



Clinton County, Michigan

Financial Statements

December 31, 2009

**Clinton County, Michigan
December 31, 2009**

Board of Commissioners

Larry Martin	Chairperson
Robert Showers	Vice-Chairperson
David Pohl	Commissioner
Adam Stacey	Commissioner
Paul McNamara	Commissioner
Eileen Heideman	Commissioner
Jack Enderle	Commissioner

Administration and Other Elected Officials

Ryan Wood	Administrator
Tina Ward	Treasurer
Diane Zuker	Clerk
Carol Wooley	Register of Deeds
Phil Hanses	Drain Commissioner
Charles Sherman	Prosecuting Attorney
Wayne Kangas	Sheriff
Lisa Sullivan	Probate Court Judge
Richard Wells	District Court Judge
Randy Tahvonen	Circuit Court Judge
Michelle Rick	Circuit Court Judge

Clinton County, Michigan

TABLE OF CONTENTS

December 31, 2009

FINANCIAL SECTION		<u>Page</u>
Independent Auditor's Report		i-ii
Management's Discussion and Analysis		iii-xi
Basic Financial Statements		
Government-wide Financial Statements		
Statement of Net Assets		1-2
Statement of Activities		3
Fund Financial Statements		
Governmental Funds Balance Sheet		4
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets		5
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds		6
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities		7
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual:		
General Fund		8
Revenue Sharing Reserve Fund		9
Public Improvement		10
Statement of Net Assets - Proprietary Funds		11
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds		12
Statement of Cash Flows - Proprietary Funds		13-14
Statement of Net Assets - Fiduciary Funds		15
Statement of Changes in Net Assets - Fiduciary Funds		16
Statement of Net Assets - Component Units		17
Statement of Activities - Component Units		18
Notes to Financial Statements		19-61
Required Supplementary Information		
Schedule of Funding Progress and Employer Contributions - Post-Employment Health Care Benefits Trust		62
Schedule of Funding Progress – Municipal Employees Retirement System of Michigan		63

	<u>Page</u>
Other Supplementary Information	
General Fund	
Budgetary Comparison Schedule - Revenues and Other Financing Sources	64-65
Budgetary Comparison Schedule - Expenditures and Other Financing	
Uses by Activity	66-68
Combining Balance Sheet - Nonmajor Governmental Funds	69-73
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -	
Nonmajor Governmental Funds	74-78
Combining Statement of Net Assets - Nonmajor Enterprise Funds	79
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets -	
Nonmajor Enterprise Funds	80
Combining Statement of Cash Flows - Nonmajor Enterprise Funds	81
Combining Statement of Net Assets - Internal Service Funds	82-83
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets -	
Internal Service Funds	84-85
Combining Statement of Cash Flows - Internal Service Funds	86-87
Combining Statement of Fiduciary Assets and Liabilities - Agency Funds	88
 Component Units	
Drainage Districts	
Balance Sheet	89-90
Reconciliation of the Balance Sheet to the Statement of Net Assets	91
Statement of Revenues, Expenditures and Changes in Fund Balances	92-93
Reconciliation of the Statement of Revenues, Expenditures, and Changes in	
Fund Balances of Governmental Funds to the Statement of Activities	94
 Department of Public Works	
Balance Sheet	95-96
Reconciliation of the Balance Sheet to the Statement of Net Assets	97
Statement of Revenues, Expenditures, and Changes in Fund Balances	98-99
Reconciliation of the Statement of Revenues, Expenditures, and Changes in	
Fund Balances of Governmental Funds to the Statement of Activities	100

INDEPENDENT AUDITORS' REPORT

May 11, 2010

Board of Commissioners
Clinton County
St. Johns, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of **Clinton County, Michigan**, as of and for the year ended December 31, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of **Clinton County's** management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Road Commission Component Unit, which represents 67% and 92% respectively, of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Road Commission, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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 and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of **Clinton County, Michigan**, as of December 31, 2009, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons of the General, Revenue Sharing Reserve and Public Improvement governmental funds for the year

then ended in conformity with accounting principles general accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also separately issued our report dated May 11, 2010, on our consideration of ***Clinton County, Michigan's*** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages iii-xi, the Schedule of Funding Progress and Employer Contributions for the Post-Employment Health Care Benefits Fund on page 62, and the Schedule of Funding Progress and Employer Contributions for Municipal Employees Retirement System of Michigan on page 63 are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise ***Clinton County, Michigan's*** basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the report of other auditors, are fairly stated, in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink, reading "Lehmann Lohman". The signature is written in a cursive style with a large initial 'L'.

