,880</u>	<u>3,920,115</u>	<u>(6,765)</u>
Interest and rents:				
Interest	100,000	350,000	545,412	195,412
Rents	25,600	25,600	27,090	1,490
Total interest and rents	<u>125,600</u>	<u>375,600</u>	<u>572,502</u>	<u>196,902</u>
Other:				
Contributions	10,000	10,000	8,250	(1,750)
Sale of equipment	-	-	400	400
Reimbursements - indirect costs	600,000	600,000	617,067	17,067
Reimbursements - other	301,807	537,050	533,869	(3,181)
Total other	<u>911,807</u>	<u>1,147,050</u>	<u>1,159,586</u>	<u>12,536</u>
Total revenues	<u>21,125,124</u>	<u>24,480,890</u>	<u>24,858,204</u>	<u>377,314</u>
Expenditures				
Current:				
General government:				
Board of commissioners	355,884	355,884	342,084	(13,800)
Circuit court	654,165	670,784	628,941	(41,843)
District court	1,203,787	1,203,787	1,183,415	(20,372)
Probate court	926,627	861,627	817,600	(44,027)

continued...

CLINTON COUNTY, MICHIGAN

Detailed Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund

For the Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (continued)				
Current (continued):				
General government (concluded):				
Family counseling	\$ 6,000	\$ 6,000	\$ 4,094	\$ (1,906)
Jury board	4,950	4,950	4,592	(358)
Adult probation	4,800	4,800	3,641	(1,159)
County administrator	560,497	560,497	528,150	(32,347)
Accounting	303,064	303,064	287,861	(15,203)
Elections	109,644	110,844	109,990	(854)
Clerk	509,108	534,108	523,253	(10,855)
Equalization	289,816	303,816	287,581	(16,235)
Prosecuting attorney	1,025,325	1,025,533	993,764	(31,769)
Register of deeds	194,206	144,206	104,691	(39,515)
County survey and remonumentation	48,928	59,558	59,558	-
Record copying	11,500	11,500	4,335	(7,165)
Treasurer	351,385	351,385	339,623	(11,762)
Cooperative extension	239,689	243,430	242,213	(1,217)
Courthouse and grounds	1,308,703	1,408,703	1,358,656	(50,047)
Drain commissioner	467,745	467,745	455,517	(12,228)
Soil conservation	20,000	20,000	12,000	(8,000)
Other	30,000	30,000	23,580	(6,420)
Total general government	<u>8,625,823</u>	<u>8,682,221</u>	<u>8,315,139</u>	<u>(367,082)</u>
Public safety:				
Sheriff - general	3,312,034	3,312,034	3,284,952	(27,082)
Highway safety	-	22,247	22,246	(1)
Marine safety	4,400	4,400	3,250	(1,150)
Secondary road patrol	99,191	99,191	74,085	(25,106)
Metro squad	-	26,453	26,453	-
Jail	3,725,562	3,725,562	3,685,315	(40,247)
Community corrections	6,000	6,000	-	(6,000)
Emergency services	159,397	224,412	201,275	(23,137)
Animal control	159,175	159,175	154,268	(4,907)
Total public safety	<u>7,465,759</u>	<u>7,579,474</u>	<u>7,451,844</u>	<u>(127,630)</u>
Public works:				
Drains at large	60,000	60,000	45,507	(14,493)
Department of public works	1,600	1,600	280	(1,320)
Total public works	<u>61,600</u>	<u>61,600</u>	<u>45,787</u>	<u>(15,813)</u>

continued...

CLINTON COUNTY, MICHIGAN

Detailed Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund

For the Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (continued)				
Current (continued):				
Health and welfare:				
Contagious disease	\$ 8,000	\$ 8,000	\$ 376	\$ (7,624)
Tri-county aging consortium	47,053	47,053	46,297	(756)
Building stronger community council	17,000	17,000	17,000	-
Substance abuse	126,760	128,362	128,362	-
Medical examiner	60,200	100,200	97,913	(2,287)
District health department	390,905	390,905	390,905	-
Mental health	283,881	283,881	282,684	(1,197)
Veterans affairs	36,230	36,230	31,134	(5,096)
Soldiers and Sailors	5,000	5,000	427	(4,573)
Total health and welfare	975,029	1,016,631	995,098	(21,533)
Community and economic development:				
Planning department	203,089	203,089	182,170	(20,919)
Plat board	1,395	1,395	393	(1,002)
Tri-county regional planning commission	63,920	63,920	63,077	(843)
Economic development	70,000	70,000	60,000	(10,000)
Employment services	68,910	75,112	75,111	(1)
Total community and economic development	407,314	413,516	380,751	(32,765)
Recreation and cultural:				
Parks and recreation	170,210	170,210	138,085	(32,125)
Library board	300	300	272	(28)
Historical commission	1,500	1,500	-	(1,500)
Total recreation and cultural	172,010	172,010	138,357	(33,653)
Other:				
Insurance and bonds	315,000	315,000	305,612	(9,388)
Other	442,587	406,889	5,508	(401,381)
Total other	757,587	721,889	311,120	(410,769)
Total expenditures	18,465,122	18,647,341	17,638,096	(1,009,245)
Revenues over (under) expenditures	2,660,002	5,833,549	7,220,108	1,386,559

