

Clinton County, Michigan
FINANCIAL STATEMENTS
December 31, 2002

Clinton County, Michigan

December 31, 2002

BOARD OF COMMISSIONERS

John Arehart	Chairperson
Sara Clark-Pierson	Vice-Chairperson
Larry Martin	Commissioner
Mary Rademacher	Commissioner
Russel Bauerle	Commissioner
Robert Showers	Commissioner
Virginia Zeeb	Commissioner

ADMINISTRATION AND OTHER ELECTED OFFICIALS

Ryan Wood	Administrator
Tina Ward	Treasurer
Diane Zuker	Clerk
Carol Wooley	Register of Deeds
Thomas O'Bryant	Drain Commissioner
Charles Sherman	Prosecuting Attorney
Wayne Kangas	Sheriff
Marvin Robertson	Probate Court Judge
Richard Wells	District Court Judge
Randy Tahvonen	Circuit Court Judge
Jeffrey Martlew	Circuit Court Judge

Clinton County, Michigan

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ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

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Public Accountants
and
Michigan Association of
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
of Clinton County
St. Johns, Michigan

We have audited the accompanying general purpose financial statements of Clinton County, Michigan as of and for the year ended December 31, 2002, as listed in the Table of Contents. These general purpose financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The financial statements referred to above do not include financial activities of the Clinton County Road Commission (Component Unit Fund), which should be included to conform with accounting principles generally accepted in the United States of America. If the omitted component units had been included, based on unaudited information, the assets and revenues of the Component Unit Fund Types would have increased by \$38,480,975 and \$14,129,265, respectively. There would have been a decrease in the excess of revenues over expenditures in the Component Unit Fund Types for the year of \$393,154 and the Component Unit Fund Types fund equity would have increased by \$2,350,596.

In our opinion, except for the effect on the financial statements of the omission described in the preceding paragraph, the general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Clinton County, Michigan as of December 31, 2002, and the results of its operations and cash flows of its proprietary and similar trust fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated March 6, 2003, on our consideration of Clinton County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund statements listed in the Table of Contents under Supplemental Financial Information are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of Clinton County, Michigan. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

Abraham & Gaffney, P.C.

ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

March 6, 2003

GENERAL PURPOSE FINANCIAL STATEMENTS

Clinton County, Michigan

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

December 31, 2002

	Primary				
	Governmental Fund Types				Proprietary
	General	Special Revenue	Debt Service	Capital Project (Jail Construction)	Enterprise
ASSETS					
Cash and cash equivalents	\$ 1,150,808	\$ 2,356,993	\$ 1,867,691	\$ 62,416	\$ 4,090,319
Investments	3,345,635	-	505,104	-	5,512,495
Inventory	-	-	-	-	7,346
Receivables					
Taxes					
Current	9,151,176	-	-	-	-
Delinquent	26,805	158	-	-	1,104,682
Accounts	34,558	126,450	-	-	1,080
Interest	29,562	-	4,083	-	38,539
Special assessments	-	-	-	-	-
Due from other funds	83,793	100,000	-	-	-
Due from other governmental units					
Federal/State	349,124	270,593	-	-	-
Local	263,986	-	-	-	-
Fixed assets (net of accumulated depreciation)	-	-	-	-	8,100
Advances to other funds	125,000	-	-	-	150,000
Advances to component units	130,000	-	-	-	-
Amount available in debt service funds	-	-	-	-	-
Amount to be provided for retirement of general long-term debt	-	-	-	-	-
TOTAL ASSETS	\$ 14,690,447	\$ 2,854,194	\$ 2,376,878	\$ 62,416	\$ 10,912,561

See accompanying notes to general purpose financial statements.

Government

Fund Types	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)	Component Units	Reporting Entity Totals (Memorandum Only)
Internal Service	Trust and Agency	General Long-term Debt	General Fixed Assets			
\$ 1,963,785	\$ 4,481,594	\$ -	\$ -	\$ 15,973,606	\$ 532,393	\$ 16,505,999
1,222,489	3,850	-	-	10,589,573	1,512,668	12,102,241
11,838	-	-	-	19,184	-	19,184
-	-	-	-	9,151,176	-	9,151,176
-	-	-	-	1,131,645	-	1,131,645
21,328	-	-	-	183,416	13,062	196,478
5,727	-	-	-	77,911	4,869	82,780
-	-	-	-	-0-	3,829,080	3,829,080
42,822	-	-	-	226,615	143,741	370,356
-	-	-	-	619,717	-	619,717
-	-	-	-	263,986	-	263,986
877,467	-	-	25,818,087	26,703,654	-	26,703,654
3,000	-	-	-	278,000	-	278,000
-	-	-	-	130,000	-	130,000
-	-	2,376,878	-	2,376,878	651,470	3,028,348
-	-	14,115,158	-	14,115,158	10,264,080	24,379,238
<u>\$ 4,148,456</u>	<u>\$ 4,485,444</u>	<u>\$ 16,492,036</u>	<u>\$ 25,818,087</u>	<u>\$ 81,840,519</u>	<u>\$ 16,951,363</u>	<u>\$ 98,791,882</u>

Clinton County, Michigan

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS - CONTINUED

December 31, 2002

	Primary				
	Governmental Fund Types				Proprietary
	General	Special Revenue	Debt Service	Capital Project (Jail Construction)	Enterprise
LIABILITIES AND FUND EQUITY					
LIABILITIES					
Accounts payable	\$ 191,874	\$ 170,228	\$ -	\$ 85,642	\$ 11,075
Undistributed collections payable	-	-	-	-	-
Accrued liabilities	310,402	47,528	-	-	3,037
Due to other funds	36,815	50,630	-	100,000	-
Due to individuals and agencies	-	-	-	-	-
Due to other governmental units					
Federal/State	-	-	-	-	-
Local	-	-	-	-	-
Bonds and notes payable	-	-	-	-	-
Deferred revenue	9,151,176	-	-	-	-
Advances from other funds	-	243,000	-	-	-
Advances from primary government	-	-	-	-	-
TOTAL LIABILITIES	9,690,267	511,386	-0-	185,642	14,112
FUND EQUITY (DEFICITS)					
Investment in fixed assets	-	-	-	-	-
Retained earnings					
Reserved for employee benefits	-	-	-	-	-
Reserved for potential loss	-	-	-	-	-
Designated for County projects	-	-	-	-	10,445,000
Unreserved - undesignated	-	-	-	-	453,449
Fund balances (deficits)					
Reserved for					
Advances to other funds and component units	255,000	-	-	-	-
Planning and economic development	75,000	-	-	-	-
Family counseling	9,517	-	-	-	-
Sick and vacation payable	992,036	-	-	-	-
Debt service	750,000	-	2,376,878	-	-
Retro pay	100,000	-	-	-	-
Trust activities	-	-	-	-	-
Unreserved					
Designated for capital expenditures	-	-	-	-	-
Designated for building improvements	-	1,107,500	-	-	-
Undesignated	2,818,627	1,235,308	-	(123,226)	-
TOTAL FUND EQUITY (DEFICITS)	5,000,180	2,342,808	2,376,878	(123,226)	10,898,449
TOTAL LIABILITIES AND FUND EQUITY	\$ 14,690,447	\$ 2,854,194	\$ 2,376,878	\$ 62,416	\$ 10,912,561

See accompanying notes to general purpose financial statements.

Government

Fund Types	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)	Component Units	Reporting Entity Totals (Memorandum Only)
Internal Service	Trust and Agency	General Long-term Debt	General Fixed Assets			
\$ 184,258	\$ -	\$ -	\$ -	\$ 643,077	\$ 84,805	\$ 727,882
-	1,901,689	-	-	1,901,689	-	1,901,689
7,663	-	992,036	-	1,360,666	38,687	1,399,353
39,170	-	-	-	226,615	143,741	370,356
-	469,980	-	-	469,980	-	469,980
-	185,774	-	-	185,774	-	185,774
-	202,874	-	-	202,874	-	202,874
-	-	15,500,000	-	15,500,000	11,109,750	26,609,750
-	-	-	-	9,151,176	2,913,349	12,064,525
35,000	-	-	-	278,000	-	278,000
-	-	-	-	-0-	130,000	130,000
266,091	2,760,317	16,492,036	-0-	29,919,851	14,420,332	44,340,183
-	-	-	25,818,087	25,818,087	-	25,818,087
193,995	-	-	-	193,995	-	193,995
1,740,978	-	-	-	1,740,978	-	1,740,978
-	-	-	-	10,445,000	-	10,445,000
1,947,392	-	-	-	2,400,841	-	2,400,841
-	-	-	-	255,000	-	255,000
-	-	-	-	75,000	-	75,000
-	-	-	-	9,517	-	9,517
-	-	-	-	992,036	-	992,036
-	-	-	-	3,126,878	651,470	3,778,348
-	-	-	-	100,000	-	100,000
-	1,725,127	-	-	1,725,127	-	1,725,127
-	-	-	-	-0-	1,879,561	1,879,561
-	-	-	-	1,107,500	-	1,107,500
-	-	-	-	3,930,709	-	3,930,709
3,882,365	1,725,127	-0-	25,818,087	51,920,668	2,531,031	54,451,699
<u>\$ 4,148,456</u>	<u>\$ 4,485,444</u>	<u>\$ 16,492,036</u>	<u>\$ 25,818,087</u>	<u>\$ 81,840,519</u>	<u>\$ 16,951,363</u>	<u>\$ 98,791,882</u>

Clinton County, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - ALL GOVERNMENTAL AND EXPENDABLE TRUST FUND TYPES

For the Year Ended December 31, 2002

	<u>Primary</u>	
	<u>Governmental</u>	
	<u>General</u>	<u>Special Revenue</u>
REVENUES		
Taxes	\$ 8,465,806	\$ -
Licenses and permits	521,081	-
Intergovernmental	2,841,782	831,970
Charges for services	3,766,259	1,793,429
Fines and forfeits	-	19,016
Interest and rents	340,360	4,432
Other	836,960	4,236
	<u>16,772,248</u>	<u>2,653,083</u>
TOTAL REVENUES		
EXPENDITURES		
Current		
Legislative	243,409	-
Judicial	2,175,144	800,158
General government	4,057,206	-
Public safety	4,554,788	931,430
Public works	52,000	357,072
Health and welfare	875,121	525,634
Community and economic development	709,656	-
Recreation and cultural	3,853	5,210
Other	309,885	-
Capital outlay	-	782,204
Debt service	-	-
	<u>12,981,062</u>	<u>3,401,708</u>
TOTAL EXPENDITURES		
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	3,791,186	(748,625)
OTHER FINANCING SOURCES (USES)		
Bond and note proceeds	-	-
Net decrease in fair value of investments	-	-
Operating transfers in	-	1,026,563
Operating transfers out	(3,170,330)	-
	<u>(3,170,330)</u>	<u>1,026,563</u>
TOTAL OTHER FINANCING SOURCES (USES)		

See accompanying notes to general purpose financial statements.

Government

Fund Types		Fiduciary Fund Types	Totals	Component	Reporting
Debt Service	Capital Project (Jail Construction)	Expendable Trust (Post Employment Healthcare)	(Memorandum Only)	Units	Entity Totals (Memorandum Only)
\$ -	\$ -	\$ -	\$ 8,465,806	\$ -	\$ 8,465,806
-	-	-	521,081	-	521,081
-	-	-	3,673,752	1,102,013	4,775,765
-	-	180,103	5,739,791	162,639	5,902,430
-	-	-	19,016	-	19,016
47,534	98	30,520	422,944	47,853	470,797
-	-	-	841,196	1,124,861	1,966,057
47,534	98	210,623	19,683,586	2,437,366	22,120,952
-	-	-	243,409	-	243,409
-	-	-	2,975,302	-	2,975,302
-	-	152,010	4,209,216	-	4,209,216
-	-	-	5,486,218	-	5,486,218
-	-	-	409,072	-	409,072
-	-	-	1,400,755	-	1,400,755
-	-	-	709,656	-	709,656
-	-	-	9,063	-	9,063
1,475	-	-	311,360	-	311,360
-	123,324	-	905,528	1,885,977	2,791,505
1,507,983	-	-	1,507,983	1,692,726	3,200,709
1,509,458	123,324	152,010	18,167,562	3,578,703	21,746,265
(1,461,924)	(123,226)	58,613	1,516,024	(1,141,337)	374,687
-	-	-	-0-	497,100	497,100
-	-	(179,875)	(179,875)	-	(179,875)
1,435,400	-	1,842,539	4,304,502	307,689	4,612,191
-	-	-	(3,170,330)	(307,689)	(3,478,019)
1,435,400	-0-	1,662,664	954,297	497,100	1,451,397

Clinton County, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - ALL GOVERNMENTAL AND EXPENDABLE TRUST FUND TYPES - CONTINUED

For the Year Ended December 31, 2002

	<u>Primary</u>	
	<u>Governmental</u>	
	<u>General</u>	<u>Special Revenue</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	\$ 620,856	\$ 277,938
Fund balances, beginning of year	4,316,404	2,064,870
Prior period adjustments	<u>62,920</u>	<u>-</u>
Fund balances (deficit), end of year	<u>\$ 5,000,180</u>	<u>\$ 2,342,808</u>

See accompanying notes to general purpose financial statements.

Government

Fund Types		Fiduciary Fund Types	Totals (Memorandum Only)	Component Units	Reporting Entity Totals (Memorandum Only)
Debt Service	Capital Project (Jail Construction)	Expendable Trust (Post Employment Healthcare)			
\$ (26,524)	\$ (123,226)	\$ 1,721,277	\$ 2,470,321	\$ (644,237)	\$ 1,826,084
2,403,402	-	-	8,784,676	3,222,220	12,006,896
-	-	-	62,920	(46,952)	15,968
<u>\$ 2,376,878</u>	<u>\$ (123,226)</u>	<u>\$ 1,721,277</u>	<u>\$ 11,317,917</u>	<u>\$ 2,531,031</u>	<u>\$ 13,848,948</u>

Clinton County, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE
FUND TYPES

For the Year Ended December 31, 2002

	General Fund		Variance Favorable (Unfavorable)
	Amended Budget	Actual	
REVENUES			
Taxes	\$ 8,469,609	\$ 8,465,806	(3,803)
Licenses and permits	547,025	521,081	(25,944)
Intergovernmental	2,820,460	2,841,782	21,322
Charges for services	3,667,638	3,766,259	98,621
Fines and forfeits	-	-	-0-
Interest and rents	361,501	340,360	(21,141)
Other	829,901	836,960	7,059
TOTAL REVENUES	16,696,134	16,772,248	76,114
EXPENDITURES			
Legislative	262,980	243,409	19,571
Judicial	2,222,492	2,175,144	47,348
General government	4,321,481	4,057,206	264,275
Public safety	4,693,901	4,554,788	139,113
Public works	52,124	52,000	124
Health and welfare	915,025	875,121	39,904
Community and economic development	769,884	709,656	60,228
Recreation and cultural	5,620	3,853	1,767
Other	358,706	309,885	48,821
Capital outlay	-	-	-0-
TOTAL EXPENDITURES	13,602,213	12,981,062	621,151
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	3,093,921	3,791,186	697,265
OTHER FINANCING SOURCES (USES)			
Operating transfers in	-	-	-0-
Operating transfers out	(3,170,330)	(3,170,330)	-0-
TOTAL OTHER FINANCING SOURCES (USES)	(3,170,330)	(3,170,330)	-0-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(76,409)	620,856	697,265
Fund balances, beginning of year	4,316,404	4,316,404	-0-
Prior period adjustments	-	62,920	62,920
Fund balances, end of year	\$ 4,239,995	\$ 5,000,180	\$ 760,185

See accompanying notes to general purpose financial statements.