Ryan L. Wood
County Administrator

Craig Longnecker
Deputy Administrator



100 E. State Street, Suite 2100
St. Johns, Michigan 48879
(989) 224-5120 Fax: (989) 224-5102

www.clinton-county.org

Management's Discussion and Analysis

As management of Clinton County, we offer this narrative overview and analysis of the financial activities of the County, including limited information pertaining to the separately audited Road Commission for the year ended December 31, 2009. For more detailed information, the Road Commission's separately issued financial statements may be obtained from their administrative office.

Financial Highlights

- The assets of the County primary government exceeded its liabilities at the close of the fiscal year by approximately \$64.5 million (*net assets*). Of this amount, approximately \$21.8 million (*unrestricted net assets*) may be used to meet the government's ongoing obligations.
- The government's total net assets increased by approximately \$2.9 million, or 4.7 percent over the prior year.
- As of the close of the fiscal year, the County's governmental funds reported combined ending fund balances of approximately \$25.1 million, an increase of just over \$800,000, or 3.3 percent over the prior year. Of this total, approximately \$15.4 million or 61.4 percent is *available for spending* at the government's discretion (*unreserved and undesignated fund balance*), however, the major portion of this amount (approximately \$11.1 million) is available only for the special revenue fund purposes from which these funds are derived.
- At the end of the fiscal year, unreserved and undesignated fund balance for the General Fund was approximately \$4.4 million, an amount equal to 19.9 percent of total General Fund expenditures and transfers.
- The County's total net bonded debt (excluding drain notes), including that of the Drain Commission and Department of Public Works component units, decreased by a net of \$1.8 million or 11.5 percent during the current fiscal year.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

The County maintains 24 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Public Improvement and Revenue Sharing Reserve funds, each of which is considered to be a major fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

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

Internal service funds account for and allocate costs internally among the County's various functions. The County uses 9 internal service funds to account for the following functions: management information services, postage, telecommunications, vehicle purchases, drain equipment and supplies, and employee benefits. Because these services predominantly benefit governmental functions, they have been included within *governmental activities* in the government-wide financial statements.

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

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

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

Government-wide Financial Analysis

Statement of Net Assets

Clinton County's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2008	2009	2008	2009	2008	2009
Assets						
Current assets	\$31,202,887	\$33,117,460	\$12,889,981	\$13,368,205	\$44,092,868	\$46,485,665
Non-current assets	31,103,304	30,615,590	27,010	10,422	31,130,314	30,626,012
Total assets	62,306,191	63,733,050	12,916,991	13,378,627	75,223,182	77,111,677
Liabilities						
Current	2,531,027	2,468,859	45,592	31,713	2,576,619	2,500,572
Non-current	11,069,169	10,146,765	-	-	11,069,169	10,146,765
Total liabilities	13,600,196	12,615,624	45,592	31,713	13,645,788	12,647,337
Net Assets						
Invested in capital assets- net of related debt	18,639,569	18,783,612	27,010	10,422	18,666,579	18,794,034
Restricted	21,571,095	23,853,293	-	-	21,571,095	23,853,293
Unrestricted	8,495,331	8,480,521	12,844,389	13,336,492	21,339,720	21,817,013
Total net assets	\$48,705,995	\$51,117,426	\$12,871,399	\$13,346,914	\$61,577,394	\$64,464,340

As noted previously, net assets serve over time as a useful indicator of a government's financial position. In the case of Clinton County, assets exceeded liabilities by approximately \$64.5 million at the close of the fiscal year. This amount compares favorably with the prior year where net assets totaled \$61.6 million.

The County's net assets include approximately \$18.8 million in capital assets comprised of land, buildings, vehicles, and equipment less any outstanding related debt used to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending.

Certain other limitations on the use of net assets apply due primarily to legal restrictions. These restricted net assets total approximately \$23.9 million. The remaining balance of unrestricted net assets (\$21.8 million or 33.8 percent) may be used to meet the government's ongoing obligations.

Restricted net assets increased despite the annual draw from the revenue sharing reserve fund due to the establishment of reserves for debt service, capital improvements and unfunded pension benefits. Unrestricted net assets in the business-type activities section increased more than the previous year due to the interest and penalty revenue generated on delinquent taxes.