continued...

CLINTON COUNTY, MICHIGAN

Detailed Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual - General Fund For the Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Other financing sources (uses)				
Transfers to other funds				
Friend of the court	\$ (420,000)	\$ (420,000)	\$ (420,000)	\$ -
Law library fund	(14,000)	(14,000)	(14,000)	-
MIS	(603,346)	(853,346)	(853,346)	-
Public improvement fund	(600,000)	(2,850,000)	(2,850,000)	-
County vehicles fund	(200,000)	(200,000)	(200,000)	-
Child care fund	(806,656)	(506,656)	(506,656)	-
Retirement	-	(1,000,000)	(1,000,000)	-
4-H fair	(16,000)	(16,000)	(16,000)	-
Total other financing sources (uses)	(2,660,002)	(5,860,002)	(5,860,002)	-
Net change in fund balance	-	(26,453)	1,360,106	1,386,559
Fund balance, beginning of year	15,117,750	15,117,750	15,117,750	-
Fund balance, end of year	\$ 15,117,750	\$ 15,091,297	\$ 16,477,856	\$ 1,386,559

concluded

NONMAJOR GOVERNMENTAL FUNDS

CLINTON COUNTY, MICHIGAN

Combining Balance Sheet Nonmajor Governmental Funds December 31, 2018

	Special Revenue Funds			
	Friend of the Court	Waste Management	Register of Deeds Automation	Corrections Training
Assets				
Cash and cash equivalents	\$ 373,318	\$ 885,532	\$ 198,117	\$ 60,223
Receivables:				
Accounts	-	30,604	-	-
Due from other governmental units	209,798	-	-	-
Due from other funds	-	-	-	-
Total assets	<u>\$ 583,116</u>	<u>\$ 916,136</u>	<u>\$ 198,117</u>	<u>\$ 60,223</u>
Liabilities				
Accounts payable	\$ 102	\$ 6,770	\$ 1,095	\$ -
Accrued liabilities	13,695	2,804	-	-
Due to other funds	1,575	315	-	-
Unearned revenue	-	-	-	-
Advance from other funds	90,000	-	-	-
Total liabilities	<u>105,372</u>	<u>9,889</u>	<u>1,095</u>	<u>-</u>
Fund balances				
Restricted	-	906,247	197,022	60,223
Assigned	477,744	-	-	-
Total fund balances	<u>477,744</u>	<u>906,247</u>	<u>197,022</u>	<u>60,223</u>
Total liabilities and fund balances	<u>\$ 583,116</u>	<u>\$ 916,136</u>	<u>\$ 198,117</u>	<u>\$ 60,223</u>



Special Revenue Funds					
Drug Forfeiture	Law Library	County Library	Probation Enhancement	Act 302 Training	Child Care
\$ 21,416	\$ 65,427	\$ -	\$ 55,510	\$ 8,937	\$ 772,764
-	-	-	-	-	-
2,685	-	-	-	-	117,900
-	-	-	-	-	1,116,792
<u>\$ 24,101</u>	<u>\$ 65,427</u>	<u>\$ -</u>	<u>\$ 55,510</u>	<u>\$ 8,937</u>	<u>\$ 2,007,456</u>
\$ 345	\$ -	\$ -	\$ -	\$ -	\$ 41,645
-	-	-	-	-	11,952
-	-	-	-	-	1,438
-	-	-	-	-	-
-	-	-	-	-	-
<u>345</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>55,035</u>
23,756	65,427	-	-	8,937	1,952,421
-	-	-	55,510	-	-
<u>23,756</u>	<u>65,427</u>	<u>-</u>	<u>55,510</u>	<u>8,937</u>	<u>1,952,421</u>
<u>\$ 24,101</u>	<u>\$ 65,427</u>	<u>\$ -</u>	<u>\$ 55,510</u>	<u>\$ 8,937</u>	<u>\$ 2,007,456</u>

continued...