Special Revenue Funds

Amended Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -0-
-	-	-0-
1,182,331	831,970	(350,361)
1,765,558	1,793,429	27,871
54,500	19,016	(35,484)
3,000	4,432	1,432
1,000	4,236	3,236
<u>3,006,389</u>	<u>2,653,083</u>	<u>(353,306)</u>
-	-	-0-
1,048,192	800,158	248,034
-	-	-0-
1,142,031	931,430	210,601
465,174	357,072	108,102
824,887	525,634	299,253
-	-	-0-
35,000	5,210	29,790
-	-	-0-
<u>815,087</u>	<u>782,204</u>	<u>32,883</u>
<u>4,330,371</u>	<u>3,401,708</u>	<u>928,663</u>
(1,323,982)	(748,625)	575,357
1,026,563	1,026,563	-0-
<u>-</u>	<u>-</u>	<u>-0-</u>
<u>1,026,563</u>	<u>1,026,563</u>	<u>-0-</u>
(297,419)	277,938	575,357
2,064,870	2,064,870	-0-
<u>-</u>	<u>-</u>	<u>-0-</u>
<u>\$ 1,767,451</u>	<u>\$ 2,342,808</u>	<u>\$ 575,357</u>

Clinton County, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES/EXPENSES, AND CHANGES IN
RETAINED EARNINGS/FUND BALANCES - PROPRIETARY AND SIMILAR
TRUST FUND TYPES

For the Year Ended December 31, 2002

	Proprietary Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Internal Service	Nonexpendable Trust Fund (Cemetery Perpetual Care)	
OPERATING REVENUES				
Charges for services	\$ -	\$ 2,136,763	\$ -	\$ 2,136,763
Interest and penalties on taxes	429,075	-	-	429,075
Sales	105,637	-	-	105,637
Rent	10,510	-	-	10,510
Other	1,006	106,444	-	107,450
TOTAL OPERATING REVENUES	546,228	2,243,207	-0-	2,789,435
OPERATING EXPENSES				
Personal services and fringes	-	2,308,351	-	2,308,351
Contractual services	-	35,972	-	35,972
Depreciation	900	287,037	-	287,937
Operating supplies	138,184	7,601	-	145,785
Other	10,117	310,767	-	320,884
TOTAL OPERATING EXPENSES	149,201	2,949,728	-0-	3,098,929
OPERATING (LOSS)	397,027	(706,521)	-0-	(309,494)
NONOPERATING REVENUES				
Interest revenue	443,796	33,871	-	477,667
Net increase in fair value of investments	115,887	-	-	115,887
TOTAL NONOPERATING REVENUES	559,683	33,871	-0-	593,554
INCOME (LOSS) BEFORE TRANSFERS	956,710	(672,650)	-0-	284,060
TRANSFERS IN (OUT)				
Transfers in	12,125	998,242	-	1,010,367
Transfers out	(2,144,539)	-	-	(2,144,539)
TOTAL TRANSFERS IN (OUT)	(2,132,414)	998,242	-0-	(1,134,172)
NET INCOME (LOSS)	(1,175,704)	325,592	-0-	(850,112)
Retained earnings/fund balances, beginning of year	12,074,153	3,556,773	3,850	15,634,776
Retained earnings/fund balances, end of year	<u>\$ 10,898,449</u>	<u>\$ 3,882,365</u>	<u>\$ 3,850</u>	<u>\$ 14,784,664</u>

See accompanying notes to general purpose financial statements.

Clinton County, Michigan

COMBINED STATEMENT OF CASH FLOWS - PROPRIETARY
AND SIMILAR TRUST FUND TYPES

For the Year Ended December 31, 2002

	Proprietary Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Internal Service	Nonexpendable Trust Fund (Cemetery Perpetual Care)	
CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income (loss)	\$ 397,027	\$ (706,521)	\$ -	\$ (309,494)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities				
Depreciation	900	287,037	-	287,937
(Increase) in receivables	(79,646)	(3,468)	-	(83,114)
(Increase) in inventory	(1,049)	(2,145)	-	(3,194)
(Increase) in due from other funds	-	(30,699)	-	(30,699)
Decrease in due from state	-	918	-	918
Increase in accounts payable	3,832	68,850	-	72,682
Increase in due to other funds	-	13,663	-	13,663
Increase (decrease) in accrued liabilities	(2,845)	4,657	-	1,812
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	318,219	(367,708)	-0-	(49,489)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in	12,125	998,242	-	1,010,367
Transfers out	(2,144,539)	-	-	(2,144,539)
Advance to other funds	150,000	-	-	150,000
NET CASH PROVIDED (USED) BY NON CAPITAL FINANCING ACTIVITIES	(1,982,414)	998,242	-0-	(984,172)
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES				
Capital purchases	(9,000)	(470,287)	-	(479,287)
CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of investments	(3,106,838)	(2,780,421)	-	(5,887,259)
Maturity of investments	5,796,516	2,720,770	-	8,517,286
Interest revenue	443,796	33,871	-	477,667
Net increase in fair value of investments	115,887	-	-	115,887
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	3,249,361	(25,780)	-0-	3,223,581
NET INCREASE IN CASH AND CASH EQUIVALENTS DURING YEAR	1,576,166	134,467	-0-	1,710,633
Cash and cash equivalents, beginning of year	2,514,153	1,829,318	-	4,343,471
Cash and cash equivalents, end of year	<u>\$ 4,090,319</u>	<u>\$1,963,785</u>	<u>\$ -0-</u>	<u>\$ 6,054,104</u>

See accompanying notes to general purpose financial statements.

Clinton County, Michigan

COMBINING BALANCE SHEET - COMPONENT UNIT FUNDS

December 31, 2002

	Department of Public Works	Drainage Districts	Totals
ASSETS			
Cash and cash equivalents	\$ 168,820	\$ 363,573	\$ 532,393
Investments	-	1,512,668	1,512,668
Accounts receivable	-	13,062	13,062
Accrued interest receivable	-	4,869	4,869
Special assessments receivable	-	3,829,080	3,829,080
Due from other funds	-	143,741	143,741
Amount available in debt service fund	-	651,470	651,470
Amount to be provided for the retirement of general long-term debt	<u>7,595,000</u>	<u>2,669,080</u>	<u>10,264,080</u>
TOTAL ASSETS	<u>\$ 7,763,820</u>	<u>\$ 9,187,543</u>	<u>\$ 16,951,363</u>
LIABILITIES AND FUND EQUITY			
LIABILITIES			
Accounts payable	\$ -	\$ 84,805	\$ 84,805
Accrued liabilities	-	38,687	38,687
Advances from primary government	-	130,000	130,000
Deferred revenue	-	2,913,349	2,913,349
Due to other funds	-	143,741	143,741
Bonds and notes payable	<u>7,595,000</u>	<u>3,514,750</u>	<u>11,109,750</u>
TOTAL LIABILITIES	7,595,000	6,825,332	14,420,332
FUND EQUITY			
Fund balances			
Reserved for debt service	-	651,470	651,470
Unreserved			
Designated for capital expenditures	<u>168,820</u>	<u>1,710,741</u>	<u>1,879,561</u>
TOTAL FUND EQUITY	<u>168,820</u>	<u>2,362,211</u>	<u>2,531,031</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 7,763,820</u>	<u>\$ 9,187,543</u>	<u>\$ 16,951,363</u>

See accompanying notes to general purpose financial statements.

Clinton County, Michigan

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - COMPONENT UNIT FUNDS

For the Year Ended December 31, 2002

	Department of Public Works	Drainage Districts	Totals
REVENUES			
Intergovernmental	\$ 1,102,013	\$ -	\$ 1,102,013
Charges for services	-	162,639	162,639
Interest	4,709	43,144	47,853
Other			
Special assessments	-	1,089,197	1,089,197
Other	-	35,664	35,664
	<u>1,106,722</u>	<u>1,330,644</u>	<u>2,437,366</u>
EXPENDITURES			
Capital outlay	125,943	1,760,034	1,885,977
Debt service	1,102,013	590,713	1,692,726
	<u>1,227,956</u>	<u>2,350,747</u>	<u>3,578,703</u>
EXCESS OF REVENUES (UNDER) EXPENDITURES	(121,234)	(1,020,103)	(1,141,337)
OTHER FINANCING SOURCES (USES)			
Transfer in to component units	-	307,689	307,689
Transfer out to component units	-	(307,689)	(307,689)
Bond and note proceeds	-	497,100	497,100
	<u>-</u>	<u>497,100</u>	<u>497,100</u>
EXCESS REVENUES AND OTHER FINANCING SOURCES (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	(121,234)	(523,003)	(644,237)
Fund balances, beginning of year	290,054	2,932,166	3,222,220
Prior period adjustments	-	(46,952)	(46,952)
Fund balances, end of year	<u>\$ 168,820</u>	<u>\$ 2,362,211</u>	<u>\$ 2,531,031</u>

See accompanying notes to general purpose financial statements.

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

December 31, 2002

NOTE A: DESCRIPTION OF COUNTY OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County of Clinton, Michigan 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 64,753 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 in accordance with the National Council on Governmental Accounting (NCGA) Statement 3.

1. Reporting Entity

As required by accounting principles generally accepted in the United States of America; GASB Statement No. 14, The Financial Reporting Entity; and Statement on Michigan Governmental Accounting and Auditing No. 5, these financial statements present the financial activities of Clinton County (primary government) and its component units, except as noted below. The component units described in Sections 2 and 3 below should be included in the County's reporting entity because of the significance of their operational or financial relationship with the County.

2. Blended Component Units

The Clinton County Building Authority is governed by a three (3) member Board appointed by the County Board of Commissioners. Although it is legally separate from the County, the Clinton County Building Authority is reported as if it were part of the (blended) primary government because its sole purpose is to finance and construct the County's public buildings.

3. Discretely Presented Component Units

The financial statements of the Clinton County Road Commission for the year ended December 31, 2002, a component unit of the County of Clinton, are not included in these financial statements. This component unit is audited individually and financial statements are issued under separate cover.

The Clinton County Department of Public Works (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 DPW was not audited separately. Combining component unit statements are included as part of these general purpose financial statements to summarize all the funds and the account group of the DPW.

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 on drain maintenance and may borrow up to \$300,000 from any source to provide for maintenance 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 maintenance. 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 Drainage Districts have not been audited separately. Combining component unit statements are included as part of these general purpose financial statements to summarize all the funds and the account group of the Drainage Districts.

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

December 31, 2002

NOTE A: DESCRIPTION OF COUNTY OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

4. Joint Ventures

Mid-Michigan District Health Department - The County is a member of the Mid-Michigan District Health 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, 2002, the County contributed \$389,123 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 District Health Department is discretely presented in the Montcalm County 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, 2002, are available at the Department's administrative offices. As of September 30, 2002, the Department had a fund balance of \$1,135,477 and General Fixed Assets of \$644,408.

5. Jointly Governed Organizations

Tri-County Regional Planning Commission - The Commission services Ingham, Eaton, and Clinton Counties. The Commission's membership includes the Counties of Ingham, Eaton, and Clinton, the Cities of Lansing and East Lansing, Delta and Meridian Townships, 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 government unit contributes one-quarter of the total annual budget. For the year ended December 31, 2002, the County's contribution to the Commission was \$35,395.

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, 2002, the County's contribution to the Commission was \$32,780.

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 one (1) is 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, 2002, the County's contribution to the Commission was \$190,789.

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

December 31, 2002

NOTE A: DESCRIPTION OF COUNTY OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

5. Jointly Governed Organizations - continued

Mid-South Substance Abuse Commission - Clinton County, in conjunction with five (5) other Counties, has entered into an agreement that created the Mid-South Substance Abuse Commission. This Organization's Board is composed of fifteen (15) members, of which one (1) is appointed by Clinton County. The County's financial responsibility is to pass through 50% of the Convention and Tourism revenues received to the Commission. Also, if the Commission were to need additional operating funds, the County would be responsible to contribute a portion based on the percentage of Board membership (currently 7%). For the year ended December 31, 2002, the County passed through \$66,528 and was not required to make any additional appropriation.

6. Basis of Presentation

The accounts of the County are organized on the basis of funds and account group, each of which is considered a separate accounting entity. The financial activity of each fund is accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. County resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds and account group reported in the financial statements are categorized and described as follows:

GOVERNMENTAL FUNDS

- a. General Fund - The General Fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally or administratively restricted to expenditure for specified purposes.
- c. Debt Service Funds - The Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.
- d. Capital Projects Funds - The Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital projects (other than those financed by Proprietary Funds and Trust Funds).

PROPRIETARY FUNDS

- a. Enterprise Funds - Enterprise Funds are used to report operations that provide services, which are financed primarily by user charges, or activities where periodic measurement of net income is appropriate for capital maintenance, public policy, management control, or other purposes.
- b. Internal Service Funds - Internal Service Funds are used to account for the financing of services by one department or agency to other departments or agencies of the County, or to other governments on a cost-reimbursement basis.

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

December 31, 2002

NOTE A: DESCRIPTION OF COUNTY OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

6. Basis of Presentation - continued

FIDUCIARY FUNDS

- a. Trust Funds - The Trust Funds are used to account for assets held by the County in a trustee capacity for individuals, private organizations, other governments, and/or other funds. The expendable trust funds are accounted for in essentially the same manner as governmental funds. The nonexpendable trust fund is accounted for in essentially the same manner as proprietary funds.
- b. Agency Funds - Agency Funds are used to account for assets held by the County as an agent for individuals, other governments, and funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

ACCOUNT GROUP

- a. General Fixed Assets Account Group - The General Fixed Assets Account Group is a self-balancing group of accounts used to establish accounting control over the fixed assets of Clinton County.
- b. General Long-Term Debt Account Group - The General Long-Term Debt Account Group is used to establish accounting control and accountability for the unmatured principal on the County's general long-term debt not recorded in the Proprietary Fund types. The General Long-Term Debt Account group is also used to report that portion of employee compensated absences of governmental funds not expected to be liquidated through the use of expendable available financial resources.

COMPONENT UNIT FUNDS

These component unit funds and account groups have been aggregated for presentation within the County General purpose financial statements as one (1) column for each of the component units on the Combined Balance Sheet and Combined Statement of Revenues, Expenditures, and Changes in Fund Balances.

- a. Debt Service Funds - The Component Unit Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs that pertain to debt issued in conjunction with DPW sewer and drainage district projects.
- b. Capital Projects Funds - The Component Unit Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major DPW sewer and drainage district projects.
- c. General Long-Term Debt Account Groups - The Component Unit General Long-Term Debt Account Groups are used to establish accounting control and accountability for the unmatured principal on the component units' long-term debt.

7. Measurement Focus

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental and similar trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the Balance Sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

December 31, 2002

NOTE A: DESCRIPTION OF COUNTY OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

7. Measurement Focus - continued

All proprietary and similar trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the Balance Sheet. Proprietary and similar trust fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

There is no measurement focus for Agency Funds since assets equal liabilities.

8. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

All governmental and similar trust funds are accounted for using the modified accrual basis of accounting. Under this method, revenues are recognized when they become susceptible to accrual (when they become both "measurable" and "available to finance expenditures of the current period"). Revenues, which are considered measurable but not available, are recorded as a receivable and deferred revenue. Significant revenues susceptible to accrual are special assessments and certain intergovernmental revenues. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for interest on long-term debt which is recorded when due.

All proprietary and similar trust funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

9. Cash and Cash Equivalents

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

10. Investments

Investments consist of certificates of deposit, U.S. Government Securities, and commercial paper with original maturities of greater than 90 days. Investments are recorded at market value in accordance with GASB 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools.

11. Receivables

Receivables consist of amounts due from governmental units for various financial assistance programs and State shared revenues, and accounts receivable related to charges for services.

12. Inventories

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 first-in, first-out cost or market.

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

December 31, 2002

NOTE A: DESCRIPTION OF COUNTY OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

13. Fixed Assets and Long-Term Liabilities

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund is determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their Balance Sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources".

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in a General Fixed Assets Account Group rather than in governmental funds. The general fixed assets are recorded as expenditures at the time of purchase in the governmental fund types.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on the Balance Sheets.

Fixed assets are recorded at cost or estimated cost or, if donated, at fair market value at the date of donation. Expenses, which materially extend the useful life of existing assets, are capitalized. Public domain (infrastructure) general fixed assets, which include roads, bridges, curbs and gutters, sidewalks, and drains, are not capitalized.

Depreciation of all exhaustible fixed assets used by primary government proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on the proprietary fund Balance Sheets. Depreciation is computed on the straight-line method over the estimated useful lives of the related assets. The estimated useful lives are:

Building and improvements	20 - 50 years
Equipment	3 - 25 years
Vehicles	4 - 15 years

14. Advances to Other Funds/Component Units

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 reserved for the amount of advances made to other funds to reflect the fund balance not currently available for expenditure.

15. 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 operating transfers.

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.

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

December 31, 2002

NOTE A: DESCRIPTION OF COUNTY OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

16. Accrued Vacation and Sick

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 vacation and sick leave under formulas and conditions specified in the respective personnel policies and/or contracts.

Vested vacation and sick leave earned as of December 31, 2002, including related payroll taxes, is recorded in the General Long-Term Debt Account Group.

17. Budgets and Budgetary Accounting

The General and Special Revenue Funds' budgets shown in the financial statements were prepared on a basis consistent with the modified accrual basis used to reflect actual results. The County employs the following procedures in establishing the budgetary data reflected in the financial statements:

- 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. 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. Budgets for certain Capital Projects Funds are made on a project basis spanning more than one year.
- f. The County employs encumbrance accounting as an extension of formal budgetary integration in the governmental funds. All unexpended appropriations lapse at year-end.
- g. 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 which were adopted.