Statement of Activities

Clinton County's Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2008	2009	2008	2009	2008	2009
Revenues						
Program revenue:						
Charges for services	\$5,802,040	\$5,326,287	\$854,041	\$804,360	\$6,656,081	\$6,130,647
Operating grants and contributions	3,171,072	3,257,601	-	-	3,171,072	3,257,601
Capital grants and contributions	-	-	-	-	-	-
General revenues:						
Property taxes	14,347,482	14,721,263	-	-	14,347,482	14,721,263
State Revenue Sharing	235,143	226,650	-	-	235,143	226,650
Investment earnings	759,433	190,368	438,358	70,459	1,197,791	260,827
911 Surcharge	1,782,069	1,956,003	-	-	1,782,069	1,956,003
Transfers	89,169	91,987	(89,169)	(91,987)	-	-
Total revenues	<u>26,186,408</u>	<u>25,770,159</u>	<u>1,203,230</u>	<u>782,832</u>	<u>27,389,638</u>	<u>26,552,991</u>
Expenses						
General government	10,116,941	9,938,973	-	-	10,116,941	9,938,973
Public safety	8,695,211	8,565,858	-	-	8,695,211	8,565,858
Public works	442,879	492,606	-	-	442,879	492,606
Health and welfare	2,517,943	2,289,193	-	-	2,517,943	2,289,193
Comm and Econ Development	675,024	647,982	-	-	675,024	647,982
Recreation and Culture	208,143	250,080	-	-	208,143	250,080
Other	597,410	754,479	-	-	597,410	754,479
Interest on long-term debt	460,513	419,557	-	-	460,513	419,557
Delinquent tax collection and other						
Business-type activities			302,417	307,317	302,417	307,317
Total expenses	<u>23,714,064</u>	<u>23,358,728</u>	<u>302,417</u>	<u>307,317</u>	<u>24,016,481</u>	<u>23,666,045</u>
Increase in net assets	2,472,344	2,411,431	900,813	475,515	3,373,157	2,886,946
Net assets, beginning of year	46,152,981	48,705,995	11,970,586	12,871,399	58,123,567	61,577,394
Prior period adjustment	80,670	-	-	-	80,670	-
Net assets, end of year	<u>\$48,705,995</u>	<u>\$51,117,426</u>	<u>\$12,871,399</u>	<u>\$13,346,914</u>	<u>\$61,577,394</u>	<u>\$64,464,340</u>

Governmental Activities

The preceding table shows that the net assets of governmental activities increased by approximately \$2.4 million or 5 percent during 2009 as compared to approximately \$2.5 million in the prior year. The governmental activities section shows a decrease in total revenue from 2008 to 2009. This decline in revenue can be attributed to reductions in charges for services and investment earnings. In the charges for services category District Court and Jail revenue declined while investment earnings were lower due to the decline in interest rates.

Business-type Activities

Net assets of the County's business-type activities increased by approximately \$476,000 in 2009. Net assets of the Delinquent Tax fund increased by approximately \$496,000 while net assets of the other non-major enterprise funds decreased by approximately \$20,000.

Financial Analysis of the Government's Funds

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

Governmental funds. The focus of the County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. At the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of approximately \$25.1 million. This represents an increase of just over \$800,000 in comparison with the prior year.

Approximately \$15.4 million or 61.4 percent of total fund balance constitutes *unreserved and undesignated fund balance*, which is available for spending at the government's discretion. However approximately \$11.1 million of this amount may only be used for special revenue fund purposes. The remainder of fund balance is either *reserved* to indicate that it is not available for new spending (approximately \$6.9 million), or is *designated* to support capital and other projects (approximately \$2.8 million).

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, the total fund balance was approximately \$9.8 million, while the unreserved/undesignated fund balance of the General Fund was approximately \$4.4 million, an amount equal to 19.9 percent of total General Fund expenditures. This level of General Fund unreserved/undesignated fund balance is consistent with recognized benchmarks that governments should strive to maintain.

The fund balance of the County's General Fund increased by approximately \$879,000 during the current fiscal year. This increase is largely due to expenditure savings achieved through an effective system of budgetary control. (See subsequent section entitled "General Fund Budgetary Highlights.")

The Revenue Sharing Reserve Fund has a total fund balance of approximately \$5.9 million. This fund, authorized by shifting forward the collection date for the County portion of the property tax levy from December to July, is intended to provide a reserve from which the County may draw amounts to replace revenues previously received from the State Revenue Sharing program. The balance in this fund is projected to remain viable through 2013 at which time the County is to revert to an alternate State sponsored revenue source.

The Public Improvement fund is used to address infrastructure needs by financing capital projects. The fund currently has a total fund balance of nearly \$3 million. The budget document contains a five year capital improvement plan listing all major projects, their costs, and their priority for implementation.

General Fund Budgetary Highlights

The original General Fund budget of \$21.7 million was revised to \$22.6 million; however, actual expenditures totaled only \$21.9 million for a net savings of approximately \$725,000 or 3.2 percent under the revised budget. Actual revenues came in at \$22.7 million or just over the revised budget. The Revenue Sharing Reserve Fund covered the loss in State Revenue Sharing while the additional revenue that supported the revised budget came from taxes, intergovernmental and charges for services.

Capital Asset and Debt Administration

Capital assets. As of December 31, 2009, the County's investment in capital assets, net of accumulated depreciation, totaled \$29.5 million for its governmental and business type activities, and \$20.9 million for the Drain Commission component unit. (These capital assets do not include those of the separately audited Road Commission component unit). This investment in capital assets includes land and improvements, buildings and improvements, construction in progress, vehicles, machinery and equipment. For the Drain Commission, capital assets include drainage districts system infrastructure.