CLINTON COUNTY, MICHIGAN

Combining Balance Sheet Nonmajor Governmental Funds December 31, 2018

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Homestead Property Tax Exemption	Concealed Pistol Licensing	Indigent Defense	
Assets				
Cash and cash equivalents	\$ 4,182	\$ 116,970	\$ 330,108	\$ 2,892,504
Receivables:				
Accounts	-	-	-	30,604
Due from other governmental units	-	-	-	330,383
Due from other funds	-	-	-	1,116,792
Total assets	<u>\$ 4,182</u>	<u>\$ 116,970</u>	<u>\$ 330,108</u>	<u>\$ 4,370,283</u>
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ 49,957
Accrued liabilities	-	68	-	28,519
Due to other funds	-	7	-	3,335
Unearned revenue	-	-	330,108	330,108
Advance from other funds	-	-	-	90,000
Total liabilities	<u>-</u>	<u>75</u>	<u>330,108</u>	<u>501,919</u>
Fund balance				
Restricted	4,182	116,895	-	3,335,110
Assigned	-	-	-	533,254
Total fund balances	<u>4,182</u>	<u>116,895</u>	<u>-</u>	<u>3,868,364</u>
Total liabilities and fund balances	<u>\$ 4,182</u>	<u>\$ 116,970</u>	<u>\$ 330,108</u>	<u>\$ 4,370,283</u>

concluded

CLINTON COUNTY, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds For the Year Ended December 31, 2018

	Special Revenue Funds			
	Friend of the Court	Waste Management	Register of Deeds Automation	Corrections Training
Revenues				
License and permits	\$ -	\$ -	\$ -	\$ -
Intergovernmental - Federal/State	560,171	-	-	-
Charges for services	21,967	438,881	62,895	6,609
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	324	-
Other	-	-	-	-
Total revenues	582,138	438,881	63,219	6,609
Expenditures				
Current:				
General government	939,436	-	63,984	-
Public safety	-	-	-	-
Public works	-	363,677	-	-
Health and welfare	-	-	-	-
Recreation and cultural	-	-	-	-
Total expenditures	939,436	363,677	63,984	-
Revenues over (under) expenditures	(357,298)	75,204	(765)	6,609
Other financing sources				
Transfers in	420,000	-	-	-
Net change in fund balances	62,702	75,204	(765)	6,609
Fund balances, beginning of year	415,042	831,043	197,787	53,614
Fund balances, end of year	\$ 477,744	\$ 906,247	\$ 197,022	\$ 60,223

Special Revenue Funds					
Drug Forfeiture	Law Library	County Library	Probation Enhancement	Act 302 Training	Child Care
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2,685	-	-	-	5,110	492,682
-	-	-	-	-	2,784
5,430	6,500	3,133	4,941	-	-
12	-	-	-	-	-
-	-	-	-	-	-
<u>8,127</u>	<u>6,500</u>	<u>3,133</u>	<u>4,941</u>	<u>5,110</u>	<u>495,466</u>
-	16,594	-	-	-	-
10,384	-	-	300	5,665	-
-	-	-	-	-	-
-	-	-	-	-	916,997
-	-	3,133	-	-	-
<u>10,384</u>	<u>16,594</u>	<u>3,133</u>	<u>300</u>	<u>5,665</u>	<u>916,997</u>
(2,257)	(10,094)	-	4,641	(555)	(421,531)
-	14,000	-	-	-	506,656
(2,257)	3,906	-	4,641	(555)	85,125
<u>26,013</u>	<u>61,521</u>	<u>-</u>	<u>50,869</u>	<u>9,492</u>	<u>1,867,296</u>
<u>\$ 23,756</u>	<u>\$ 65,427</u>	<u>\$ -</u>	<u>\$ 55,510</u>	<u>\$ 8,937</u>	<u>\$ 1,952,421</u>

continued...