Budget to actual comparison statements are not required of discretely presented component units and have been excluded from the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual.

18. Comparative Data

Comparative data for the year has not been presented in the accompanying financial statements since the inclusion of comparative data would make the statements unduly complex and difficult to read.

19. Federal Programs

Federal Programs are accounted for in specific Special Revenue Funds or a part of the various fund types to which the programs pertain. The County has not integrated its Single Audit Reports and financial data as part of the financial statements. The Single Audit Reports and financial data will be issued under separate cover as supplementary information to the general purpose financial statements.

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

December 31, 2002

NOTE A: DESCRIPTION OF COUNTY OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

20. Total Columns on Combined Statements

Total columns on the Combined Statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns does not present financial position, results of operations, and cash flows in conformity with accounting principles generally accepted in the United States of America; neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE B: POOLING OF CASH AND INVESTMENTS AND CASH OVERDRAFT

The County utilizes pooled cash accounts for approximately twenty-one funds. Cash overdrafts of individual funds as of December 31, 2002, are as follows:

<u>Fund</u>	<u>Pooled Cash Overdraft</u>	<u>Nonpooled Cash and Cash Equivalents</u>	<u>Financial Statements</u>
PRIMARY GOVERNMENT			
General Fund	\$(<u>859,296</u>)	\$ <u>2,010,104</u>	\$ <u>1,150,808</u>

NOTE C: CASH, CASH EQUIVALENTS, AND INVESTMENTS

The County utilizes various pooled cash accounts and investments for approximately forty-six funds. The County's pooled cash accounts consist of a common checking account and mutual funds.

The County's pooled cash accounts and investments are utilized by the General Fund, Special Revenue Funds, Capital Project Funds, Debt Service Funds, Internal Service Funds, Trust and Agency Funds, and the component unit funds. Each fund's portion of these pooled accounts is included in the cash and cash equivalents caption on the combined balance sheet.

The other funds of the County utilize separate savings and interest bearing checking accounts. In addition, certificates of deposit, mutual funds, commercial paper, and U.S. Government Securities are held separately by several of the County's funds.

In accordance with Michigan Compiled Laws, the County is authorized to invest in the following investment vehicles:

- a. Bonds and other direct obligations of the United States or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a State or nationally chartered bank or a State or Federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and which maintains a principal office or branch office located in this State under the laws of this State or the United States, but only if the bank, savings and loan association, savings bank or credit union is eligible to be a depository of surplus funds belonging to the State under Section 6 of 1855 PA 105, MCL 21.146.
- c. Commercial paper rated at the time of purchase within the three (3) highest classifications established by not less than two (2) standard rating services and which matures not more than 270 days after the date of purchase.
- d. United States government or Federal agency obligation repurchase agreements.

Clinton County, Michigan

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

December 31, 2002

NOTE C: CASH, CASH EQUIVALENTS, AND INVESTMENTS - CONTINUED

- e. Bankers acceptances of United States banks.
- f. Mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

Federal Deposit Insurance Corporation (FDIC) regulations provide that deposits of governmental units are to be separately insured for the amount of \$100,000 for deposits in an insured bank for savings deposits and \$100,000 for demand deposits. Furthermore, if specific deposits are regulated by statute or bond indenture, these specific deposits are to be separately insured for the amount of \$100,000. Michigan Compiled Laws allow for collateralization of government deposits if the assets for pledging are acceptable to the State Treasurer under Section 3 of 1855 PA 105, MCL 21.143, to secure deposits of State surplus funds, securities issued by the Federal Loan Mortgage Corporation, Federal National Mortgage Association, or Government National Mortgage Association.

As of December 31, 2002, the carrying amounts and bank balance for each type of bank account are as follows:

<u>ACCOUNT TYPE</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>
PRIMARY GOVERNMENT		
Checking	\$ 3,953,779	\$ 4,200,438
Savings accounts	4,741,478	4,741,525
Certificates of deposit	<u>7,384,967</u>	<u>7,384,967</u>
Total primary government	16,080,224	16,326,930
COMPONENT UNITS		
Checking	216,378	216,388
Money market	316,015	316,015
Certificates of deposit	<u>1,512,668</u>	<u>1,512,668</u>
Total component units	<u>2,045,061</u>	<u>2,045,071</u>
TOTAL REPORTING ENTITY	<u>\$ 18,125,285</u>	<u>\$ 18,372,001</u>

Deposits of the County are at federally insured banks located in the State of Michigan with all accounts maintained in the name of the County. As of December 31, 2002, the primary government and component unit accounts were insured by the FDIC or FSLIC for \$1,493,969 and the amount of \$16,878,032 was uninsured and uncollateralized.

Due to significantly higher cash flow at certain periods during the year, the amount the County held as cash and cash equivalents increased significantly. As a result, the amount of uninsured and uncollateralized cash and cash equivalents were substantially higher at these peak periods than at year-end.

Clinton County, Michigan

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

December 31, 2002

NOTE C: CASH, CASH EQUIVALENTS, AND INVESTMENTS - CONTINUED

As of December 31, 2002, the carrying amounts and market values for each investment are as follows:

<u>INVESTMENT TYPE</u>	<u>Carrying Amount</u>	<u>Market Value</u>
PRIMARY GOVERNMENT		
Insured or registered for which the securities are held by the County's agent in the County's name -		
U.S. Treasury Bills	\$ 302,171	\$ 302,171
U.S. Treasury Notes	294,000	294,000
U.S. Treasury Strips	2,652,831	2,652,831
Commercial paper	1,413,652	1,413,652
U.S. Government Securities	<u>550,156</u>	<u>550,156</u>
	5,212,810	5,212,810
Uncategorized pooled investment funds	<u>5,267,745</u>	<u>5,267,745</u>
	<u>\$ 10,480,555</u>	<u>\$ 10,480,555</u>

The investments in commercial paper are insured or registered with securities held by Salomon Smith Barney and Huntington Bank. The maximum insurance for investments with Salomon Smith Barney and Huntington Bank are provided by the Securities Investor Protection Act at \$500,000 each. The investments in U.S. Treasury Securities are not insured but are backed by the full faith and credit of the Federal Government.

The cash and cash equivalents and investments referred to above have been reported in either the cash and cash equivalents or investments captions on the combined balance sheet based upon criteria disclosed in Note A. The following summarizes the categorization of these amounts as of December 31, 2002:

	<u>Primary Government</u>	<u>Component Units</u>	<u>Reporting Entity</u>
Cash and cash equivalents	\$ 15,973,606	\$ 532,393	\$ 16,505,999
Investments	<u>10,589,573</u>	<u>1,512,668</u>	<u>12,102,241</u>
	<u>\$ 26,563,179</u>	<u>\$ 2,045,061</u>	<u>\$ 28,608,240</u>

The primary government cash and cash equivalents caption on the combined balance sheet includes \$2,400 in imprest cash.

NOTE D: INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances described as Due From and Due to Other Funds on the Balance Sheet reflect amounts due from or due to a particular fund by another fund of the County. These amounts include any short-term obligations on open accounts and not current portions of long-term loans.

Clinton County, Michigan

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

December 31, 2002

NOTE D: INTERFUND RECEIVABLES AND PAYABLES - CONTINUED

The following schedule details primary government interfund receivables and payables at December 31, 2002:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General Fund		
Child Care	\$ 39,000	\$ -
Drain Equipment Revolving	38,293	-
Community Corrections	6,500	-
Workers Compensation	-	2,146
Employee Retirement	-	-
26,638		
Insurance	-	7,774
Unemployment	-	257
	<u>83,793</u>	<u>36,815</u>
Special Revenue Funds		
Friend of the Court		
Workers Compensation	-	56
Employee Retirement	-	1,582
Insurance	-	477
Unemployment	-	16
	<u>-0-</u>	<u>2,131</u>
Public Improvements		
Jail Construction	100,000	-
Waste Management		
Workers Compensation	-	13
Employee Retirement	-	300
Insurance	-	90
Unemployment	-	3
	<u>-0-</u>	<u>406</u>
Central Dispatch		
Workers Compensation	-	24
Employee Retirement	-	1,378
Insurance	-	524
Unemployment	-	19
	<u>-0-</u>	<u>1,945</u>
Community Corrections		
General Fund	-	6,500
Workers Compensation	-	10
Employee Retirement	-	157
Insurance	-	47
Unemployment	-	2
	<u>-0-</u>	<u>6,716</u>

Clinton County, Michigan

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

December 31, 2002

NOTE D: INTERFUND RECEIVABLES AND PAYABLES - CONTINUED

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
Special Revenue Funds - continued		
Child Care		
Workers Compensation	\$ -	\$ 25
Employee Retirement	-	316
Insurance	-	87
Unemployment	-	4
General Fund	<u>-</u>	<u>39,000</u>
	<u>-0-</u>	<u>39,432</u>
Total Special Revenue Funds	100,000	50,630
Capital Projects		
Jail Construction		
Public Improvement	-	100,000
Internal Service Funds		
MIS		
Workers Compensation	-	8
Employee Retirement	-	580
Insurance	-	175
Unemployment	<u>-</u>	<u>6</u>
	<u>-0-</u>	<u>769</u>
Workers Compensation		
General	2,146	-
Friend of the Court	56	-
Waste Management	13	-
Central Dispatch	24	-
Community Corrections	10	-
Child Care	25	-
Insurance	2	-
MIS	<u>8</u>	<u>-</u>
	2,284	-0-
Employee Retirement		
General	26,638	-
Friend of the Court	1,582	-
Waste Management	300	-
Central Dispatch	1,378	-
Community Corrections	157	-
Child Care	316	-
MIS	580	-
Self-Funded Insurance	<u>105</u>	<u>-</u>
	31,056	-0-

Clinton County, Michigan

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

December 31, 2002

NOTE D: INTERFUND RECEIVABLES AND PAYABLES - CONTINUED

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
Internal Service Funds - continued		
Unemployment		
General	\$ 257	\$ -
Friend of the Court	16	-
Waste Management	3	-
Central Dispatch	19	-
Community Corrections	2	-
Child Care	4	-
MIS	6	-
Self-Funded Insurance	<u>1</u>	<u>-</u>
	308	-0-
Self-Funded Insurance		
General	7,774	-
Friend of the Court	477	-
Waste Management	90	-
Central Dispatch	524	-
Community Corrections	47	-
Child Care	87	-
MIS	175	-
Workers Compensation	-	2
Unemployment	-	1
Employee Retirement	<u>-</u>	<u>105</u>
	9,174	108
Drain Equipment Revolving		
General	<u>-</u>	<u>38,293</u>
Total Internal Service Funds	<u>42,822</u>	<u>39,170</u>
Total - All Fund Types	<u>\$ 226,615</u>	<u>\$ 226,615</u>

The following schedule details interfund receivables and payables related to the Component Unit Funds at December 31, 2002:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
Drainage Districts		
Capital Projects		
Regular Drain		
Revolving Drain Maintenance	\$ -	\$ 21,090
Revolving Drain	<u>-</u>	<u>122,651</u>
	-0-	143,741

Clinton County, Michigan

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

December 31, 2002

NOTE D: INTERFUND RECEIVABLES AND PAYABLES - CONTINUED

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
Drainage Districts - continued		
Capital Projects		
Revolving Drain	\$ 122,651	\$ -
Regular Drain		
Revolving Drain Maintenance		
Regular Drain	<u>21,090</u>	<u>-</u>
	<u>\$ 143,741</u>	<u>\$ 143,741</u>

NOTE E: ADVANCES RECEIVABLE AND PAYABLE

Interfund receivable and payable balances described as Advances To and Advances From Other Funds on the Balance Sheet reflect amounts advanced from or to a particular fund by another fund of the County. These amounts are long-term obligations due and payable over greater than a one year time period.

The following schedule details primary government advances to and from other funds at December 31, 2002:

<u>Fund</u>	<u>Advance To</u>	<u>Advance From</u>
General Fund		
Friend of the Court	\$ 90,000	\$ -
Central Stores	25,000	-
Drain Equipment Revolving	<u>10,000</u>	<u>-</u>
	125,000	-0-
Special Revenue Funds		
Friend of the Court		
General	-	90,000
Data Processing	-	3,000
Central Dispatch		
Delinquent Tax Revolving	<u>-</u>	<u>150,000</u>
	-0-	243,000
Enterprise		
Delinquent Tax Revolving		
Central Dispatch	150,000	-
Internal Service		
Central Stores		
General	-	25,000
Drain Equipment Revolving		
General	-	10,000
Data Processing		
Friend of the Court	<u>3,000</u>	<u>-</u>
	<u>3,000</u>	<u>35,000</u>
	<u>\$ 278,000</u>	<u>\$ 278,000</u>

Clinton County, Michigan

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

December 31, 2002

NOTE E: ADVANCES RECEIVABLE AND PAYABLE - CONTINUED

The following schedule details advances to and from the primary government and the component units at December 31, 2002:

General Fund Revolving Drain	<u>\$ 130,000</u>	Revolving Drain General Fund	<u>\$ 130,000</u>
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NOTE F: FIXED ASSETS

The following is a summary of fixed assets at December 31, 2002:

	<u>General Fixed Assets Account Group</u>	<u>Enterprise Fund</u>	<u>Internal Service Funds</u>	<u>Total Primary Government</u>
Land and improvements	\$ 448,962	\$ -	\$ -	\$ 448,968
Building and improvements	20,864,542	-	-	20,864,542
Furniture, fixtures, and equipment	4,217,731	9,000	1,012,616	5,239,347
Vehicles	150,691	-	579,863	730,554
Construction in progress	<u>136,155</u>	<u>-</u>	<u>-</u>	<u>136,155</u>
Total assets	25,818,087	9,000	1,592,479	27,419,566
Less: accumulated depreciation	<u>-</u>	<u>(900)</u>	<u>(715,012)</u>	<u>(715,012)</u>
Net fixed assets	<u>\$25,818,087</u>	<u>\$ 8,100</u>	<u>\$ 877,467</u>	<u>\$26,704,554</u>

The following schedule summarizes the changes in components of the General Fixed Assets Account Group:

	<u>Restated Balance Jan. 1, 2002</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance Dec. 31, 2002</u>
PRIMARY GOVERNMENT				
Land and improvements	\$ 448,968	\$ -	\$ -	\$ 448,968
Building and improvements	20,864,542	-	-	20,864,542
Furniture, fixtures, and equipment	3,546,947	707,374	36,590	4,217,731
Vehicles	150,691	-	-	150,691
Construction in progress	<u>15,132</u>	<u>121,023</u>	<u>-</u>	<u>136,155</u>
TOTAL PRIMARY GOVERNMENT	<u>\$25,026,280</u>	<u>\$ 828,397</u>	<u>\$ 36,590</u>	<u>\$25,818,087</u>

NOTE G: FUND EQUITY DEFICIT

The following fund had a fund equity deficit at December 31, 2002:

PRIMARY GOVERNMENT Capital Projects Jail Construction	\$ 123,226
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Clinton County, Michigan

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

December 31, 2002

NOTE H: 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, 2002:

	<u>Balance</u> <u>Jan. 1, 2002</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>Dec. 31, 2002</u>
PRIMARY GOVERNMENT				
General Long-Term Debt				
Direct County Obligations	\$ 16,265,000	\$ -	\$ 765,000	\$ 15,500,000
Accrued vacation and sick	<u>958,348</u>	<u>33,688</u>	<u>-</u>	<u>992,036</u>
TOTAL PRIMARY GOVERNMENT	17,223,348	33,688	765,000	16,492,036
COMPONENT UNITS				
Department of Public Works				
General Long-Term Debt				
Water and Sewer bonds	8,275,000	-	680,000	7,595,000
Drainage Districts				
General Long-Term Debt				
Drain bonds and notes	3,278,850	497,100	455,400	3,320,550
Due to other governmental units	<u>5,700</u>	<u>-</u>	<u>5,700</u>	<u>-0-</u>
	<u>3,284,550</u>	<u>497,100</u>	<u>461,100</u>	<u>3,320,550</u>
TOTAL COMPONENT UNITS	<u>11,559,550</u>	<u>497,100</u>	<u>1,141,100</u>	<u>10,915,550</u>
TOTAL REPORTING ENTITY	<u>\$ 28,782,898</u>	<u>\$ 530,788</u>	<u>\$ 1,906,100</u>	<u>\$ 27,407,586</u>

PRIMARY GOVERNMENT

Significant details regarding outstanding long-term debt (including current portions) are presented below:

Direct County Obligations

The Clinton County Board of Commissioners is party to two (2) long-term lease agreements for rental of the Jail and the Courthouse from the Clinton County Building Authority. The lease agreements stipulate that the annual rental be paid by the County to the Building Authority in amounts sufficient to meet the annual principal and interest on bonds, which shall be pledged exclusively for that purpose. When all debt has been retired for the buildings, the rentals will cease, title to the buildings will be transferred to the County, and any cash balances remaining with the Building Authority will be returned to the County.