Clinton County's Capital Assets

(net of depreciation)

	<u>Primary Government</u>	<u>Drain Commission Component Unit</u>
Land and improvements	\$ 1,194,836	\$ -
Buildings and improvements	24,922,982	-
Furniture, fixtures, and equipment	2,510,352	-
Vehicles	558,256	-
Construction in progress	283,603	-
Infrastructure	<u>-</u>	<u>20,885,221</u>
Total	<u>\$ 29,470,029</u>	<u>\$ 20,885,221</u>

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

Long-term debt. At the end of the current fiscal year, the County Primary Government and its Drain Commission and Department of Public Works component units had total general obligation bonds outstanding of \$16,007,100. (This amount does not include the debt of the separately audited Road Commission component unit). All of the bonds are backed by the County's full faith and credit.

Clinton County's Bond Indebtedness

	<u>Primary Government</u>	<u>Drain Commission and DPW Component Units</u>	<u>Total</u>
General obligation bonds	\$ 10,630,000	\$ 5,377,100	\$ 16,007,100

The net decrease in the County's total general obligation bonded debt was \$1,833,500 or 11.5 percent during the current fiscal year. The County does not intend to issue any bonds in the near future.

Standard and Poor's bond rating remained at "A+" for both general obligation unlimited and limited tax bonds.

Additionally, the Clinton County Drain Commissioner has long-term notes payable totaling \$218,056 at December 31, 2009 for which it has pledged its full faith and credit. The balance on these notes payable decreased by \$87,164 or 40 percent. The County (primary government) also has accrued compensated absences at December 31, 2009 of \$1,163,851.

The County's outstanding general obligation debt is well within its current debt limitation of \$326,243,549 (10 percent of total assessed valuation).

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

Economic Factors and Next Year's Budgets and Rates

The following factors were considered in preparing the County's budget for the 2010 fiscal year:

- The Revenue Sharing Reserve Fund was established by the State in order to replace State Revenue Sharing payments to counties.
- The continued uncertainty over the State's budget situation may lead to decreases in other areas of state funding.
- Declining property values will reverse traditional increases in property tax revenue.
- Growth in new construction has slowed to the point where it can no longer be counted on to generate increased property tax revenue to help cover inflationary cost increases.
- Healthcare costs will continue to escalate at a rate higher than inflation and require continued cost containment measures.
- The unemployment rate for the County was 9.4% for 2009, an increase from a rate of 6.0% a year ago. This compares favorably to the state's unemployment rate of 13.6%, and unfavorably to the national average rate of 9.3%.

Highlights of the 2010 budget are as follows:

Major Capital Improvements totaling \$7,080,000
Ordinary Capital Improvements totaling \$374,835
Continuation of the personnel hiring freeze
General fund contingency of 1%

Requests for Information

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

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

Clinton County, Michigan
STATEMENT OF NET ASSETS
December 31, 2009

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets				
Cash and cash equivalents	\$ 9,077,412	\$ 7,357,265	\$ 16,434,677	\$ 4,818,969
Investments	21,040,478	2,406,166	23,446,644	1,001,779
Receivables	1,672,811	3,597,596	5,270,407	917,868
Due from other governmental units	1,319,673	-	1,319,673	1,129,101
Internal balances	516	(516)	-	-
Inventory	6,570	7,694	14,264	884,586
Current portion of lease receivable	-	-	-	459,701
Total current assets	33,117,460	13,368,205	46,485,665	9,212,004
Noncurrent assets				
Special assessments receivable	-	-	-	1,475,580
Net pension and other post employment benefits asset	1,025,983	-	1,025,983	-
Advance to component unit	130,000	-	130,000	-
Lease receivable	-	-	-	2,995,000
Capital assets, net:				
Assets not being depreciated	1,478,439	-	1,478,439	7,529,455
Assets being depreciated	27,981,168	10,422	27,991,590	66,677,160
Total noncurrent assets	30,615,590	10,422	30,626,012	78,677,195
TOTAL ASSETS	63,733,050	13,378,627	77,111,677	87,889,199
LIABILITIES				
Current liabilities				
Accounts payable	356,333	17,392	373,725	62,106
Accrued liabilities	426,577	7,189	433,766	231,125
Due to other governmental units	-	-	-	114,309
Current portion of compensated absences	769,954	7,132	777,086	-
Current portion of long-term debt	915,995	-	915,995	952,874
Total current liabilities	2,468,859	31,713	2,500,572	1,360,414
Noncurrent liabilities				
Advance from primary government	-	-	-	130,000
Advances from State	-	-	-	244,578
Noncurrent portion of compensated absences	386,765	-	386,765	609,751
Noncurrent portion of other postemployment benefits payable	-	-	-	1,002,171
Noncurrent portion of long-term debt	9,760,000	-	9,760,000	4,642,282
Total noncurrent liabilities	10,146,765	-	10,146,765	6,628,782
TOTAL LIABILITIES	12,615,624	31,713	12,647,337	7,989,196

See accompanying notes to financial statements.