CLINTON COUNTY, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds For the Year Ended December 31, 2018

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Homestead Property Tax Exemption	Concealed Pistol Licensing	Indigent Defense	
Revenues				
License and permits	\$ -	\$ 45,632	\$ -	\$ 45,632
Intergovernmental - Federal/State	-	-	-	1,060,648
Charges for services	-	-	-	533,136
Fines and forfeitures	-	-	-	20,004
Interest and rents	-	-	-	336
Other	722	-	-	722
Total revenues	722	45,632	-	1,660,478
Expenditures				
Current:				
General government	2,818	9,934	-	1,032,766
Public safety	-	-	-	16,349
Public works	-	-	-	363,677
Health and welfare	-	-	-	916,997
Recreation and cultural	-	-	-	3,133
Total expenditures	2,818	9,934	-	2,332,922
Revenues over (under) expenditures	(2,096)	35,698	-	(672,444)
Other financing sources				
Transfers in	-	-	-	940,656
Net change in fund balances	(2,096)	35,698	-	268,212
Fund balances, beginning of year	6,278	81,197	-	3,600,152
Fund balances, end of year	\$ 4,182	\$ 116,895	\$ -	\$ 3,868,364

concluded

NONMAJOR ENTERPRISE FUNDS

CLINTON COUNTY, MICHIGAN

Combining Statement of Net Position Nonmajor Enterprise Funds December 31, 2018

	Jail Commissary	Building Department	County Extension Community Center	Total
Assets				
Cash and cash equivalents	\$ 150,001	\$ 1,135,466	\$ 51,626	\$ 1,337,093
Accounts receivable	6,189	3,550	-	9,739
Inventory	242	-	-	242
Capital assets, being depreciated	-	40,914	-	40,914
Total assets	156,432	1,179,930	51,626	1,387,988
Liabilities				
Accounts payable	797	4,163	254	5,214
Accrued liabilities	-	15,162	1,000	16,162
Due to other funds	-	500	-	500
Total liabilities	797	19,825	1,254	21,876
Net position				
Investment in capital assets	-	40,914	-	40,914
Unrestricted	155,635	1,119,191	50,372	1,325,198
Total net position	\$ 155,635	\$ 1,160,105	\$ 50,372	\$ 1,366,112

CLINTON COUNTY, MICHIGAN

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position Nonmajor Enterprise Funds For the Year Ended December 31, 2018

	Jail Commissary	Building Department	County Extension Community Center	Total
Operating revenues				
Charges for services	\$ -	\$ 606,152	\$ -	\$ 606,152
Sales	366,935	-	-	366,935
Rent	-	-	7,115	7,115
Other	37,953	529	1,807	40,289
Total operating revenues	404,888	606,681	8,922	1,020,491
Operating expenses				
Personnel services and fringes	-	265,628	-	265,628
Supplies	373,781	6,491	24,527	404,799
Contracted services	-	80,620	-	80,620
Depreciation	-	22,174	-	22,174
Other	-	60,157	-	60,157
Total operating expenses	373,781	435,070	24,527	833,378
Operating income (loss)	31,107	171,611	(15,605)	187,113
Nonoperating revenues				
Interest revenue	29	-	-	29
Transfers				
Transfers in	-	-	16,000	16,000
Change in net position	31,136	171,611	395	203,142
Net position, beginning of year	124,499	988,494	49,977	1,162,970
Net position, end of year	\$ 155,635	\$ 1,160,105	\$ 50,372	\$ 1,366,112

CLINTON COUNTY, MICHIGAN

Combining Statement of Cash Flows Nonmajor Enterprise Funds For the Year Ended December 31, 2018

	Jail Commissary	Building Department	County Extension Community Center	Total
Cash flows from operating activities				
Receipts from customers and users	\$ 403,313	\$ 609,934	\$ 8,922	\$ 1,022,169
Payments to vendors	(372,905)	(154,911)	(25,119)	(552,935)
Payment for personnel services and fringes	-	(260,767)	-	(260,767)
	<u>30,408</u>	<u>194,256</u>	<u>(16,197)</u>	<u>208,467</u>
Net cash provided by (used in) operating activities				
Cash flows from noncapital financing activities				
Transfers in	-	-	16,000	16,000
Cash flows from investing activities				
Interest received	29	-	-	29
	<u>30,437</u>	<u>194,256</u>	<u>(197)</u>	<u>224,496</u>
Net increase in cash and cash equivalents				
Cash and cash equivalents, beginning of year	119,564	941,210	51,823	1,112,597
	<u>\$ 150,001</u>	<u>\$ 1,135,466</u>	<u>\$ 51,626</u>	<u>\$ 1,337,093</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Operating income (loss)	\$ 31,107	\$ 171,611	\$ (15,605)	\$ 187,113
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	-	22,174	-	22,174
Change in operating assets and liabilities that provided (used) cash:				
Accounts receivable	(1,575)	3,130	-	1,555
Inventory	515	-	-	515
Accounts payable	361	(7,643)	8	(7,274)
Accrued liabilities	-	4,861	(600)	4,261
Due to other funds	-	123	-	123
	<u>30,408</u>	<u>194,256</u>	<u>(16,197)</u>	<u>208,467</u>
Net cash provided by (used in) operating activities				