Bonds payable at December 31, 2002, are as follows:

\$3,230,000 Building Authority Refunding Bonds, Series 1994, dated December 1, 1993, due in annual installments ranging from \$275,000 to \$380,000 through September 1, 2008, with interest ranging from 4.5 to 5.2 percent, payable semi-annually. \$ 1,985,000

\$4,450,000 Building Authority Jail Construction Bonds, Series 1990-1, dated December 9, 1993, due in an annual installment of \$415,000 on September 1, 2009, with interest of 5.0 percent, payable semi-annually. The balance of these bonds were refunded through the above bond issue except for the final payment, which was not callable and is still outstanding. 415,000

Clinton County, Michigan

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

December 31, 2002

NOTE H: LONG-TERM DEBT - CONTINUED

Direct County Obligations - continued

\$14,500,000 Building Authority Courthouse Building Bonds, Series 1999, dated January 1, 1999, due in annual installments ranging from \$515,000 to \$1,095,000 through May 1, 2019, with interest ranging from 4.0 to 5.0 percent, payable semi-annually. \$ 13,100,000

Total Direct County Obligations \$ 15,500,000

Accumulated Vacation and Sick

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, amounted to \$320,871 and \$671,165 for vacation and sick, respectively, at December 31, 2002. This amount, \$992,036 has been accrued entirely in the General Long-Term Debt Account Group.

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. These projects are administered by the Clinton County Drain Commission for local municipalities. 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, 2002, per respective construction projects serviced from the Component Unit Debt Service Funds of the Department of Public Works are as follows:

\$3,550,000 Bath Township Sanitary Sewage Disposal System Bonds dated November 1, 1973, due in annual installments of \$100,000 to \$175,000 through November 1, 2013, with interest of 4.0 to 5.75 percent, payable semi-annually. \$ 1,375,000

\$1,400,000 Clinton County Sanitary Sewage Disposal System Bonds, Series A, dated August 1, 1978, due in annual installments ranging from \$75,000 to \$100,000 through May 1, 2007, with interest of 6.5 percent, payable semi-annually. 475,000

\$750,000 Clinton County Sanitary Sewage Disposal System Bonds, Series B, dated August 8, 1998, due in annual installments ranging from \$45,000 to \$50,000 through May 1, 2007, with interest of 6.5 percent, payable semi-annually. 245,000

\$995,000 Watertown Township Sewage Disposal Refunding Bonds dated January 1, 1993, due in annual installments ranging from \$80,000 to \$95,000 through May 1, 2004, with interest ranging from 5.0 to 5.2 percent, payable semi-annually. 175,000

\$450,000 Dewitt Township Water System Bonds dated July 25, 1995, due in annual installments ranging from \$20,000 to \$40,000 through May 1, 2015, with interest ranging from 5.0 to 7.0 percent, payable semi-annually. 360,000

Clinton County, Michigan

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

December 31, 2002

NOTE H: LONG-TERM DEBT - CONTINUED

Indirect County Obligations - Water and Sewer Bonds - continued

\$290,000 Bingham Township Sewer System Bonds dated June 1, 1987, due in annual installments of \$20,000 through October 1, 2007, with interest ranging from 7.30 to 7.40 percent, payable semi-annually.	\$ 100,000
\$430,000 Bingham Township Sewer System Bonds dated August 28, 1990, due in annual installments ranging from \$20,000 to \$25,000 through October 1, 2010, with interest of 2.0 percent, payable semi-annually.	180,000
\$1,140,000 Dewitt Township/City of Dewitt Water Supply System Bonds dated April 1, 1991, due in annual installments ranging from \$100,000 to \$125,000 through May 1, 2006, with interest ranging from 5.5 to 6.6 percent, payable semi-annually.	445,000
\$3,055,000 Bingham Township Sanitary Sewage Project Bonds dated June 2, 1999, due in annual installment of \$155,000 to \$160,000 through May 1, 2019 with interest of 4.125 to 5.0 percent, payable semi-annually.	2,695,000
\$995,000 Watertown Township Sanitary Sewage Project Bonds dated June 29, 2000, due in annual installments of \$50,000 to \$60,000 through March 1, 2020, with interest of 5.1 to 7.5 percent, payable semi-annually.	995,000
\$600,000 Bath Township Sanitary Sewer Project Bonds dated January 1, 2001, due in annual installments ranging from \$25,000 to \$45,000 through May 1, 2019, with interest ranging from 4.5 to 5.2 percent, payable semi-annually.	<u>550,000</u>
	<u>\$ 7,595,000</u>

Advance Refunding - Prior

On February 1, 1999, the Bath Charter Township, through the County Department of Public Works (DPW) defeased the entire outstanding balance, \$1,020,000 of the Clinton County Water Project Bonds - Bath Township (original issue \$1,170,000) which were due and payable May 1, 2000 through May 1, 2014. This was accomplished by establishing an irrevocable trust with an escrow agent composed of cash and U.S. government securities sufficient to meet the applicable principal and interest obligations. The township, working through the DPW, sold their water system to the Lansing Board of Water and Light (BWL). As part of the agreement between the DPW, the Township, and the BWL, the BWL was required to set sufficient funds aside in an escrow account to cover future debt principal and interest payments related to this bond issue. The BWL set aside \$1,070,488 to fund the escrow amounts to pay the future debt payments, which based on BWL legal council calculations will be sufficient. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the County's financial statements. At December 31, 2002, bonds due and payable May 1, 2002 through May 1, 2014 for the Clinton County Water Project Bonds - Bath Township in the amount of \$900,000 are considered defeased.

COMPONENT UNIT - DRAINAGE DISTRICTS

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.

Clinton County, Michigan

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

December 31, 2002

NOTE H: LONG-TERM DEBT - CONTINUED

Drain Bonds and Notes - continued

Bonds and notes payable and amounts due to other local governments at December 31, 2002, per respective Drain projects serviced from the Capital Projects Funds of the Component Unit Drainage Districts are as follows:

\$2,065,000 Hayworth and Extension Drain Bonds dated February 1, 1999, due in annual installments of \$175,000 through June 1, 2011, with interest of 3.55 to 4.35 percent, payable annually.	\$ 1,575,000
\$995,000 John Voltz Drain District Bonds dated December 1, 2001, due in annual installments ranging from \$95,000 to \$100,000 through June 1, 2012, with interest ranging from 2.7 to 4.3 percent, payable semi-annually.	995,000
Various drain notes due in various annual installments and interest rates through 2007.	<u>750,550</u>
Total Drainage Districts Drain Bonds and Notes	<u>\$ 3,320,550</u>

The annual requirements to pay the debt principal and interest outstanding for the following Bonds and Notes are as follows:

Year Ending December 31,	Primary Government	Component Units		Total
	Direct County Obligations	Department of Public Works Water and Sewer Bonds	Drainage Districts Drain Debts	
2003	\$ 1,515,508	\$ 1,036,656	\$ 665,957	\$ 3,218,121
2004	1,515,923	1,073,942	637,429	3,227,294
2005	1,524,573	960,803	403,766	2,889,142
2006	1,525,645	969,562	380,486	2,875,693
2007	1,539,083	819,813	336,582	2,695,478
2008-2012	6,501,170	2,943,607	1,311,925	10,756,702
2013-2017	5,661,481	1,907,157	-	7,568,638
2018-2020	<u>2,248,250</u>	<u>621,260</u>	<u>-</u>	<u>2,869,510</u>
	22,031,633	10,332,800	3,736,145	36,100,578
Less: interest	<u>(6,531,633)</u>	<u>(2,737,800)</u>	<u>(415,595)</u>	<u>(9,685,028)</u>
	<u>\$ 15,500,000</u>	<u>\$ 7,595,000</u>	<u>\$ 3,320,550</u>	<u>\$ 26,415,550</u>

NOTE I: EMPLOYEE RETIREMENT SYSTEM

The County participates in the Michigan Municipal Employees Retirement System (MERS), an agent multiple employer public retirement system. MERS is authorized and operated under State law, Act 135 of the Public Acts of 1945, as amended. The Michigan Municipal Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the System at 1134 Municipal Way, Lansing, Michigan 48917. All full-time County employees are covered by the retirement system with exception of the Road Commission employees. The Road Commission employees are covered under a separate retirement plan.

The benefits and conditions outlined below are for general information only. Public Act 427 of 1984, as amended, covers the benefits and conditions of the Municipal Retirement systems.

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

December 31, 2002

NOTE I: EMPLOYEE RETIREMENT SYSTEM - CONTINUED

Normal Retirement:

Union:

Age 55 with 20 or more years of credited service

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.

Funding Policy

Covered employees can contribute between 0% and 10% of their annual salary to the retirement system. Employees hired prior to 1985 may be allowed to contribute 3% of the first \$4,200 of annual compensation and 5% of portions over \$4,200. The County is required to contribute the remaining amounts necessary to fund the system.

Annual Pension Cost

For the year ended December 31, 2002 the County's annual pension cost of \$778,417 for the plan was equal to the County's required contribution. The annual required contribution was determined as part of an actuarial valuation of the plan as of December 31, 2001, using the entry actual age cost method. Significant actuarial assumptions used in determining the pension benefit obligation include (1) a rate of return on the investment of present and future assets of 8.0%, (2) projected salary increases of 4.5% per year compounded annually, attributable to inflation, (3) additional projected salary increases ranging from 0.0% to 4.2% per year, depending on age, attributable to seniority/merit. The employer contribution rate has been determined based on the entry age normal funding method. Under the entry age normal cost funding method, the total employer contribution is comprised of the normal cost plus the level annual percentage of payroll payment required to amortize the unfunded actuarial accrued liability over 30 years. The employer normal cost is, for each employee, the level percentage of payroll contribution (from entry age to retirement) required to accumulate sufficient assets at the member's retirement to pay for his or her projected benefit.

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

December 31, 2002

NOTE I: EMPLOYEE RETIREMENT SYSTEM - CONTINUED

Three (3) year trend information

	Year Ended December 31,		
	<u>1999</u>	<u>2000</u>	<u>2001</u>
Actuarial value of assets	\$ 14,178,010	\$ 15,635,521	\$ 16,886,558
Actuarial accrued liability (AAL) (entry age)	15,366,038	17,693,117	20,602,473
Unfunded AAL	1,188,028	2,057,596	3,715,915
Funded ratio	92%	88%	82%
Covered payroll	5,980,018	6,533,001	6,686,157
UAAL as a percentage of covered payroll	20%	31%	56%
Annual pension cost	574,808	585,773	778,417
Percentage of APC contributed	100%	100%	100%
Net pension obligation	-	-	-

This trend information was obtained from the most recently issued actuarial reports.

NOTE J: CONTINGENT LIABILITIES

The County participates in a number of Federal and State assisted grant programs which are subject to compliance audits. The Single Audit of the Federal programs and the periodic program compliance audits of many of the State programs have not yet been conducted, completed, or resolved. 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.

NOTE K: RISK MANAGEMENT

The County is self-insured for dental and disability. Each participating fund of the County makes payments to the respective self-insurance Internal Service Fund equal to an established percentage of gross salaries for that fund. These payments are accounted for as fringe benefit charges in the paying fund and charges for services in the receiving fund.

The County is completely self-insured for dental benefits. The plan covers all enrolled employees. The Dental Plan basically provides reimbursements for dental costs up to a maximum \$4,200 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 County is completely self-insured for disability benefits. The plan covers all employees. The Disability Benefits Plan basically provide benefits of current wages up to a maximum of \$325 per week for 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 Weyco, Inc., which furnishes claims review and processing.

The County also participates in a pool, the Michigan Workers' Compensation Fund, with other municipalities for workers' compensation losses. 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.

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

December 31, 2002

NOTE K: RISK MANAGEMENT - CONTINUED

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.

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:

<u>Type of Risk</u>	<u>Maximum Retention Per Occurrence</u>
General and auto liability	\$ 75,000
Motor vehicle physical damage	30,000
Property coverage	10,000

The limit of insurance for general and auto liability is \$15,000,000 with the motor vehicle physical damage limit of insurance of \$1,500,000. The property damage blanket limit of insurance at December 31, 2002 was \$28,617,490.

The Authority has established a Retained Risk Program to pay losses incurred by members which 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 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 expenses 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 which 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 \$190,000, net of reinsurance recoveries for any one member in any one year. Aggregate paid losses in excess of \$190,000 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.

At December 31, 2002, the County had funds on deposit of \$563,423 with the Authority and reserves for reported claims of \$80,474.

Clinton County, Michigan

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

December 31, 2002

NOTE L: PROPERTY TAXES AND TAX RECEIVABLE

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

Although the County's 2002 ad valorem tax is levied and collectible by December 1, 2002, it is the County's policy for all governmental fund types to recognize revenues from the current tax levy in the year when the proceeds of the levy are budgeted and made available for financing County operations.

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 2001 levy had a taxable value of \$1,632,303,694 on which ad valorem taxes levied for County general operating purposes was 5.6030 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 property taxes levied December 1 are accrued as current tax receivable with the appropriate deferral, and are budgeted as revenue in the subsequent year in the General and Regular Drain Funds.

The delinquent taxes receivable represents unpaid real property taxes in the Delinquent Tax Revolving Fund and unpaid personal property taxes in the General and Central Dispatch (Special Revenue) Funds.

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

NOTE M: POST-EMPLOYMENT HEALTH CARE BENEFITS

In addition to providing pension benefits, the County provides certain health care 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. The County will pay \$347 per month for each eligible employee under age 65 and \$325 per month for each eligible employee age 65 or older. The County will pay \$406 per month for each out of area eligible employee under age 65 and \$381 per month for each out of area employee age 65 or older.

In 2002 the County established an expendable trust fund (the Trust) for the purpose of providing retiree health care benefits under County policy. Based on an actuarially determined liability and funding schedule, it is the County's intention to fund the Trust at a rate of 2.9% of payroll over the next five years at which time another actuarial valuation will be done. 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.

The Trust is being funded based on 165 employees and retirees. Contributions required and made during the year were made in the amount of \$180,103. As of December 31, 2002 there was \$1,721,277 of net assets available for benefits. The total actuarially determined liability for these benefits is \$4,917,251 and the total unfunded liability was \$2,234,749 at December 21, 2000 based on the initial contribution made to the Trust. The County has chosen to fund the Trust based on assumptions of 6% annual cost increases for benefits and a 7% return on investments.

Clinton County, Michigan

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

December 31, 2002

NOTE N: PRIOR PERIOD ADJUSTMENTS

The following prior period adjustments were made during the current period, which was the result of a correction of an accounting error. These adjustments were reported as changes to beginning fund equity. The effect on operations and other affected balances for the current year and prior period are as follows:

	December 31,		
	<u>2002</u>	<u>2001</u>	<u>Description</u>
PRIMARY GOVERNMENT			
General Fund			
Accrued wages	\$ -	\$ 62,920	Correct overstatement of accrued wages
Revenues over/(under) expenditures	-	62,920	
Fund balance - beginning	62,920	-	
COMPONENT UNIT			
Drainage District			
Capital projects			
Regular drain			
Accrued liabilities	-	(20,531)	Correct understatement of accrued liabilities and overstated receivable
Special assessment receivable	-	(282,804)	
Revenues over/(under) expenditures	-	(303,335)	
Fund balance - beginning	(303,335)	-	
Revolving drain			
Receivable	-	10,506	Correct understatement of receivable
Revenues over/(under) expenditures	-	10,506	
Fund balance - beginning	10,506	-	
Debt Service			
Drain Debt Retirement			
Special assessment receivable	-	245,877	Correct understatement of special assessment receivable
Revenues over/(under) expenditures	-	245,877	
Fund balance - beginning	245,877	-	

NOTE O: FUND EQUITY RESERVES AND DESIGNATIONS

Reserved fund balance and retained earnings are used to earmark a portion of fund equity to indicate that it is not appropriate for expenditure or has been legally segregated for a specific future use. Designated fund balance indicates that portion of fund balance which the County has set aside for specific purposes.