Clinton County, Michigan
STATEMENT OF NET ASSETS - CONTINUED
December 31, 2009

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
NET ASSETS				
Invested in capital assets, net of related debt	\$ 18,783,612	\$ 10,422	\$ 18,794,034	\$ 72,031,459
Restricted for:				
Public safety	2,698,086	-	2,698,086	-
Debt service	5,040,512	-	5,040,512	1,220,698
Revenue sharing	5,857,716	-	5,857,716	-
Public improvement	2,988,523	-	2,988,523	-
Other purposes	7,268,456	-	7,268,456	6,647,846
Unrestricted	8,480,521	13,336,492	21,817,013	-
 TOTAL NET ASSETS	 <u>\$ 51,117,426</u>	 <u>\$ 13,346,914</u>	 <u>\$ 64,464,340</u>	 <u>\$ 79,900,003</u>

Clinton County, Michigan
STATEMENT OF ACTIVITIES
Year Ended December 31, 2009

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental activities								
General government	\$ 9,938,973	\$ 3,303,624	\$ 1,569,268	\$ -	\$ (5,066,081)	\$ -	\$ (5,066,081)	\$ -
Public safety	8,565,858	1,584,091	485,937	-	(6,495,830)	-	(6,495,830)	-
Public works	492,606	403,787	1,024	-	(87,795)	-	(87,795)	-
Health and welfare	2,289,193	15,744	567,255	-	(1,706,194)	-	(1,706,194)	-
Community and economic development	647,982	19,041	308,582	-	(320,359)	-	(320,359)	-
Recreation and cultural	250,080	-	325,535	-	75,455	-	75,455	-
Other	754,479	-	-	-	(754,479)	-	(754,479)	-
Interest on long-term debt	419,557	-	-	-	(419,557)	-	(419,557)	-
Total governmental activities	23,358,728	5,326,287	3,257,601	-	(14,774,840)	-	(14,774,840)	-
Business-type activities:								
Delinquent tax	29,352	563,505	-	-	-	534,153	534,153	-
Other	277,965	240,855	-	-	-	(37,110)	(37,110)	-
Total business-type activities	307,317	804,360	-	-	-	497,043	497,043	-
Total primary government	\$ 23,666,045	\$ 6,130,647	\$ 3,257,601	\$ -	(14,774,840)	497,043	(14,277,797)	-
Component units:								
Drainage Districts	1,143,075	64,073	-	582,471	-	-	-	(496,531)
Department of Public Works	184,605	-	184,605	-	-	-	-	-
Road Commission	12,440,098	1,222,164	5,807,065	2,644,618	-	-	-	(2,766,251)
Total component units	\$ 13,767,778	\$ 1,286,237	\$ 5,991,670	\$ 3,227,089	-	-	-	(3,262,782)
General revenues:								
Property taxes					14,721,263	-	14,721,263	-
State shared revenue					226,650	-	226,650	-
Investment earnings					190,368	70,459	260,827	22,203
Insurance recoveries					-	-	-	112,495
911 Surcharge					1,956,003	-	1,956,003	-
Gain on disposal of capital assets					-	-	-	23,622
Transfers					91,987	(91,987)	-	-
Total general revenues and transfers					17,186,271	(21,528)	17,164,743	158,320
Change in net assets					2,411,431	475,515	2,886,946	(3,104,462)
Net assets, beginning of the year					48,705,995	12,871,399	61,577,394	83,004,465
Net assets, end of the year					\$ 51,117,426	\$ 13,346,914	\$ 64,464,340	\$ 79,900,003

See accompanying notes to financial statements.