INTERNAL SERVICE FUNDS

CLINTON COUNTY, MICHIGAN

Combining Statement of Net Position

Internal Service Funds

December 31, 2018

	Central Stores	Central Telephone	MIS	Drain Equipment Revolving
Assets				
Cash and cash equivalents	\$ 14,920	\$ 220,848	\$ 2,434,947	\$ 54,422
Investments	-	-	-	-
Interest receivable	-	-	-	-
Inventory	11,760	-	-	-
Due from other governmental units	-	-	-	-
Due from other funds	-	-	-	-
Capital assets, being depreciated	-	83,184	694,916	86,326
Total assets	26,680	304,032	3,129,863	140,748
Liabilities				
Accounts payable	-	283	14,771	965
Accrued liabilities	-	-	5,981	-
Advances from other funds	25,000	-	-	10,000
Due to other funds	-	-	710	2,185
Long-term liabilities:				
Due within one year	-	-	27,559	-
Due in more than one year	-	-	21,653	-
Total liabilities	25,000	283	70,674	13,150
Net position				
Investment in capital assets	-	83,184	694,916	86,326
Restricted for employee benefits	-	-	-	-
Unrestricted	1,680	220,565	2,364,273	41,272
Total net position	\$ 1,680	\$ 303,749	\$ 3,059,189	\$ 127,598

County Vehicles	Employee Retirement	Insurance	Unemployment	Workers Compensation	Total
\$ 802,324	\$ 560,189	\$ 747,761	\$ 175,532	\$ 349,278	\$ 5,360,221
-	513,496	1,777,381	-	-	2,290,877
-	1,631	4,298	-	-	5,929
-	-	-	-	-	11,760
40,397	-	-	-	-	40,397
-	24,038	6,923	461	2,065	33,487
612,877	-	-	-	-	1,477,303
1,455,598	1,099,354	2,536,363	175,993	351,343	9,219,974
-	82,209	2,139	4,506	-	104,873
-	-	2,039	-	-	8,020
-	-	-	-	-	35,000
-	-	142	-	-	3,037
-	-	824	-	-	28,383
-	-	-	-	-	21,653
-	82,209	5,144	4,506	-	200,966
612,877	-	-	-	-	1,477,303
-	1,017,145	2,531,219	171,487	351,343	4,071,194
842,721	-	-	-	-	3,470,511
\$ 1,455,598	\$ 1,017,145	\$ 2,531,219	\$ 171,487	\$ 351,343	\$ 9,019,008

CLINTON COUNTY, MICHIGAN

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position Internal Service Funds For the Year Ended December 31, 2018

	Central Stores	Central Telephone	MIS	Drain Equipment Revolving
Operating revenues				
Charges for services	\$ 57,773	\$ 36,835	\$ 1,072	\$ 42,427
Intergovernmental - Federal/State	-	-	161,669	-
Other	-	-	-	-
Total operating revenues	57,773	36,835	162,741	42,427
Operating expenses				
Personnel services and fringes	-	-	326,395	-
Supplies	57,773	-	3,948	-
Contracted services	-	-	93,884	-
Depreciation	-	22,337	139,832	13,620
Other	-	30,244	166,700	51,587
Total operating expenses	57,773	52,581	730,759	65,207
Operating income (loss)	-	(15,746)	(568,018)	(22,780)
Nonoperating revenues				
Interest revenue	-	-	-	-
Gain (loss) on sale of capital assets	-	-	-	-
Total nonoperating revenues	-	-	-	-
Income (loss) before transfers	-	(15,746)	(568,018)	(22,780)
Transfers				
Transfers in	-	-	853,346	-
Change in net position	-	(15,746)	285,328	(22,780)
Net position, beginning of year	1,680	319,495	2,773,861	150,378
Net position, end of year	\$ 1,680	\$ 303,749	\$ 3,059,189	\$ 127,598