The following are the various fund balance reserves as of December 31, 2002:

PRIMARY GOVERNMENT	
General Fund	
Reserved for	
Advances to other funds and component units	\$ 255,000
Vacation and sick pay	992,036
Debt service	750,000
Planning and economical development	75,000
Family counseling	9,517
Retro pay	<u>100,000</u>
	2,181,553

Clinton County, Michigan

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

December 31, 2002

NOTE O: FUND EQUITY RESERVES AND DESIGNATIONS - CONTINUED

PRIMARY GOVERNMENT - CONTINUED

Debt Service Funds	
Building Authority - Jail Fund	
Reserved for debt service	\$ 1,268,866
Building Authority - Courthouse Fund	
Reserved for debt service	<u>1,108,012</u>
	2,376,878
Trust and Agency Funds	
Expendable Trust Fund	
Post employment healthcare	1,721,277
Nonexpendable Trust Fund	
Perpetual care	<u>3,850</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 6,283,558</u>

The following are fund balance designations as of December 31, 2002:

PRIMARY GOVERNMENT

Special Revenue Funds	
Public Improvement	
Designated for building improvements	\$ 1,107,500

COMPONENT UNITS

Department of Public Works	
Capital Projects	
Township projects	
Designated for capital expenditures	168,820
Drainage District	
Capital Projects	
Regular Drain	
Designated for capital expenditures	1,686,509
Revolving Drain Maintenance	
Designated for capital expenditures	<u>24,232</u>

1,710,741

1,879,561

\$ 2,987,061

Clinton County, Michigan

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

December 31, 2002

NOTE O: FUND EQUITY RESERVES AND DESIGNATIONS - CONTINUED

The following are the various retained earnings reserves as of December 31, 2002:

Internal Service Funds	
Workers Compensation Fund	
Reserved for potential losses	\$ 535,198
Employee Retirement Fund	
Reserved for employee benefits	193,995
Self-Fund Insurance	
Reserved for potential losses	1,117,095
Unemployment	
Reserved for potential losses	<u>88,685</u>
	<u>\$ 1,934,973</u>

The following are the various retained earnings designations as of December 31, 2002:

Enterprise Funds	
Animal Shelter	\$ 800,000
Debt Service - Jail	5,300,000
Fair Grounds	835,000
Health Department Renovation	1,000,000
Health Insurance - Retiree	1,000,000
Imaging/Document Management	250,000
Jail Management Software	240,000
Jail Renovation	500,000
Maintenance Storage	<u>520,000</u>
	<u>\$ 10,445,000</u>

NOTE P: FLEXIBLE BENEFITS 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 120 days of full-time employment with the County and normally work not less than 24 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 Flexible Benefit Plan.

The plan is administered by Clinton County.

Clinton County, Michigan

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

December 31, 2002

NOTE Q: SEGMENT INFORMATION

The County operates the County Extension Community Center providing recreation and cultural activities to the various County residents, the Jail Commissary providing sales of goods to inmates, and the Delinquent Tax Revolving Fund accounts for money, either advanced by a county or by the issuance of general obligation limited tax notes, to pay other taxing units and various county funds for their delinquent taxes. Segment information for the year ended December 31, 2002 is as follows:

	<u>Delinquent Tax Revolving</u>	<u>Jail Commissary</u>	<u>County Extension Community Center</u>	<u>Total</u>
Operating revenue	\$ 429,075	\$ 105,637	\$ 11,516	\$ 546,228
Operating expenses				
Depreciation	900	-	-	900
Other	14,607	111,493	22,201	148,301
Operating income (loss)	413,568	(5,856)	(10,685)	397,027
Nonoperating revenues				
Interest	443,796	-	-	443,796
Net increase in fair value	115,887	-	-	115,887
Transfers in	-	-	12,125	12,125
Nonoperating expenses				
Transfers out	2,144,539	-	-	2,144,539
Net income (loss)	(1,171,288)	(5,856)	1,440	(1,175,704)
Net working capital	5,207,587	18,067	2,200	5,227,854
Total assets	10,884,259	22,922	5,380	10,912,561
Total equity	10,878,182	18,067	2,200	10,898,449

NOTE R: BUILDING AND ZONING FINANCIAL INFORMATION

The County elected to report the financial activities of the building and zoning department in the general fund. The following is the required information as it relates to this department for the activity for the period January 1, 2002 to December 31, 2002:

REVENUES	
Code enforcement	\$ 392,309
EXPENDITURES	
Personal services and fringes	5,347
Contractual services	319,374
Other	3,073
Administrative Charges	<u>82,311</u>
TOTAL EXPENDITURES	<u>410,105</u>
EXCESS OF REVENUES UNDER EXPENDITURES	<u>\$(17,796)</u>

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

December 31, 2002

NOTE 5: GASB STATEMENT NO. 34

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments (Statement). Certain of the significant changes in the Statement include the following:

For the first time the financial statements will include:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the County's overall financial position and results of operations.
- Financial statements prepared using full accrual accounting for all of the County's activities, including reporting infrastructure assets (roads, bridges, etc.).
- A change in the fund financial statements to focus on the major funds.

The general provisions of GASB Statement No. 34 must be implemented by Clinton County no later than the fiscal year ending December 31, 2003; the retroactive reporting of infrastructures, if any, must be implemented no later than the year ending December 31, 2007.

SUPPLEMENTAL FINANCIAL INFORMATION

Clinton County, Michigan

General Fund

STATEMENT OF REVENUES - BUDGET AND ACTUAL

For the Year Ended December 31, 2002

	Amended Budget	Actual	Variance Favorable (Unfavorable)
Taxes			
Current and delinquent property taxes	\$ 8,455,019	\$ 8,451,031	\$ (3,988)
Payments in lieu of taxes	40	40	-0-
Mobile home park taxes	11,500	12,604	1,104
Other tax revenue	3,050	2,131	(919)
Total taxes	8,469,609	8,465,806	(3,803)
Licenses and Permits			
Dog licenses	126,000	115,856	(10,144)
Other licenses and permits	41,025	26,466	(14,559)
Building permits	370,000	363,909	(6,091)
Soil erosion	10,000	14,850	4,850
Total licenses and permits	547,025	521,081	(25,944)
Intergovernmental - Federal/State			
Prosecuting Attorney reimbursement	75,000	100,784	25,784
Juvenile grant	21,420	18,837	(2,583)
Employment services	94,000	93,347	(653)
Support incentive	15,400	62,875	47,475
Sheriff - local DARE	7,204	16,485	9,281
Sheriff - LLEBG	68,864	40,219	(28,645)
Strong family/safe child	24,792	29,149	4,357
Housing grant	76,000	75,344	(656)
Liquor license	5,010	6,526	1,516
Liquor convention facility	133,055	133,055	-0-
Single Business Tax	59,569	59,569	-0-
Victims' Rights	48,860	54,375	5,515
Drivers license restoration	500	468	(32)
Health care grant	25,000	18,087	(6,913)
Income tax	1,288,372	1,240,269	(48,103)
Probate court judge salary	94,195	94,195	-0-
Circuit court judge	91,448	90,998	(450)
District court judge	45,724	45,274	(450)
Probate court judge	45,724	52,994	7,270
Juvenile court director	15,000	13,659	(1,341)
District court state aid	12,000	16,539	4,539
Cigarette tax	56,405	55,882	(523)
Marine safety	4,453	3,835	(618)
Domestic preparedness	67,578	67,575	(3)
Prosecuting Attorney food stamp	2,000	225	(1,775)
PA 345	49,813	49,813	-0-
Court equity	269,000	273,040	4,040
Road Patrol	100,000	94,218	(5,782)
Emergency management	18,274	24,658	6,384
Other	5,800	9,488	3,688
Total intergovernmental - federal/state	2,820,460	2,841,782	21,322

Clinton County, Michigan

General Fund

STATEMENT OF REVENUES - BUDGET AND ACTUAL - CONTINUED

For the Year Ended December 31, 2002

	Amended Budget	Actual	Variance Favorable (Unfavorable)
Charges for Services			
Sheriff	\$ 37,390	\$ 43,494	\$ 6,104
Treasurer fees	8,830	9,210	380
Drain commissioner	1,000	88	(912)
Friend of the Court service fees	45,000	34,629	(10,371)
District Court	1,539,100	1,534,391	(4,709)
Probation - juvenile	6,000	6,445	445
Clerk	135,600	141,691	6,091
Register of deeds	712,500	777,606	65,106
Tax processing	33,000	32,937	(63)
Probate Court	20,000	23,738	3,738
Planning department	-	1,750	1,750
Care of prisoners	1,129,218	1,160,280	31,062
Total charges for services	3,667,638	3,766,259	98,621
Interest and Rents			
Interest on investments	351,500	327,053	(24,447)
Rents	10,001	13,307	3,306
Total interest and rents	361,501	340,360	(21,141)
Other			
Contributions	59,657	56,396	(3,261)
Sale of equipment	5,000	600	(4,400)
Reimbursements-indirect costs	446,806	446,604	(202)
Reimbursements-direct costs	24,000	30,024	6,024
Reimbursements-other	293,538	299,454	5,916
Other	900	3,882	2,982
Total other	829,901	836,960	7,059
TOTAL REVENUES	<u>\$ 16,696,134</u>	<u>\$ 16,772,248</u>	<u>\$ 76,114</u>

Clinton County, Michigan

General Fund

STATEMENT OF EXPENDITURES AND OTHER FINANCING USES BY ACTIVITY -
BUDGET AND ACTUAL

For the Year Ended December 31, 2002

	Amended Budget	Actual	Variance Favorable (Unfavorable)
Legislative			
Board of Commissioners	\$ 262,980	\$ 243,409	\$ 19,571
Judicial			
Circuit Court	446,421	437,412	9,009
District Court	880,071	853,222	26,849
Probate Court	849,068	845,838	3,230
Family counseling	12,400	7,678	4,722
Jury board	8,594	5,541	3,053
Adult probation	5,818	5,333	485
Other	20,120	20,120	-0-
Total judicial	2,222,492	2,175,144	47,348
General government			
County Administrator	367,341	362,844	4,497
Accounting	83,890	83,887	3
Elections	91,342	77,010	14,332
Clerk	365,563	363,914	1,649
Equalization	207,691	196,248	11,443
Prosecuting Attorney	739,227	726,547	12,680
Microfilming	87,328	74,231	13,097
Register of Deeds	218,055	215,749	2,306
County survey and remonumentation	49,813	49,813	-0-
Record copying	42,500	29,575	12,925
Treasurer	256,313	247,246	9,067
Tax Processing	36,000	28,874	7,126
Cooperative extension	272,429	269,676	2,753
Courthouse and grounds	1,054,807	890,502	164,305
Drain commissioner	427,182	419,090	8,092
Soil conservation	22,000	22,000	-0-
Total general government	4,321,481	4,057,206	264,275
Public safety			
Sheriff - general	1,913,305	1,870,982	42,323
Sheriff - DARE	76,068	69,698	6,370
Marine safety	4,453	4,419	34
Secondary Road Patrol	100,000	96,723	3,277
Metro squad	50,756	14,392	36,364
Jail	2,274,048	2,224,400	49,648
Emergency services	137,747	136,954	793
Animal control	137,524	137,220	304
Total public safety	4,693,901	4,554,788	139,113

Clinton County, Michigan

General Fund

STATEMENT OF EXPENDITURES AND OTHER FINANCING USES BY ACTIVITY -
BUDGET AND ACTUAL - CONTINUED

For the Year Ended December 31, 2002

	Amended Budget	Actual	Variance Favorable (Unfavorable)
Public works			
Drains at large	\$ 42,824	\$ 42,778	\$ 46
Department of public works	9,300	9,222	78
Total public works	52,124	52,000	124
Health and welfare			
Contagious disease	7,330	2,427	4,903
Tri-County Aging Consortium	32,780	32,780	-0-
Building stronger community council	20,000	20,000	-0-
Social Services appropriation	97,000	89,750	7,250
Substance abuse appropriation	66,528	66,528	-0-
Medical examiner	60,873	60,488	385
District Health department	396,405	389,123	7,282
Mental Health	210,873	190,789	20,084
Veterans burials	23,236	23,236	-0-
Total health and welfare	915,025	875,121	39,904
Community and economic development			
MSHDA housing	76,000	75,853	147
Planning department	557,803	503,413	54,390
Plat board	2,104	1,245	859
Zoning board	3,406	403	3,003
Construction board	1,175	-	1,175
Tri-County Regional planning commission	35,396	35,395	1
Employment services	94,000	93,347	653
Total community and economic development	769,884	709,656	60,228
Recreation and culture			
Parks and recreation	5,620	3,853	1,767
Other			
Insurance and bonds	270,000	252,076	17,924
Other	88,706	57,809	30,897
Total other	358,706	309,885	48,821
TOTAL EXPENDITURES	13,602,213	12,981,062	621,151

Clinton County, Michigan

General Fund

STATEMENT OF EXPENDITURES AND OTHER FINANCING USES BY ACTIVITY -
BUDGET AND ACTUAL - CONTINUED

For the Year Ended December 31, 2002

	Amended Budget	Actual	Variance Favorable (Unfavorable)
OTHER FINANCING USES			
Operating transfers to other funds			
Friend of the Court Fund	\$ 260,000	\$ 260,000	\$ -0-
Law Library Fund	13,500	13,500	-0-
Central Telephone	39,500	39,500	-0-
MIS	540,291	540,291	-0-
Building Authority Funds	1,210,400	1,210,400	-0-
Public Improvement Fund	333,557	333,557	-0-
County Vehicles Fund	121,451	121,451	-0-
Child Care Fund	341,506	341,506	-0-
Soldiers and Sailors Relief Fund	1,000	1,000	-0-
County Extension Community Center Fund	12,125	12,125	-0-
Employee Benefits Fund	297,000	297,000	-0-
	<u>3,170,330</u>	<u>3,170,330</u>	<u>-0-</u>
TOTAL OTHER FINANCING USES			
	<u>3,170,330</u>	<u>3,170,330</u>	<u>-0-</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES			
	<u>\$ 16,772,543</u>	<u>\$ 16,151,392</u>	<u>\$ 621,151</u>

Clinton County, Michigan

Special Revenue Funds

COMBINING BALANCE SHEET

December 31, 2002

	<u>Friend of the Court</u>	<u>Public Improvement</u>	<u>Community Corrections</u>	<u>Economic Development</u>
ASSETS				
Cash and cash equivalents	\$ 99,857	\$ 1,334,565	\$ 3,263	\$ 101,163
Receivables				
Taxes - Delinquent	-	-	-	-
Accounts	-	-	-	-
Due from other funds	-	100,000	-	-
Due from other governmental units				
Federal/State	145,513	-	13,109	-
	<u>\$ 245,370</u>	<u>\$ 1,434,565</u>	<u>\$ 16,372</u>	<u>\$ 101,163</u>
TOTAL ASSETS				
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 6,007	\$ 37,830	\$ 124	\$ -
Accrued liabilities	17,689	-	1,758	-
Advances from other funds	93,000	-	-	-
Due to other funds	2,131	-	6,716	-
	<u>118,827</u>	<u>37,830</u>	<u>8,598</u>	<u>-0-</u>
TOTAL LIABILITIES				
FUND BALANCES				
Unreserved				
Designated for building improvements	-	1,107,500	-	-
Undesignated	126,543	289,235	7,774	101,163
	<u>126,543</u>	<u>1,396,735</u>	<u>7,774</u>	<u>101,163</u>
TOTAL FUND BALANCES				
TOTAL LIABILITIES AND FUND BALANCES				
	<u>\$ 245,370</u>	<u>\$ 1,434,565</u>	<u>\$ 16,372</u>	<u>\$ 101,163</u>

<u>Probation Enhancement</u>	<u>Central Dispatch</u>	<u>Law Library</u>	<u>Drug Forfeiture</u>
\$ 27,500	\$ 196,952	\$ 4,827	\$ 18,338
-	158	-	-
-	107,217	-	-
-	-	-	-
-	28,440	-	-
<u>\$ 27,500</u>	<u>\$ 332,767</u>	<u>\$ 4,827</u>	<u>\$ 18,338</u>
\$ -	\$ 46,011	\$ 1,409	\$ 270
-	20,136	-	-
-	150,000	-	-
-	1,945	-	-
-0-	218,092	1,409	270
-	-	-	-
27,500	114,675	3,418	18,068
27,500	114,675	3,418	18,068
<u>\$ 27,500</u>	<u>\$ 332,767</u>	<u>\$ 4,827</u>	<u>\$ 18,338</u>