Clinton County, Michigan
GOVERNMENTAL FUNDS BALANCE SHEET
December 31, 2009

	General	Revenue Sharing Reserve	Public Improvement	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ -	\$ 833,939	\$ 1,580,545	\$ 2,944,237	\$ 5,358,721
Investments	10,393,799	4,995,399	-	2,829,259	18,218,457
Receivables					
Taxes					
Current	1,078,028	-	-	-	1,078,028
Delinquent	35,857	-	-	-	35,857
Accounts	16,753	-	-	475,343	492,096
Interest	18,893	28,378	-	4,131	51,402
Due from other funds	4,151	-	1,291,947	-	1,296,098
Due from other governmental units					
Federal/State	379,283	-	151,473	420,341	951,097
Local	368,576	-	-	-	368,576
Advance to other funds	125,000	-	-	-	125,000
Advance to component unit	130,000	-	-	-	130,000
TOTAL ASSETS	\$ 12,550,340	\$ 5,857,716	\$ 3,023,965	\$ 6,673,311	\$ 28,105,332
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 199,081	\$ -	\$ 35,442	\$ 91,012	\$ 325,535
Accrued liabilities	284,899	-	-	61,655	346,554
Due to other funds	1,348,638	-	-	10,061	1,358,699
Deferred revenue	871,354	-	-	-	871,354
Advances from other funds	-	-	-	90,000	90,000
TOTAL LIABILITIES	2,703,972	-	35,442	252,728	2,992,142
FUND BALANCES					
Reserved for:					
Perpetual care	-	-	-	3,850	3,850
Advances to other funds and component unit	255,000	-	-	-	255,000
Family counseling	33,653	-	-	-	33,653
Sick and vacation pay	1,163,851	-	-	-	1,163,851
Employee reclassification	150,000	-	-	-	150,000
Retro pay	150,000	-	-	-	150,000
Debt service	3,732,933	-	-	1,373,331	5,106,264
Unreserved					
Designated for capital improvement	-	-	2,835,009	-	2,835,009
Undesignated, reported in:					
General fund	4,360,931	-	-	-	4,360,931
Special revenue funds	-	5,857,716	153,514	5,043,402	11,054,632
TOTAL FUND BALANCES	9,846,368	5,857,716	2,988,523	6,420,583	25,113,190
TOTAL LIABILITIES AND FUND BALANCES	\$ 12,550,340	\$ 5,857,716	\$ 3,023,965	\$ 6,673,311	\$ 28,105,332

See accompanying notes to financial statements.

Clinton County, Michigan

**RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET ASSETS**

December 31, 2009

Total fund balance - governmental funds	\$ 25,113,190
<p>Amounts reported for the governmental activities in the statement of net assets are different because:</p>	
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.</p>	
The cost of capital assets is	41,012,543
Accumulated depreciation is	<u>(11,552,936)</u>
Capital assets, net	29,459,607
<p>Other long-term assets are not available to pay for current-period expenditures and, therefore, are either deferred or otherwise not recorded in the funds.</p>	
Net pension and other post employment benefits asset	1,025,983
<p>Certain revenue that was earned and accrued in the current period but not received after 60 days is deferred in the fund statements but recognized under full accrual.</p>	
Deferred revenue on taxes receivable	871,354
<p>Internal Service Funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the Internal Service Funds are included in the governmental activities in the Government-wide Statement of Net Assets.</p>	
Net assets of governmental activities accounted for in Internal Service Funds	7,367,159
Net capital assets of Internal Service Funds included in total capital assets above	(845,796)
Compensated absences of Internal Service Funds included in total compensated absences below	<u>24,395</u>
	6,545,758
<p>Long-term liabilities are not due and payable in the current period and therefore are not reported in the Governmental Funds Balance Sheet. Long-term liabilities at year-end consist of:</p>	
Direct County obligations	10,630,000
Lease payable	45,995
Accrued interest payable	65,752
Compensated absences	<u>1,156,719</u>
	<u>(11,898,466)</u>
Net assets of governmental activities	<u><u>\$ 51,117,426</u></u>

See accompanying notes to financial statements.

Clinton County, Michigan

Governmental Funds

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended December 31, 2009

	General	Revenue Sharing Reserve	Public Improvement	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 14,703,553	\$ -	\$ -	\$ -	\$ 14,703,553
Licenses and permits	199,904	-	-	-	199,904
Intergovernmental	1,802,764	-	297,662	1,171,853	3,272,279
Charges for services	3,731,816	-	-	2,498,408	6,230,224
Fines and forfeits	-	-	-	22,240	22,240
Interest and rents	89,737	74,147	-	20,740	184,624
Other	968,305	-	20,000	45,612	1,033,917
TOTAL REVENUES	21,496,079	74,147	317,662	3,758,853	25,646,741
EXPENDITURES					
Current					
General government	8,041,096	601	-	913,481	8,955,178
Public safety	6,426,852	-	-	1,617,705	8,044,557
Public works	51,298	-	-	430,644	481,942
Health and welfare	885,560	-	-	1,305,723	2,191,283
Community and economic development	622,247	-	-	15,058	637,305
Recreation and cultural	93,753	-	-	4,873	98,626
Other	754,479	-	-	-	754,479
Capital outlay	-	-	559,148	-	559,148
Debt service	-	-	-	1,418,246	1,418,246
TOTAL EXPENDITURES	16,875,285	601	559,148	5,705,730	23,140,764
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	4,620,794	73,546	(241,486)	(1,946,877)	2,505,977
OTHER FINANCING SOURCES (USES)					
Transfers in	1,246,414	-	700,000	2,590,643	4,537,057
Transfers out	(4,987,804)	(1,241,414)	(5,000)	-	(6,234,218)
TOTAL OTHER FINANCING SOURCES (USES)	(3,741,390)	(1,241,414)	695,000	2,590,643	(1,697,161)
NET CHANGE IN FUND BALANCES	879,404	(1,167,868)	453,514	643,766	808,816
Fund balances, beginning of year	8,966,964	7,025,584	2,535,009	5,776,817	24,304,374
Fund balances, end of year	\$ 9,846,368	\$ 5,857,716	\$ 2,988,523	\$ 6,420,583	\$ 25,113,190

See accompanying notes to financial statements.