County Vehicles	Employee Retirement	Insurance	Unemployment	Workers Compensation	Total
\$ -	\$ 1,491,687	\$ 2,194,733	\$ -	\$ -	\$ 3,824,527
-	-	-	-	-	161,669
969	-	-	20,710	190,362	212,041
969	1,491,687	2,194,733	20,710	190,362	4,198,237
-	2,371,394	2,006,686	4,506	145,429	4,854,410
-	-	-	-	-	61,721
-	-	-	-	-	93,884
151,496	-	-	-	-	327,285
28,399	-	26,195	-	-	303,125
179,895	2,371,394	2,032,881	4,506	145,429	5,640,425
(178,926)	(879,707)	161,852	16,204	44,933	(1,442,188)
-	9,769	17,919	373	598	28,659
27,525	-	-	-	-	27,525
27,525	9,769	17,919	373	598	56,184
(151,401)	(869,938)	179,771	16,577	45,531	(1,386,004)
200,000	1,000,000	-	-	-	2,053,346
48,599	130,062	179,771	16,577	45,531	667,342
1,406,999	887,083	2,351,448	154,910	305,812	8,351,666
\$ 1,455,598	\$ 1,017,145	\$ 2,531,219	\$ 171,487	\$ 351,343	\$ 9,019,008

CLINTON COUNTY, MICHIGAN

Combining Statement of Cash Flows Internal Service Funds For the Year Ended December 31, 2018

	Central Stores	Central Telephone	MIS	Drain Equipment Revolving
Cash flows from operating activities				
Receipts from customers and users	\$ 57,773	\$ 36,835	\$ 162,741	\$ 42,427
Payments to vendors	(57,925)	(36,017)	(247,709)	(72,730)
Payments for personnel services and fringes	-	-	(326,395)	-
Net cash provided by (used in) operating activities	(152)	818	(411,363)	(30,303)
Cash flows from capital and related financing activities				
Proceeds from sale of capital assets	-	-	-	-
Capital asset purchases	-	-	(371,377)	-
Net cash provided by (used in) capital and related financing activities	-	-	(371,377)	-
Cash flows from noncapital financing activities				
Transfers in	-	-	853,346	-
Cash flows from investing activities				
Purchase of investments	-	-	-	-
Sales and maturity of investments	-	-	-	-
Interest received	-	-	-	-
Net cash provided by (used in) investing activities	-	-	-	-
Net increase (decrease) in cash and cash equivalents	(152)	818	70,606	(30,303)
Cash and cash equivalents, beginning of year	15,072	220,030	2,364,341	84,725
Cash and cash equivalents, end of year	\$ 14,920	\$ 220,848	\$ 2,434,947	\$ 54,422

County Vehicles	Employee Retirement	Insurance	Unemployment	Workers Compensation	Total
\$ (39,428)	\$ 1,493,853	\$ 2,191,058	\$ 20,644	\$ 190,070	\$ 4,155,973
(28,399)	-	(25,340)	-	-	(468,120)
-	(2,485,007)	(2,006,686)	-	(145,429)	(4,963,517)
(67,827)	(991,154)	159,032	20,644	44,641	(1,275,664)
39,427	-	-	-	-	39,427
(259,126)	-	-	-	-	(630,503)
(219,699)	-	-	-	-	(591,076)
200,000	1,000,000	-	-	-	2,053,346
-	(513,496)	(1,777,381)	-	-	(2,290,877)
-	504,251	1,014,661	-	-	1,518,912
-	9,769	17,919	373	598	28,659
-	524	(744,801)	373	598	(743,306)
(87,526)	9,370	(585,769)	21,017	45,239	(556,700)
889,850	550,819	1,333,530	154,515	304,039	5,916,921
\$ 802,324	\$ 560,189	\$ 747,761	\$ 175,532	\$ 349,278	\$ 5,360,221

continued...

CLINTON COUNTY, MICHIGAN

Combining Statement of Cash Flows

Internal Service Funds
For the Year Ended December 31, 2018

	Central Stores	Central Telephone	MIS	Drain Equipment Revolving
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Operating income (loss)	\$ -	\$ (15,746)	\$ (568,018)	\$ (22,780)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	-	22,337	139,832	13,620
Change in operating assets and liabilities that provided (used) cash:				
Accounts receivable	-	-	-	-
Inventory	(152)	-	-	-
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
Accounts payable	-	(5,773)	8,090	(213)
Accrued liabilities	-	-	8,704	-
Due to other funds	-	-	29	(20,930)
Net cash provided by (used in) operating activities	<u>\$ (152)</u>	<u>\$ 818</u>	<u>\$ (411,363)</u>	<u>\$ (30,303)</u>