Clinton County, Michigan

Special Revenue Funds

COMBINING BALANCE SHEET - CONTINUED

December 31, 2002

	Act 302 Training Funds	Waste Management	County Library	Budget Stabilization
ASSETS				
Cash and cash equivalents	\$ 5,112	\$ 109,624	\$ -	\$ 200,000
Receivables				
Taxes - Delinquent	-	-	-	-
Accounts	-	19,233	-	-
Due from other funds	-	-	-	-
Due from other governmental units				
Federal/State	-	-	-	-
	<u>5,112</u>	<u>128,857</u>	<u>-0-</u>	<u>200,000</u>
TOTAL ASSETS	<u>\$ 5,112</u>	<u>\$ 128,857</u>	<u>\$ -0-</u>	<u>\$ 200,000</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ -	\$ 17,161	\$ -	\$ -
Accrued liabilities	-	3,370	-	-
Advances from other funds	-	-	-	-
Due to other funds	-	406	-	-
	<u>-0-</u>	<u>20,937</u>	<u>-0-</u>	<u>-0-</u>
TOTAL LIABILITIES	-0-	20,937	-0-	-0-
FUND BALANCES				
Unreserved				
Designated for building improvements	-	-	-	-
Undesignated	5,112	107,920	-	200,000
	<u>5,112</u>	<u>107,920</u>	<u>-0-</u>	<u>200,000</u>
TOTAL FUND BALANCES	<u>5,112</u>	<u>107,920</u>	<u>-0-</u>	<u>200,000</u>
	<u>\$ 5,112</u>	<u>\$ 128,857</u>	<u>\$ -0-</u>	<u>\$ 200,000</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 5,112</u>	<u>\$ 128,857</u>	<u>\$ -0-</u>	<u>\$ 200,000</u>

Child Care	Soldiers and Sailors Relief	Veterans Trust	Total
\$ 253,812	\$ 1,546	\$ 434	\$ 2,356,993
-	-	-	158
-	-	-	126,450
-	-	-	100,000
83,531	-	-	270,593
<u>\$ 337,343</u>	<u>\$ 1,546</u>	<u>\$ 434</u>	<u>\$ 2,854,194</u>
\$ 60,737	\$ 447	\$ 232	\$ 170,228
4,575	-	-	47,528
-	-	-	243,000
39,432	-	-	50,630
104,744	447	232	511,386
-	-	-	1,107,500
232,599	1,099	202	1,235,308
232,599	1,099	202	2,342,808
<u>\$ 337,343</u>	<u>\$ 1,546</u>	<u>\$ 434</u>	<u>\$ 2,854,194</u>

Clinton County, Michigan

Special Revenue Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES

For the Year Ended December 31, 2002

	<u>Friend of the Court</u>	<u>Public Improvement</u>	<u>Community Corrections</u>	<u>Economic Development</u>
REVENUES				
Intergovernmental				
Federal/State	\$ 495,440	\$ -	\$ 74,680	\$ -
Charges for services	22,123	-	-	-
Fines and forfeits	-	-	-	-
Interest and rents	-	-	47	1,241
Other	-	-	777	-
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	517,563	-0-	75,504	1,241
EXPENDITURES				
Current				
Judicial	781,341	-	-	-
Public safety	-	-	83,636	-
Public works	-	45,947	-	-
Health and welfare	-	-	-	245
Recreation and cultural	-	-	-	-
Capital outlay	2,247	101,472	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	783,588	147,419	83,636	245
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(266,025)	(147,419)	(8,132)	996
OTHER FINANCING SOURCES				
Operating transfers in	260,000	333,557	-	77,000
	<hr/>	<hr/>	<hr/>	<hr/>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	(6,025)	186,138	(8,132)	77,996
Fund balances, beginning of year	132,568	1,210,597	15,906	23,167
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances, end of year	<u>\$ 126,543</u>	<u>\$ 1,396,735</u>	<u>\$ 7,774</u>	<u>\$ 101,163</u>

<u>Probation Enhancement</u>	<u>Central Dispatch</u>	<u>Law Library</u>	<u>Drug Forfeiture</u>
\$ -	\$ -	\$ -	\$ 4,275
-	1,440,565	-	-
4,346	-	6,500	2,960
-	2,979	-	165
-	1,134	-	-
<u>4,346</u>	<u>1,444,678</u>	<u>6,500</u>	<u>7,400</u>
-	-	18,817	-
1,978	838,202	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	663,476	-	15,009
<u>1,978</u>	<u>1,501,678</u>	<u>18,817</u>	<u>15,009</u>
2,368	(57,000)	(12,317)	(7,609)
-	-	13,500	-
2,368	(57,000)	1,183	(7,609)
<u>25,132</u>	<u>171,675</u>	<u>2,235</u>	<u>25,677</u>
<u>\$ 27,500</u>	<u>\$ 114,675</u>	<u>\$ 3,418</u>	<u>\$ 18,068</u>

Clinton County, Michigan

Special Revenue Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - CONTINUED

For the Year Ended December 31, 2002

	Act 302 Training Funds	Waste Management	County Library	Budget Stabilization
REVENUES				
Intergovernmental				
Federal/State	\$ 6,255	\$ -	\$ -	\$ -
Charges for services	-	276,005	-	-
Fines and forfeits	-	-	5,210	-
Interest and rents	-	-	-	-
Other	-	-	-	-
	<u>6,255</u>	<u>276,005</u>	<u>5,210</u>	<u>-0-</u>
TOTAL REVENUES				
EXPENDITURES				
Current				
Judicial	-	-	-	-
Public safety	7,614	-	-	-
Public works	-	311,125	-	-
Health and welfare	-	-	-	-
Recreation and cultural	-	-	5,210	-
Capital outlay	-	-	-	-
	<u>7,614</u>	<u>311,125</u>	<u>5,210</u>	<u>-0-</u>
TOTAL EXPENDITURES				
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES				
	(1,359)	(35,120)	-0-	-0-
OTHER FINANCING SOURCES				
Operating transfers in	-	-	-	-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES				
	(1,359)	(35,120)	-0-	-0-
Fund balances, beginning of year	<u>6,471</u>	<u>143,040</u>	<u>-</u>	<u>200,000</u>
Fund balances, end of year	<u>\$ 5,112</u>	<u>\$ 107,920</u>	<u>\$ -0-</u>	<u>\$ 200,000</u>

Child Care	Soldiers and Sailors Relief	Veterans Trust	Total
\$ 242,335	\$ -	\$ 8,985	\$ 831,970
54,736	-	-	1,793,429
-	-	-	19,016
-	-	-	4,432
2,325	-	-	4,236
299,396	-0-	8,985	2,653,083
-	-	-	800,158
-	-	-	931,430
-	-	-	357,072
513,281	839	11,269	525,634
-	-	-	5,210
-	-	-	782,204
513,281	839	11,269	3,401,708
(213,885)	(839)	(2,284)	(748,625)
341,506	1,000	-	1,026,563
127,621	161	(2,284)	277,938
104,978	938	2,486	2,064,870
<u>\$ 232,599</u>	<u>\$ 1,099</u>	<u>\$ 202</u>	<u>\$ 2,342,808</u>

Clinton County, Michigan

Special Revenue Funds

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES BY FUND - BUDGET AND ACTUAL

For the Year Ended December 31, 2002

	<u>Friend of the Court</u>		Variance
	<u>Amended Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
REVENUES			
Intergovernmental - Federal/State	\$ 687,151	\$ 495,440	\$ (191,711)
Charges for services	9,000	22,123	13,123
TOTAL REVENUES	696,151	517,563	(178,588)
EXPENDITURES			
Current			
Judicial	1,028,192	781,341	246,851
Capital outlay	25,000	2,247	22,753
TOTAL EXPENDITURES	1,053,192	783,588	269,604
EXCESS OF REVENUES (UNDER) EXPENDITURES	(357,041)	(266,025)	91,016
OTHER FINANCING SOURCES			
Operating transfers in	260,000	260,000	-0-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES (UNDER) EXPENDITURES	(97,041)	(6,025)	91,016
Fund balance, beginning of year	132,568	132,568	-0-
Fund balance, end of year	<u>\$ 35,527</u>	<u>\$ 126,543</u>	<u>\$ 91,016</u>

Clinton County, Michigan

Special Revenue Funds

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES BY FUND - BUDGET AND ACTUAL - CONTINUED

For the Year Ended December 31, 2002

	<u>Public Improvement</u>		Variance Favorable (Unfavorable)
	<u>Amended Budget</u>	<u>Actual</u>	
REVENUES	\$ -	\$ -	\$ -0-
EXPENDITURES			
Current			
Public works	48,427	45,947	2,480
Capital outlay	<u>112,512</u>	<u>101,472</u>	<u>11,040</u>
TOTAL EXPENDITURES	<u>160,939</u>	<u>147,419</u>	<u>13,520</u>
EXCESS OF REVENUES (UNDER) EXPENDITURES	(160,939)	(147,419)	13,520
OTHER FINANCING SOURCES			
Operating transfers in	<u>333,557</u>	<u>333,557</u>	<u>-0-</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	172,618	186,138	13,520
Fund balance, beginning of year	<u>1,210,597</u>	<u>1,210,597</u>	<u>-0-</u>
Fund balance, end of year	<u><u>\$ 1,383,215</u></u>	<u><u>\$ 1,396,735</u></u>	<u><u>\$ 13,520</u></u>

Clinton County, Michigan

Special Revenue Funds

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES BY FUND - BUDGET AND ACTUAL - CONTINUED

For the Year Ended December 31, 2002

	<u>Amended Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Community Corrections</u>			
REVENUES			
Intergovernmental - State	\$ 81,900	\$ 74,680	\$ (7,220)
Interest	-	47	47
Other			
Miscellaneous	<u>1,000</u>	<u>777</u>	<u>(223)</u>
TOTAL REVENUES	82,900	75,504	(7,396)
EXPENDITURES			
Public safety	<u>86,545</u>	<u>83,636</u>	<u>2,909</u>
EXCESS OF REVENUES (UNDER) EXPENDITURES	(3,645)	(8,132)	(4,487)
Fund balance, beginning of year	<u>15,906</u>	<u>15,906</u>	<u>-0-</u>
Fund balance, end of year	<u>\$ 12,261</u>	<u>\$ 7,774</u>	<u>\$ (4,487)</u>
<u>Economic Development</u>			
REVENUES			
Interest	\$ -	\$ 1,241	\$ 1,241
EXPENDITURES			
Health and welfare	<u>77,000</u>	<u>245</u>	<u>76,755</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(77,000)	996	77,996
OTHER FINANCING SOURCES			
Operating transfers in	<u>77,000</u>	<u>77,000</u>	<u>-0-</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	-0-	77,996	77,996
Fund balance, beginning of year	<u>23,167</u>	<u>23,167</u>	<u>-0-</u>
Fund balance, end of year	<u>\$ 23,167</u>	<u>\$ 101,163</u>	<u>\$ 77,996</u>

Clinton County, Michigan

Special Revenue Funds

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES BY FUND - BUDGET AND ACTUAL - CONTINUED

For the Year Ended December 31, 2002

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Probation Enhancement</u>			
REVENUES			
Fines and forfeits	\$ 10,000	\$ 4,346	\$ (5,654)
EXPENDITURES			
Public safety	<u>10,000</u>	<u>1,978</u>	<u>8,022</u>
EXCESS OF REVENUES OVER EXPENDITURES	-0-	2,368	2,368
Fund balance, beginning of year	<u>25,132</u>	<u>25,132</u>	<u>-0-</u>
Fund balance, end of year	<u>\$ 25,132</u>	<u>\$ 27,500</u>	<u>\$ 2,368</u>
<u>Central Dispatch</u>			
REVENUES			
Charges for services	\$ 1,411,608	\$ 1,440,565	\$ 28,957
Interest	3,000	2,979	(21)
Other			
Miscellaneous	<u>-</u>	<u>1,134</u>	<u>1,134</u>
TOTAL REVENUES	1,414,608	1,444,678	30,070
EXPENDITURES			
Current			
Public safety	957,986	838,202	119,784
Capital outlay	<u>660,955</u>	<u>663,476</u>	<u>(2,521)</u>
TOTAL EXPENDITURES	1,618,941	1,501,678	117,263
EXCESS OF REVENUES (UNDER) EXPENDITURES	(204,333)	(57,000)	147,333
Fund balance, beginning of year	<u>171,675</u>	<u>171,675</u>	<u>-0-</u>
Fund balance (deficit), end of year	<u>\$ (32,658)</u>	<u>\$ 114,675</u>	<u>\$ 147,333</u>

Clinton County, Michigan

Special Revenue Funds

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES BY FUND - BUDGET AND ACTUAL - CONTINUED

For the Year Ended December 31, 2002

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Law Library</u>			
REVENUES			
Fines and forfeits	\$ 6,500	\$ 6,500	\$ -0-
EXPENDITURES			
Judicial	<u>20,000</u>	<u>18,817</u>	<u>1,183</u>
EXCESS OF REVENUES (UNDER) EXPENDITURES	(13,500)	(12,317)	1,183
OTHER FINANCING SOURCES			
Operating transfers in	<u>13,500</u>	<u>13,500</u>	<u>-0-</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	-0-	1,183	1,183
Fund balance, beginning of year	<u>2,235</u>	<u>2,235</u>	<u>-0-</u>
Fund balance, end of year	<u><u>\$ 2,235</u></u>	<u><u>\$ 3,418</u></u>	<u><u>\$ 1,183</u></u>

Clinton County, Michigan

Special Revenue Funds

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES BY FUND - BUDGET AND ACTUAL - CONTINUED

For the Year Ended December 31, 2002

	<u>Amended Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Drug Forfeiture</u>			
REVENUES			
Intergovernmental			
Federal/State	\$ 4,274	\$ 4,275	\$ 1
Fines and forfeits	3,000	2,960	(40)
Interest	-	165	165
	<u>7,274</u>	<u>7,400</u>	<u>126</u>
TOTAL REVENUES			
EXPENDITURES			
Current			
Public Safety	500	-	500
Capital outlay	16,620	15,009	1,611
	<u>17,120</u>	<u>15,009</u>	<u>2,111</u>
TOTAL EXPENDITURES			
EXCESS OF REVENUES (UNDER) EXPENDITURES			
	(9,846)	(7,609)	2,237
Fund balance, beginning of year	<u>25,677</u>	<u>25,677</u>	<u>-0-</u>
Fund balance, end of year	<u>\$ 15,831</u>	<u>\$ 18,068</u>	<u>\$ 2,237</u>

Act 302 Training Funds

REVENUES			
Intergovernmental			
Federal/State	\$ 10,000	\$ 6,255	\$ (3,745)
EXPENDITURES			
Public safety	<u>10,000</u>	<u>7,614</u>	<u>2,386</u>
EXCESS OF REVENUES (UNDER) EXPENDITURES			
	-0-	(1,359)	(1,359)
Fund balance, beginning of year	<u>6,471</u>	<u>6,471</u>	<u>-0-</u>
Fund balance, end of year	<u>\$ 6,471</u>	<u>\$ 5,112</u>	<u>\$ (1,359)</u>

Clinton County, Michigan

Special Revenue Funds

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES BY FUND - BUDGET AND ACTUAL - CONTINUED

For the Year Ended December 31, 2002

	<u>Amended Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Waste Management</u>			
REVENUES			
Charges for services	\$ 264,950	\$ 276,005	\$ 11,055
EXPENDITURES			
Current			
Public works	<u>416,747</u>	<u>311,125</u>	<u>105,622</u>
EXCESS OF REVENUES (UNDER) EXPENDITURES	(151,797)	(35,120)	116,677
Fund balance, beginning of year	<u>143,040</u>	<u>143,040</u>	<u>-0-</u>
Fund balance (deficit), end of year	<u><u>\$ (8,757)</u></u>	<u><u>\$ 107,920</u></u>	<u><u>\$ 116,677</u></u>

Clinton County, Michigan

Special Revenue Funds

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES BY FUND - BUDGET AND ACTUAL - CONTINUED

For the Year Ended December 31, 2002

County Library

	Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Fines and forfeits	\$ 35,000	\$ 5,210	\$ (29,790)
EXPENDITURES			
Recreation and cultural	<u>35,000</u>	<u>5,210</u>	<u>29,790</u>
EXCESS OF REVENUES OVER EXPENDITURES	-0-	-0-	-0-
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-0-</u>
Fund balance, end of year	<u><u>\$ -0-</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ -0-</u></u>

Budget Stabilization

REVENUES	\$ -	\$ -	\$ -0-
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-0-</u>
EXCESS OF REVENUES OVER EXPENDITURES	-0-	-0-	-0-
Fund balance, beginning of year	<u>200,000</u>	<u>200,000</u>	<u>-0-</u>
Fund balance, end of year	<u><u>\$ 200,000</u></u>	<u><u>\$ 200,000</u></u>	<u><u>\$ -0-</u></u>