Clinton County, Michigan

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

Year Ended December 31, 2009

Net change in fund balances - total governmental funds \$ 808,816

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

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

Capital outlay	\$ 929,351	
Depreciation expense	<u>(1,777,618)</u>	
Excess of depreciation expense over capital outlay		(848,267)

Pension contributions are reported as expenditures in governmental funds, but additional contributions increase the net pension asset in the statement of net assets.		360,553
---	--	---------

Revenues in the statement of activities that do not provide current resources are not reported as fund revenues.		14,746
--	--	--------

Internal service funds are used by management to charge the costs of certain activities to individual funds.

Increase in net assets of Internal Service Funds	975,937	
Capital assets transactions of Internal Service Funds included in the total above	(206,299)	
Depreciation expense of Internal Service Funds included in the total above	344,780	
Increase in accrued compensated absences of Internal Service Funds included in the total below	<u>2,079</u>	
		1,116,497

Repayment of long-term debt and borrowing of long-term debt is reported as expenditures and other financing sources in governmental funds, but the repayment reduces long-term liabilities and the borrowings increase long-term liabilities in the statement of net assets. In the current year, these amounts consist of:

Bond principal retirements	950,000	
Lease principal retirements	<u>42,310</u>	
		992,310

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

Decrease in accrued interest payable	6,379	
Increase in accrued compensated absences	<u>(39,603)</u>	
		<u>(33,224)</u>

Change in net assets of governmental activities \$ 2,411,431

See accompanying notes to financial statements.

Clinton County, Michigan

General Fund

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

Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 14,206,440	\$ 14,621,440	\$ 14,703,553	\$ 82,113
Licenses and permits	255,076	265,076	199,904	(65,172)
Intergovernmental	1,448,638	1,802,053	1,802,764	711
Charges for services	3,310,380	3,626,986	3,731,816	104,830
Interest and rents	260,000	110,000	89,737	(20,263)
Other	968,326	921,026	968,305	47,279
TOTAL REVENUES	20,448,860	21,346,581	21,496,079	149,498
EXPENDITURES				
Current				
General government	8,698,813	8,366,429	8,041,096	325,333
Public safety	6,405,960	6,520,030	6,426,852	93,178
Public works	67,600	52,600	51,298	1,302
Health and welfare	909,336	904,453	885,560	18,893
Community and economic development	646,616	666,853	622,247	44,606
Recreation and cultural	86,927	108,548	93,753	14,795
Other	630,102	981,522	754,479	227,043
TOTAL EXPENDITURES	17,445,354	17,600,435	16,875,285	725,150
EXCESS OF REVENUES OVER EXPENDITURES	3,003,506	3,746,146	4,620,794	874,648
OTHER FINANCING SOURCES (USES)				
Transfers in	1,241,658	1,241,658	1,246,414	4,756
Transfers out	(4,236,464)	(4,987,804)	(4,987,804)	-
TOTAL OTHER FINANCING SOURCES (USES)	(2,994,806)	(3,746,146)	(3,741,390)	4,756
NET CHANGE IN FUND BALANCE	8,700	-	879,404	879,404
Fund balances, beginning of year	8,966,964	8,966,964	8,966,964	-
Fund balances, end of year	<u>\$ 8,975,664</u>	<u>\$ 8,966,964</u>	<u>\$ 9,846,368</u>	<u>\$ 879,404</u>

See accompanying notes to financial statements.

Clinton County, Michigan

Revenue Sharing Reserve Fund

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

Year Ended December 31, 2009

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Interest	-	601	74,147	73,546
TOTAL REVENUES	-	601	74,147	73,546
EXPENDITURES	-	601	601	-
EXCESS OF REVENUES OVER EXPENDITURES	-	-	73,546	73,546
OTHER FINANCING SOURCES (USES)				
Transfer in	1,236,658	1,241,414	-	(1,241,414)
Transfer out	(1,236,658)	(1,241,414)	(1,241,414)	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(1,241,414)	(1,241,414)
NET CHANGE IN FUND BALANCE	-	-	(1,167,868)	(1,167,868)
Fund balance, beginning of year	7,025,584	7,025,584	7,025,584	-
Fund balance, end of year	<u>\$ 7,025,584</u>	<u>\$ 7,025,584</u>	<u>\$ 5,857,716</u>	<u>\$ (1,167,868)</u>

See accompanying notes to financial statements.