County Vehicles	Employee Retirement	Insurance	Unemployment	Workers Compensation	Total
\$ (178,926)	\$ (879,707)	\$ 161,852	\$ 16,204	\$ 44,933	\$ (1,442,188)
151,496	-	-	-	-	327,285
-	673	(2,675)	-	-	(2,002)
-	-	-	-	-	(152)
(40,397)	-	-	-	-	(40,397)
-	1,493	(1,000)	(66)	(292)	135
-	(113,613)	(371)	4,506	-	(107,374)
-	-	1,235	-	-	9,939
-	-	(9)	-	-	(20,910)
<u>\$ (67,827)</u>	<u>\$ (991,154)</u>	<u>\$ 159,032</u>	<u>\$ 20,644</u>	<u>\$ 44,641</u>	<u>\$ (1,275,664)</u>

concluded

AGENCY FUNDS

CLINTON COUNTY, MICHIGAN

Combining Statement of Fiduciary Assets and Liabilities Agency Funds December 31, 2018

	Trust and Agency	Library	Total
Assets			
Cash and cash equivalents	\$ 823,276	\$ 243,500	\$ 1,066,776
Liabilities			
Undistributed collections payable	\$ 89,941	\$ -	\$ 89,941
Due to other governmental units:			
Federal/State	244,427	-	244,427
Local	-	243,500	243,500
Due to individuals and agencies	488,908	-	488,908
Total liabilities	\$ 823,276	\$ 243,500	\$ 1,066,776

COMPONENT UNITS

CLINTON COUNTY, MICHIGAN

Combining Balance Sheet

Drainage Districts Component Unit

December 31, 2018

	Debt Service	Capital Projects			Total
	Drain Debt Retirement	Regular Drain	Revolving Drain	Revolving Drain Maintenance	
Assets					
Cash and cash equivalents	\$ 232,701	\$ 388,641	\$ 113,023	\$ 22,507	\$ 756,872
Investments	-	1,250,000	-	-	1,250,000
Accrued interest receivable	-	8,390	-	-	8,390
Accounts receivable	4,429	75,427	-	-	79,856
Restricted cash and cash equivalents	57,614	-	-	-	57,614
Special assessments receivable	2,046,168	575,607	-	-	2,621,775
Due from other funds	-	-	146,895	20,942	167,837
Total assets	\$ 2,340,912	\$ 2,298,065	\$ 259,918	\$ 43,449	\$ 4,942,344
Liabilities					
Accounts payable	\$ -	\$ 64,613	\$ 9,918	\$ -	\$ 74,531
Accrued liabilities	949	5,000	-	-	5,949
Due to other funds	-	167,837	-	-	167,837
Advances from primary government	-	-	250,000	-	250,000
Total liabilities	949	237,450	259,918	-	498,317
Deferred inflows of resources					
Unavailable revenue - special assessments	1,860,433	-	-	-	1,860,433
Fund balances					
Restricted for debt service	479,530	-	-	-	479,530
Assigned for capital expenditures	-	2,060,615	-	43,449	2,104,064
Total fund balances	479,530	2,060,615	-	43,449	2,583,594
Total liabilities, deferred inflows of resources and fund balances	\$ 2,340,912	\$ 2,298,065	\$ 259,918	\$ 43,449	\$ 4,942,344

CLINTON COUNTY, MICHIGAN

Reconciliation

Fund Balances of Governmental Funds
to Net Position of Governmental Activities - Drainage Districts Component Unit
December 31, 2018

Fund balances - Drainage Districts component unit	\$ 2,583,594
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 are not reported as assets in the governmental funds.	
Capital assets not being depreciated	354,498
Capital assets being depreciated, net	22,852,351
Long-term receivables are not available to pay for current period expenditures and therefore are offset with deferred inflows of resources in the fund statements.	
Unavailable revenue - special assessments	1,860,433
Certain liabilities, such as bonds payable, are not due and payable in the current period, and therefore are not reported in the funds.	
Accrued interest payable	(17,584)
Bonds and notes payable	<u>(2,095,542)</u>
Net position of governmental activities - Drainage Districts component unit	<u>\$ 25,537,750</u>

CLINTON COUNTY, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Drainage Districts Component Unit For the Year Ended December 31, 2018