Clinton County, Michigan

Special Revenue Funds

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES BY FUND - BUDGET AND ACTUAL - CONTINUED

For the Year Ended December 31, 2002

	<u>Child Care</u>		Variance
	Amended Budget	Actual	Favorable (Unfavorable)
REVENUES			
Intergovernmental			
Federal/State	\$ 385,006	\$ 242,335	\$ (142,671)
Charges for services	80,000	54,736	(25,264)
Other			
Miscellaneous	-	2,325	2,325
TOTAL REVENUES	465,006	299,396	(165,610)
EXPENDITURES			
Health and welfare	809,887	513,281	296,606
EXCESS OF REVENUES (UNDER) EXPENDITURES	(344,881)	(213,885)	130,996
OTHER FINANCING SOURCES			
Operating transfers in	341,506	341,506	-0-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	(3,375)	127,621	130,996
Fund balance, beginning of year	104,978	104,978	-0-
Fund balance, end of year	\$ 101,603	\$ 232,599	\$ 130,996

Clinton County, Michigan

Special Revenue Funds

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES BY FUND - BUDGET AND ACTUAL - CONTINUED

For the Year Ended December 31, 2002

	<u>Amended Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Soldiers and Sailors Relief</u>			
REVENUES	\$ -	\$ -	\$ -0-
EXPENDITURES			
Health and welfare	<u>1,000</u>	<u>839</u>	<u>161</u>
EXCESS OF REVENUES (UNDER) EXPENDITURES	(1,000)	(839)	161
OTHER FINANCING SOURCES			
Operating transfers in	<u>1,000</u>	<u>1,000</u>	<u>-0-</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	-0-	161	161
Fund balance, beginning of year	<u>938</u>	<u>938</u>	<u>-0-</u>
Fund balance, end of year	<u>\$ 938</u>	<u>\$ 1,099</u>	<u>\$ 161</u>
<u>Veterans Trust</u>			
REVENUES			
Intergovernmental - State	\$ 14,000	\$ 8,985	\$ (5,015)
EXPENDITURES			
Health and welfare	<u>14,000</u>	<u>11,269</u>	<u>2,731</u>
EXCESS OF REVENUES (UNDER) EXPENDITURES	-0-	(2,284)	(2,284)
Fund balance, beginning of year	<u>2,486</u>	<u>2,486</u>	<u>-0-</u>
Fund balance, end of year	<u>\$ 2,486</u>	<u>\$ 202</u>	<u>\$ (2,284)</u>

Clinton County, Michigan

Debt Service Funds

COMBINING BALANCE SHEET

December 31, 2002

	Building Authority- Jail	Building Authority- Courthouse	Total
ASSETS			
Cash and cash equivalents	\$ 759,679	\$ 1,108,012	\$ 1,867,691
Investments	505,104	-	505,104
Accrued interest	4,083	-	4,083
	<u>\$ 1,268,866</u>	<u>\$ 1,108,012</u>	<u>\$ 2,376,878</u>
TOTAL ASSETS			
LIABILITIES AND FUND BALANCES			
LIABILITIES	\$ -	\$ -	\$ -0-
FUND BALANCES			
Reserved for debt service	<u>1,268,866</u>	<u>1,108,012</u>	<u>2,376,878</u>
	<u>\$ 1,268,866</u>	<u>\$ 1,108,012</u>	<u>\$ 2,376,878</u>
TOTAL LIABILITIES AND FUND BALANCES			

Clinton County, Michigan

Debt Service Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES

For the Year Ended December 31, 2002

	Building Authority- Jail	Building Authority- Courthouse	Total
REVENUES			
Interest	\$ 29,729	\$ 17,805	\$ 47,534
EXPENDITURES			
Current			
Other	1,175	300	1,475
Debt service			
Principal	275,000	490,000	765,000
Interest and fiscal charges	131,410	611,573	742,983
TOTAL EXPENDITURES	<u>407,585</u>	<u>1,101,873</u>	<u>1,509,458</u>
EXCESS OF REVENUES (UNDER) EXPENDITURES	(377,856)	(1,084,068)	(1,461,924)
OTHER FINANCING SOURCES			
Operating transfers in	<u>374,400</u>	<u>1,061,000</u>	<u>1,435,400</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES (UNDER) EXPENDITURES	(3,456)	(23,068)	(26,524)
Fund balances, beginning of year	<u>1,272,322</u>	<u>1,131,080</u>	<u>2,403,402</u>
Fund balances, end of year	<u><u>\$ 1,268,866</u></u>	<u><u>\$ 1,108,012</u></u>	<u><u>\$ 2,376,878</u></u>

Clinton County, Michigan

Enterprise Funds

COMBINING BALANCE SHEET

December 31, 2002

	Delinquent Tax Revolving	Jail Commissary	County Extension Community Center	Total
ASSETS				
Current assets				
Cash and cash equivalents	\$ 4,069,363	\$ 15,576	\$ 5,380	\$ 4,090,319
Interest receivable	38,539	-	-	38,539
Delinquent taxes receivable	1,104,682	-	-	1,104,682
Account receivable	1,080	-	-	1,080
Inventory	-	7,346	-	7,346
Total current assets	5,213,664	22,922	5,380	5,241,966
Other assets				
Investments	5,512,495	-	-	5,512,495
Advances to other funds	150,000	-	-	150,000
Total other assets	5,662,495	-0-	-0-	5,662,495
Fixed assets				
Equipment	9,000	-	-	9,000
Less: Accumulated depreciation	(900)	-	-	(900)
Total fixed assets	8,100	-0-	-0-	8,100
TOTAL ASSETS	\$ 10,884,259	\$ 22,922	\$ 5,380	\$ 10,912,561
LIABILITIES AND RETAINED EARNINGS				
LIABILITIES				
Accounts payable	\$ 5,840	\$ 4,855	\$ 380	\$ 11,075
Accrued liabilities	237	-	2,800	3,037
TOTAL LIABILITIES	6,077	4,855	3,180	14,112
RETAINED EARNINGS				
Unreserved				
Designated for County Projects	10,445,000	-	-	10,445,000
Undesignated	433,182	18,067	2,200	453,449
TOTAL RETAINED EARNINGS	10,878,182	18,067	2,200	10,898,449
TOTAL LIABILITIES AND RETAINED EARNINGS	\$ 10,884,259	\$ 22,922	\$ 5,380	\$ 10,912,561

Clinton County, Michigan

Enterprise Funds

COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN RETAINED EARNINGS

Year Ended December 31, 2002

	Delinquent Tax Revolving	Jail Commissary	County Extension Community Center	Total
OPERATING REVENUES				
Sales	\$ -	\$ 105,637	\$ -	\$ 105,637
Rent	-	-	10,510	10,510
Interest and penalties on taxes	429,075	-	-	429,075
Other				
Miscellaneous	-	-	1,006	1,006
	<u>429,075</u>	<u>105,637</u>	<u>11,516</u>	<u>546,228</u>
OPERATING EXPENSES				
Operating supplies	4,490	111,493	22,201	138,184
Depreciation	900	-	-	900
Other	10,117	-	-	10,117
	<u>15,507</u>	<u>111,493</u>	<u>22,201</u>	<u>149,201</u>
OPERATING INCOME (LOSS)	413,568	(5,856)	(10,685)	397,027
NONOPERATING REVENUES				
Interest revenue	443,796	-	-	443,796
Net increase in fair value of investments	115,887	-	-	115,887
	<u>559,683</u>	<u>-0-</u>	<u>-0-</u>	<u>559,683</u>
INCOME (LOSS) BEFORE TRANSFERS	973,251	(5,856)	(10,685)	956,710
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	12,125	12,125
Operating transfers out	(2,144,539)	-	-	(2,144,539)
	<u>(2,144,539)</u>	<u>-0-</u>	<u>12,125</u>	<u>(2,132,414)</u>
NET INCOME (LOSS)	(1,171,288)	(5,856)	1,440	(1,175,704)
Retained earnings, beginning of year	12,049,470	23,923	760	12,074,153
Retained earnings, end of year	<u>\$ 10,878,182</u>	<u>\$ 18,067</u>	<u>\$ 2,200</u>	<u>\$ 10,898,449</u>

Clinton County, Michigan

Enterprise Funds

COMBINING STATEMENT OF CASH FLOWS

Year Ended December 31, 2002

	Delinquent Tax Revolving	Jail Commissary	County Extension Community Center	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income (loss)	\$ 413,568	\$ (5,856)	\$ (10,685)	\$ 397,027
Adjustments to reconcile operating (loss) to net cash provided (used) by operating activities				
Depreciation	900	-	-	900
(Increase) in delinquent taxes receivable	(68,925)	-	-	(68,925)
(Increase) in interest receivable	(10,190)	-	-	(10,190)
(Increase) in accounts receivable	(531)	-	-	(531)
(Increase) in inventory	-	(1,049)	-	(1,049)
Increase (decrease) in accounts payable	5,840	(1,573)	(435)	3,832
Increase (decrease) in accrued liabilities	(3,145)	-	300	(2,845)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	337,517	(8,478)	(10,820)	318,219
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in	-	-	12,125	12,125
Transfers out	(2,144,539)	-	-	(2,144,539)
Advance to other funds	150,000	-	-	150,000
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	(1,994,539)	-0-	12,125	(1,982,414)
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES				
Capital purchases	(9,000)	-0-	-0-	(9,000)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments	(3,106,838)	-	-	(3,106,838)
Maturity of investments	5,796,516	-	-	5,796,516
Interest revenue	443,796	-	-	443,796
Net increase in fair value of investments	115,887	-	-	115,887
NET CASH PROVIDED BY INVESTING ACTIVITIES	3,249,361	-0-	-0-	3,249,361
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS DURING YEAR				
	1,583,339	(8,478)	1,305	1,576,166
Cash and cash equivalents, beginning of year	2,486,024	24,054	4,075	2,514,153
Cash and cash equivalents, end of year	<u>\$ 4,069,363</u>	<u>\$ 15,576</u>	<u>\$ 5,380</u>	<u>\$ 4,090,319</u>

Clinton County, Michigan

Internal Service Funds

COMBINING BALANCE SHEET

December 31, 2002

	<u>Central Stores</u>	<u>Central Telephone</u>	<u>County Vehicles</u>	<u>Drain Equipment Revolving</u>
ASSETS				
Current assets				
Cash and cash equivalents	\$ 12,826	\$ 116,591	\$ 201,771	\$ 161,904
Interest receivable	-	-	-	-
Accounts receivable	512	-	-	-
Due from other funds	-	-	-	-
Inventory	11,838	-	-	-
Total current assets	25,176	116,591	201,771	161,904
Other assets				
Investments	-	-	-	-
Advances to other funds	-	-	-	-
Total other assets	-0-	-0-	-0-	-0-
Fixed assets				
Equipment	-	201,319	462,763	117,100
Less: Accumulated depreciation	-	(127,317)	(185,164)	(44,776)
Total fixed assets	-0-	74,002	277,599	72,324
TOTAL ASSETS	<u>\$ 25,176</u>	<u>\$ 190,593</u>	<u>\$ 479,370</u>	<u>\$ 234,228</u>
LIABILITIES AND RETAINED EARNINGS				
Current liabilities				
Accounts payable	\$ -	\$ 5,932	\$ 8,000	\$ 543
Accrued liabilities	-	-	-	-
Advances from other funds	25,000	-	-	10,000
Due to other funds	-	-	-	38,293
Total current liabilities	25,000	5,932	8,000	48,836
RETAINED EARNINGS				
Retained earnings				
Reserved for potential losses	-	-	-	-
Reserved for employee benefits	-	-	-	-
Unreserved - undesignated	176	184,661	471,370	185,392
TOTAL RETAINED EARNINGS	<u>176</u>	<u>184,661</u>	<u>471,370</u>	<u>185,392</u>
TOTAL LIABILITIES AND RETAINED EARNINGS	<u>\$ 25,176</u>	<u>\$ 190,593</u>	<u>\$ 479,370</u>	<u>\$ 234,228</u>

<u>MIS</u>	<u>Workers Compensation</u>	<u>Employee Retirement</u>	<u>Self-Funded Insurance</u>	<u>Unemployment</u>	<u>Total</u>
\$ 637,941	\$ 70,506	\$ 330,485	\$ 343,384	\$ 88,377	\$ 1,963,785
-	3,246	-	2,481	-	5,727
19,597	-	-	1,219	-	21,328
-	2,284	31,056	9,174	308	42,822
-	-	-	-	-	11,838
<u>657,538</u>	<u>76,036</u>	<u>361,541</u>	<u>356,258</u>	<u>88,685</u>	<u>2,045,500</u>
-	459,162	-	763,327	-	1,222,489
<u>3,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,000</u>
3,000	459,162	-0-	763,327	-0-	1,225,489
811,297	-	-	-	-	1,592,479
<u>(357,755)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(715,012)</u>
<u>453,542</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>877,467</u>
<u>\$ 1,114,080</u>	<u>\$ 535,198</u>	<u>\$ 361,541</u>	<u>\$ 1,119,585</u>	<u>\$ 88,685</u>	<u>\$ 4,148,456</u>
\$ 1,020	\$ -	\$ 167,546	\$ 1,217	\$ -	\$ 184,258
6,498	-	-	1,165	-	7,663
-	-	-	-	-	35,000
<u>769</u>	<u>-</u>	<u>-</u>	<u>108</u>	<u>-</u>	<u>39,170</u>
8,287	-0-	167,546	2,490	-0-	266,091
-	535,198	-	1,117,095	88,685	1,740,978
-	-	193,995	-	-	193,995
<u>1,105,793</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,947,392</u>
<u>1,105,793</u>	<u>535,198</u>	<u>193,995</u>	<u>1,117,095</u>	<u>88,685</u>	<u>3,882,365</u>
<u>\$ 1,114,080</u>	<u>\$ 535,198</u>	<u>\$ 361,541</u>	<u>\$ 1,119,585</u>	<u>\$ 88,685</u>	<u>\$ 4,148,456</u>

Clinton County, Michigan

Internal Service Funds

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN RETAINED EARNINGS

For the Year Ended December 31, 2002

	Central Stores	Central Telephone	County Vehicles	Drain Equipment Revolving
OPERATING REVENUES				
Charges for services	\$ 62,019	\$ 68,093	\$ -	\$ 38,560
Other	-	-	2,982	35,894
TOTAL OPERATING REVENUES	62,019	68,093	2,982	74,454
OPERATING EXPENSES				
Personal services and fringes	-	-	-	-
Contractual services	-	-	-	-
Depreciation	-	21,680	92,168	12,136
Supplies	-	-	-	1,410
Other	61,903	69,359	15,876	39,608
TOTAL OPERATING EXPENSES	61,903	91,039	108,044	53,154
OPERATING INCOME (LOSS)	116	(22,946)	(105,062)	21,300
NONOPERATING REVENUES				
Interest revenue	-	-	-	-
TOTAL NONOPERATING REVENUES	-0-	-0-	-0-	-0-
INCOME (LOSS) BEFORE TRANSFERS	116	(22,946)	(105,062)	21,300
OTHER FINANCING SOURCES				
Operating transfers in	-	39,500	121,451	-
NET INCOME (LOSS)	116	16,554	16,389	21,300
Retained earnings, beginning of year	60	168,107	454,981	164,092
Retained earnings, end of year	<u>\$ 176</u>	<u>\$ 184,661</u>	<u>\$ 471,370</u>	<u>\$ 185,392</u>

<u>MIS</u>	<u>Workers Compensation</u>	<u>Employee Retirement</u>	<u>Self-Funded Insurance</u>	<u>Unemployment</u>	<u>Total</u>
\$ 6,015	\$ -	\$ 684,194	\$ 1,277,882	\$ -	\$ 2,136,763
-	59,610	-	-	7,958	106,444
6,015	59,610	684,194	1,277,882	7,958	2,243,207
165,863	113,918	782,976	1,236,167	9,427	2,308,351
35,972	-	-	-	-	35,972
161,053	-	-	-	-	287,037
6,191	-	-	-	-	7,601
120,392	-	-	3,629	-	310,767
489,471	113,918	782,976	1,239,796	9,427	2,949,728
(483,456)	(54,308)	(98,782)	38,086	(1,469)	(706,521)
-	12,034	1,601	20,236	-	33,871
-0-	12,034	1,601	20,236	-0-	33,871
(483,456)	(42,274)	(97,181)	58,322	(1,469)	(672,650)
540,291	-	200,000	72,000	25,000	998,242
56,835	(42,274)	102,819	130,322	23,531	325,592
1,048,958	577,472	91,176	986,773	65,154	3,556,773
<u>\$ 1,105,793</u>	<u>\$ 535,198</u>	<u>\$ 193,995</u>	<u>\$ 1,117,095</u>	<u>\$ 88,685</u>	<u>\$ 3,882,365</u>