	Debt Service	Capital Project			Total
	Drain Debt Retirement	Regular Drain	Revolving Drain	Revolving Drain Maintenance	
Revenues					
Intergovernmental - Federal/State	\$ -	\$ 541,953	\$ -	\$ -	\$ 541,953
Charges for services	-	33,096	-	-	33,096
Interest	411	19,690	-	990	21,091
Special assessments	361,855	683,742	-	-	1,045,597
Miscellaneous	-	34,360	-	-	34,360
Total revenues	362,266	1,312,841	-	990	1,676,097
Expenditures					
Capital outlay	-	1,661,662	-	-	1,661,662
Debt service:					
Principal	360,558	-	-	-	360,558
Interest and fiscal charges	40,873	-	-	-	40,873
Total expenditures	401,431	1,661,662	-	-	2,063,093
Revenues over (under) expenditures	(39,165)	(348,821)	-	990	(386,996)
Other financing sources (uses)					
Transfer in	226,574	10,100	-	-	236,674
Transfer out	(10,100)	(226,574)	-	-	(236,674)
Bond and note proceeds	-	281,000	-	-	281,000
Total other financing sources (uses)	216,474	64,526	-	-	281,000
Change in fund balances	177,309	(284,295)	-	990	(105,996)
Fund balances, beginning of year	302,221	2,344,910	-	42,459	2,689,590
Fund balances, end of year	\$ 479,530	\$ 2,060,615	\$ -	\$ 43,449	\$ 2,583,594

CLINTON COUNTY, MICHIGAN

Reconciliation

Net Changes in Fund Balances of Governmental Funds
to Change in Net Position of Governmental Activities - Drainage Districts Component Unit
For the Year Ended December 31, 2018

Net change in fund balances - Drainage Districts component unit \$ (105,996)

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

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital assets purchased/constructed	1,717,612
Depreciation expense	(355,767)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Change in unavailable revenue - special assessments	(233,815)
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Repayment of long-term debt and borrowing of long-term debt is reported as expenditures and other financing sources in governmental funds, but the repayment reduces long-term liabilities and the borrowings increase long-term liabilities in the statement of net position. In the current year, these amounts consist of:

Long-term debt proceeds	(281,000)
Bond and note principal payments	360,558

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

These activities consist of:

Change in accrued interest payable	(1,138)
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Change in net position of governmental activities - Drainage Districts component unit	<u>\$ 1,100,454</u>
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CLINTON COUNTY, MICHIGAN

Combining Balance Sheet Department of Public Works Component Unit December 31, 2018

	Debt Service		Total
	Bingham Township #14	Watertown Charter #15	
Assets			
Lease receivable	\$ 161,319	\$ -	\$ 161,319
Deferred inflows of resources			
Unavailable revenue - lease receivables	\$ 161,319	\$ -	\$ 161,319

CLINTON COUNTY, MICHIGAN

Reconciliation

Fund Balances of Governmental Funds to Net Position
of Governmental Activities - Department of Public Works Component Unit
December 31, 2018

Total fund balances - Department of Public Works component unit \$ -

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

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

Deferred lease receivables 161,319

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.

Long-term liabilities at year-end consist of:

Accrued interest payable (1,319)
Bonds payable (160,000)

Net position of governmental activities - Department of Public Works component unit \$ -

CLINTON COUNTY, MICHIGAN

Combining Statement of Revenue, Expenditures and Changes in Fund Balances
 Department of Public Works Component Unit
 For the Year Ended December 31, 2018

	Debt Service		Total
	Bingham Township #14	Watertown Charter #15	
Revenue			
Intergovernmental - local	\$ 172,750	\$ 185,970	\$ 358,720
Expenditures			
Debt service:			
Principal	160,000	180,000	340,000
Interest and fiscal charges	12,750	5,970	18,720
Total expenditures	172,750	185,970	358,720
Change in fund balances	-	-	-
Fund balances, beginning of year	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ -

CLINTON COUNTY, MICHIGAN

Reconciliation

Net Changes in Fund Balances of Governmental Funds to Change in Net Position
of Governmental Activities - Department of Public Works Component Unit
For the Year Ended December 31, 2018

Net change in fund balances - Department of Public Works component unit	\$	-
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:		
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but rather are deferred to the following fiscal year.		
Net change in deferred lease receivables		(344,789)
Repayment of long-term debt and borrowing of long-term debt is reported as expenditures and other financing sources in governmental funds, but the repayment reduces long-term liabilities and the borrowings increase long-term liabilities in the statement of net position. In the current year, these amounts consist of:		
Bond principal retirement		340,000
Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as revenues or expenditures in governmental funds. These activities consist of:		
Decrease in accrued interest payable		<u>4,789</u>
Change in net position of governmental activities - Department of Public Works component unit	<u>\$</u>	<u>-</u>