Clinton County, Michigan

Internal Service Funds

COMBINING STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2002

	Central Stores	Central Telephone	County Vehicles
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income (loss)	\$ 116	\$ (22,946)	\$ (105,062)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	-	21,680	92,168
(Increase) in interest receivable	-	-	-
(Increase) decrease in accounts receivable	(512)	-	-
Decrease in due from state	-	-	-
(Increase) in due from other funds	-	-	-
(Increase) in inventory	(2,145)	-	-
Increase (decrease) in accounts payable	(321)	(18,610)	(7,375)
Increase in due to other funds	-	-	-
Increase in accrued liabilities	-	-	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(2,862)	(19,876)	(20,269)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in from other funds	-	39,500	121,451
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES			
Capital purchases	-	-	(93,778)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments	-	-	-
Maturity of investments	-	-	-
Interest revenue	-	-	-
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	-0-	-0-	-0-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS DURING YEAR	(2,862)	19,624	7,404
Cash and cash equivalents, beginning of year	15,688	96,967	194,367
Cash and cash equivalents, end of year	<u>\$ 12,826</u>	<u>\$ 116,591</u>	<u>\$ 201,771</u>

Drain Equipment Revolving	MIS	Workers Compensation	Employee Retirement	Self-Funded Insurance	Unemployment	Total
\$ 21,300	\$ (483,456)	\$ (54,308)	\$ (98,782)	\$ 38,086	\$ (1,469)	\$ (706,521)
12,136	161,053	-	-	-	-	287,037
-	-	(2,251)	-	(1,552)	-	(3,803)
-	2,066	-	-	(1,219)	-	335
-	918	-	-	-	-	918
-	-	(1,858)	(19,485)	(9,174)	(182)	(30,699)
-	-	-	-	-	-	(2,145)
405	(10,833)	-	105,421	163	-	68,850
13,013	579	-	-	71	-	13,663
-	3,960	-	-	697	-	4,657
46,854	(325,713)	(58,417)	(12,846)	27,072	(1,651)	(367,708)
-	540,291	-	200,000	72,000	25,000	998,242
(21,995)	(354,514)	-	-	-	-	(470,287)
-	-	(757,106)	-	(2,023,315)	-	(2,780,421)
-	-	599,782	-	2,120,988	-	2,720,770
-	-	12,034	1,601	20,236	-	33,871
-0-	-0-	(145,290)	1,601	117,909	-0-	(25,780)
24,859	(139,936)	(203,707)	188,755	216,981	23,349	134,467
137,045	777,877	274,213	141,730	126,403	65,028	1,829,318
<u>\$ 161,904</u>	<u>\$ 637,941</u>	<u>\$ 70,506</u>	<u>\$ 330,485</u>	<u>\$ 343,384</u>	<u>\$ 88,377</u>	<u>\$ 1,963,785</u>

Clinton County, Michigan

Trust and Agency Funds

COMBINING BALANCE SHEET

December 31, 2002

	Expendable	Non-	Agency Funds		
	Trust Fund	expendable Trust Fund	Trust and Agency	Library	Total
	Post Employment Healthcare	Cemetery Perpetual Care			
ASSETS					
Cash and cash equivalents	\$ 1,721,277	\$ -	\$ 2,557,443	\$ 202,874	\$4,481,594
Investments	-	3,850	-	-	3,850
TOTAL ASSETS	\$ 1,721,277	\$ 3,850	\$ 2,557,443	\$ 202,874	\$4,485,444
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Undistributed collections payable	\$ -	\$ -	\$ 1,901,689	\$ -	\$1,901,689
Due to other governmental units					
Federal/State	-	-	185,774	-	185,774
Local	-	-	-	202,874	202,874
Due to individuals and agencies	-	-	469,980	-	469,980
TOTAL LIABILITIES	-0-	-0-	2,557,443	202,874	2,760,317
FUND BALANCES					
Reserved for trust activities	1,721,277	3,850	-	-	1,725,127
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,721,277	\$ 3,850	\$ 2,557,443	\$ 202,874	\$4,485,444

Clinton County, Michigan

Agency Funds

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

For the Year Ended December 31, 2002

	Balance Jan. 1, 2002	Additions	Deductions	Balance Dec. 31, 2002
<u>All Agency Funds</u>				
ASSETS				
Cash and cash equivalents	\$ 2,124,957	\$ 31,326,293	\$30,690,933	\$ 2,760,317
Investments	175,000	200,000	375,000	-0-
Due from individuals and agencies	151	-	151	-0-
TOTAL ASSETS	\$ 2,300,108	\$ 31,526,293	\$31,066,084	\$ 2,760,317
LIABILITIES				
Undistributed collections payable	\$ 1,608,718	\$ 17,699,802	\$17,406,831	\$ 1,901,689
Due to other funds	-	8,439,708	8,439,708	-0-
Due to other governmental units				
Federal/State	229,273	12,499,515	12,543,014	185,774
Local	259,089	1,406,628	1,462,843	202,874
Due to individuals and agencies	203,028	14,861,035	14,594,083	469,980
TOTAL LIABILITIES	\$ 2,300,108	\$ 54,906,688	\$54,446,479	\$ 2,760,317
<u>Trust and Agency Fund</u>				
ASSETS				
Cash and cash equivalents	\$ 2,052,927	\$ 30,031,959	\$29,527,443	\$ 2,557,443
LIABILITIES				
Undistributed collections payable	\$ 1,608,718	\$ 17,699,802	\$17,406,831	\$ 1,901,689
Due to other funds	-	8,439,708	8,439,708	-0-
Due to other governmental units				
Federal/State	229,273	12,499,515	12,543,014	185,774
Local	11,908	486,481	498,389	-0-
Due to individuals and agencies	203,028	14,387,750	14,120,798	469,980
TOTAL LIABILITIES	\$ 2,052,927	\$ 53,513,256	\$53,008,740	\$ 2,557,443
<u>Library Fund</u>				
ASSETS				
Cash and cash equivalents	\$ 72,030	\$ 1,294,334	\$ 1,163,490	\$ 202,874
Investments	175,000	200,000	375,000	-0-
Due from individuals and agencies	151	-	151	-0-
TOTAL ASSETS	\$ 247,181	\$ 1,494,334	\$ 1,538,641	\$ 202,874
LIABILITIES				
Due to individuals and agencies	\$ -	473,285	473,285	\$ -0-
Due to other governmental units - Local	247,181	920,147	964,454	202,874
TOTAL LIABILITIES	\$ 247,181	\$ 1,393,432	\$ 1,437,739	\$ 202,874

Clinton County, Michigan

Component Unit Funds

COMBINING BALANCE SHEET - DEPARTMENT OF PUBLIC WORKS

December 31, 2002

	Debt			
	Bath Township #4	Dewitt Charter Township #7A & #7B	Watertown Charter Township #8	Dewitt Charter Township #13
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Amount to be provided for retirement of general long-term debt	-	-	-	-
TOTAL ASSETS	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Bonds payable	\$ -	\$ -	\$ -	\$ -
FUND BALANCES				
Fund balances				
Unreserved				
Designated for capital expenditures	-	-	-	-
TOTAL FUND BALANCES	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
TOTAL LIABILITIES AND AND FUND BALANCES	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

Service

Watertown Charter Township #9	City of Dewitt/ Dewitt Charter Township #11	Bingham Township #6	Bingham Township #10	Bingham Township #12	Bingham Township #14	Watertown Charter Township #15
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

Clinton County, Michigan

Component Unit Funds

COMBINING BALANCE SHEET - DEPARTMENT OF PUBLIC WORKS - CONTINUED

December 31, 2002

	<u>Capital Projects</u>	<u>Account Group</u>	
	Township Projects	General Long-term Debt	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 168,820	\$ -	\$ 168,820
Amount to be provided for retirement of general long-term debt	<u>-</u>	<u>7,595,000</u>	<u>7,595,000</u>
TOTAL ASSETS	<u><u>\$ 168,820</u></u>	<u><u>\$ 7,595,000</u></u>	<u><u>\$ 7,763,820</u></u>
 LIABILITIES AND FUND BALANCES			
LIABILITIES			
Bonds payable	\$ -	\$ 7,595,000	\$ 7,595,000
 FUND BALANCES			
Fund balances			
Unreserved			
Designated for capital expenditures	<u>168,820</u>	<u>-</u>	<u>168,820</u>
TOTAL FUND BALANCES	<u>168,820</u>	<u>-0-</u>	<u>168,820</u>
 TOTAL LIABILITIES AND AND FUND BALANCES	 <u><u>\$ 168,820</u></u>	 <u><u>\$ 7,595,000</u></u>	 <u><u>\$ 7,763,820</u></u>

Clinton County, Michigan

Component Unit Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - DEPARTMENT OF PUBLIC WORKS

For the Year Ended December 31, 2002

	Debt			
	Bath Township #4	Dewitt Charter Township #7A & #7B	Watertown Charter Township #8	Dewitt Charter Township #13
REVENUES				
Intergovernmental - local	\$ 179,050	\$ 171,330	\$ 107,275	\$ 37,106
Interest	-	-	-	-
TOTAL REVENUES	179,050	171,330	107,275	37,106
EXPENDITURES				
Capital outlay	-	-	-	-
Debt service				
Principal	100,000	120,000	95,000	15,000
Interest and fiscal charges	79,050	51,330	12,275	22,106
TOTAL EXPENDITURES	179,050	171,330	107,275	37,106
EXCESS OF REVENUES (UNDER) EXPENDITURES	-0-	-0-	-0-	-0-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	\$ -0-	\$ -0-	\$ -0-	\$ -0-

Service

Watertown Charter Township #9	City of Dewitt/ Dewitt Charter Township #11	Bingham Township #6	Bingham Township #10	Bath Township #12	Bingham Township #14	Watertown Charter Township #15
\$ 31,155	\$ 124,210	\$ 29,320	\$ 29,100	\$ 400	\$ 284,079	\$ 56,855
-	-	-	-	-	-	-
31,155	124,210	29,320	29,100	400	284,079	56,855
-	-	-	-	-	-	-
30,000	95,000	20,000	25,000	-	155,000	-
1,155	29,210	9,320	4,100	400	129,079	56,855
31,155	124,210	29,320	29,100	400	284,079	56,855
-0-	-0-	-0-	-0-	-0-	-0-	-0-
-	-	-	-	-	-	-
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

Clinton County, Michigan

Component Unit Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - DEPARTMENT OF PUBLIC WORKS - CONTINUED

For the Year Ended December 31, 2002

	Debt Service	Capital Project	
	Bath Township #16	Township Projects	Total
REVENUES			
Intergovernmental - local	\$ 52,133	\$ -	\$ 1,102,013
Interest	-	4,709	4,709
TOTAL REVENUES	52,133	4,709	1,106,722
EXPENDITURES			
Capital outlay	-	125,943	125,943
Debt service			
Principal	25,000	-	680,000
Interest and fiscal charges	27,133	-	422,013
TOTAL EXPENDITURES	52,133	125,943	1,227,956
EXCESS OF REVENUES (UNDER) EXPENDITURES	-0-	(121,234)	(121,234)
Fund balances, beginning of year	-	290,054	290,054
Fund balances, end of year	<u>\$ -0-</u>	<u>\$ 168,820</u>	<u>\$ 168,820</u>

Clinton County, Michigan

Component Unit Funds

COMBINING BALANCE SHEET - DRAINAGE DISTRICTS

December 31, 2002

	Debt Service	Capital	
	Drain Debt Retirement	Regular Drain	Revolving Drain
ASSETS			
Cash and cash equivalents	\$ 147,195	\$ 192,363	\$ 20,873
Investments	157,749	1,354,919	-
Account receivable	-	13,062	-
Accrued interest receivable	191	4,678	-
Special assessments receivable	3,259,684	569,396	-
Due from other funds	-	-	122,651
Amount available in debt service fund	-	-	-
Amount to be provided for the retirement of general long-term debt	-	-	-
TOTAL ASSETS	<u>\$ 3,564,819</u>	<u>\$ 2,134,418</u>	<u>\$ 143,524</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	\$ 71,281	\$ 13,524
Accrued liabilities	-	38,687	-
Deferred revenue	2,913,349	-	-
Advances from primary government	-	-	130,000
Bond and notes payable	-	194,200	-
Due to other funds	-	143,741	-
TOTAL LIABILITIES	2,913,349	447,909	143,524
FUND BALANCES			
Fund balances			
Reserved for debt service	651,470	-	-
Unreserved			
Designated for capital expenditures	-	1,686,509	-
TOTAL FUND BALANCES	<u>651,470</u>	<u>1,686,509</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 3,564,819</u>	<u>\$ 2,134,418</u>	<u>\$ 143,524</u>

<u>Projects</u>	<u>Account Group</u>	
Revolving Drain Maintenance	General Long-term Debt	Total
\$ 3,142	\$ -	\$ 363,573
-	-	1,512,668
-	-	13,062
-	-	4,869
-	-	3,829,080
21,090	-	143,741
-	651,470	651,470
-	2,669,080	2,669,080
<u>\$ 24,232</u>	<u>\$ 3,320,550</u>	<u>\$ 9,187,543</u>
\$ -	\$ -	\$ 84,805
-	-	38,687
-	-	2,913,349
-	-	130,000
-	3,320,550	3,514,750
-	-	143,741
-0-	3,320,550	6,825,332
-	-	651,470
<u>24,232</u>	<u>-</u>	<u>1,710,741</u>
<u>24,232</u>	<u>-</u>	<u>2,362,211</u>
<u>\$ 24,232</u>	<u>\$ 3,320,550</u>	<u>\$ 9,187,543</u>

Clinton County, Michigan

Component Unit Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - DRAINAGE DISTRICTS

For the Year Ended December 31, 2002

	Debt Service	Capital	
	Drain Debt Retirement	Regular Drain	Revolving Drain
REVENUES			
Charges for services	\$ -	\$ 162,639	\$ -
Interest	5,957	36,150	-
Other			
Special assessments	473,667	615,530	-
Miscellaneous	-	35,664	-
TOTAL REVENUES	479,624	849,983	-0-
EXPENDITURES			
Capital outlay	-	1,760,034	-
Debt service			
Principal	461,100	-	-
Interest and fiscal charges	124,610	5,003	-
TOTAL EXPENDITURES	585,710	1,765,037	-0-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(106,086)	(915,054)	-0-
OTHER FINANCING SOURCES (USES)			
Transfer in from component units	307,689	-	-
Transfer out to component units	-	(307,689)	-
Bond proceeds	-	497,100	-
TOTAL OTHER FINANCING SOURCES (USES)	307,689	189,411	-0-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	201,603	(725,643)	-0-
Fund balances, beginning of year	203,990	2,715,487	-
Prior period adjustments	245,877	(303,335)	-
Fund balances, end of year	<u>\$ 651,470</u>	<u>\$ 1,686,509</u>	<u>\$ -0-</u>

<u>Projects</u>	
Revolving Drain Maintenance	<u>Total</u>
\$ -	\$ 162,639
1,037	43,144
-	1,089,197
-	35,664
1,037	1,330,644
-	1,760,034
-	461,100
-	129,613
-0-	2,350,747
1,037	(1,020,103)
-	307,689
-	(307,689)
-	497,100
-0-	497,100
1,037	(523,003)
12,689	2,932,166
10,506	(46,952)
<u>\$ 24,232</u>	<u>\$ 2,362,211</u>

Principals

Dale J. Abraham, CPA
Michael T. Gaffney, CPA
Steven R. Kirinovic, CPA
Aaron M. Stevens, CPA
Eric J. Glashouwer, CPA



ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

Member:
American Institute of Certified
Public Accountants
and
Michigan Association of
Certified Public Accountants

Karen A. Roka, CPA
James A. Huguelet, CPA
Alan D. Panter, CPA

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Commissioners
of Clinton County
St. Johns, Michigan

We have audited the general purpose financial statements of Clinton County, Michigan as of and for the year ended December 31, 2002, and have issued our report thereon dated March 6, 2003. 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. In our report, our opinion was qualified because certain component unit financial information was not recorded in the financial statements.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Clinton County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the management and Board of Commissioners of Clinton County, Michigan, the pass-through grantors, and the U.S. Departments of Labor, Health and Human Services, Justice, and the Federal Emergency Management Agency and is not intended to be used by anyone other than these specified parties.

Abraham & Gaffney, P.C.
ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

March 6, 2003