Clinton County, Michigan

Public Improvement Fund

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

Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental - Federal/State	\$ -	\$ 649,501	\$ 297,662	\$ (351,839)
Other	-	15,000	20,000	5,000
TOTAL REVENUES	-	664,501	317,662	(346,839)
EXPENDITURES				
Capital outlay	66,300	1,047,162	559,148	488,014
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(66,300)	(382,661)	(241,486)	141,175
OTHER FINANCING SOURCES (USES)				
Transfer in	66,300	382,661	700,000	317,339
Transfer out	(5,000)	(5,000)	(5,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	61,300	377,661	695,000	317,339
NET CHANGE IN FUND BALANCE	(5,000)	(5,000)	453,514	458,514
Fund balance, beginning of year	2,535,009	2,535,009	2,535,009	-
Fund balance, end of year	<u>\$ 2,530,009</u>	<u>\$ 2,530,009</u>	<u>\$ 2,988,523</u>	<u>\$ 458,514</u>

See accompanying notes to financial statements.

Clinton County, Michigan

Proprietary Funds

STATEMENT OF NET ASSETS

December 31, 2009

	Business-type Activities			Governmental
	Delinquent	Nonmajor	Total	Internal
	Tax Revolving	Enterprise Funds		Service Funds
ASSETS				
Current assets				
Cash and cash equivalents	\$ 7,061,973	\$ 295,292	\$ 7,357,265	\$ 3,718,691
Investments	2,406,166	-	2,406,166	2,822,021
Accounts receivable	1,465	436	1,901	12,202
Interest receivable	12,749	-	12,749	3,226
Delinquent taxes receivable	3,582,946	-	3,582,946	-
Inventory	-	7,694	7,694	6,570
Due from other funds	-	-	-	69,537
Total current assets	13,065,299	303,422	13,368,721	6,632,247
Noncurrent assets				
Capital assets, net	-	10,422	10,422	845,796
TOTAL ASSETS	13,065,299	313,844	13,379,143	7,478,043
LIABILITIES				
Current liabilities				
Accounts payable	9,430	7,962	17,392	30,798
Accrued liabilities	1,011	13,310	14,321	38,666
Advances from other funds	-	-	-	35,000
Due to other funds	-	516	516	6,420
TOTAL LIABILITIES	10,441	21,788	32,229	110,884
NET ASSETS				
Invested in capital assets	-	10,422	10,422	845,796
Restricted for employee benefits	-	-	-	4,885,637
Unrestricted	13,054,858	281,634	13,336,492	1,635,726
TOTAL NET ASSETS	\$ 13,054,858	\$ 292,056	\$ 13,346,914	\$ 7,367,159

See accompanying notes to financial statements.

Clinton County, Michigan

Proprietary Funds

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

Year Ended December 31, 2009

	Business-type Activities			Governmental
	Delinquent Tax Revolving	Nonmajor Enterprise Funds	Total	Internal Service Funds
OPERATING REVENUES				
Interest and penalties on delinquent taxes	\$ 563,505	\$ -	\$ 563,505	\$ -
Charges for services	-	128,759	128,759	3,493,475
Intergovernmental - Federal/State	-	-	-	-
Sales	-	98,129	98,129	-
Rent	-	11,791	11,791	-
Other	-	2,176	2,176	304,880
TOTAL OPERATING REVENUES	563,505	240,855	804,360	3,798,355
OPERATING EXPENSES				
Personal services and fringes	-	88,281	88,281	3,896,824
Supplies	9,606	119,421	129,027	72,603
Contracted services	4,045	32,906	36,951	60,111
Depreciation	-	16,588	16,588	344,780
Other	15,701	20,769	36,470	266,473
TOTAL OPERATING EXPENSES	29,352	277,965	307,317	4,640,791
OPERATING INCOME (LOSS)	534,153	(37,110)	497,043	(842,436)
NONOPERATING REVENUES (EXPENSES)				
Interest revenue	462,596	-	462,596	20,487
Gain on sale of capital assets	-	-	-	12,540
Net (decrease) in fair value of investments	(392,137)	-	(392,137)	(3,802)
TOTAL NONOPERATING REVENUES (EXPENSES)	70,459	-	70,459	29,225
INCOME (LOSS) BEFORE TRANSFERS	604,612	(37,110)	567,502	(813,211)
TRANSFERS				
Transfers in	-	16,710	16,710	1,789,148
Transfers out	(108,697)	-	(108,697)	-
TOTAL TRANSFERS	(108,697)	16,710	(91,987)	1,789,148
CHANGE IN NET ASSETS	495,915	(20,400)	475,515	975,937
Net assets, beginning of year	12,558,943	312,456	12,871,399	6,391,222
Net assets, end of year	<u>\$ 13,054,858</u>	<u>\$ 292,056</u>	<u>\$ 13,346,914</u>	<u>\$ 7,367,159</u>

See accompanying notes to financial statements.

Clinton County, Michigan
Proprietary Funds
STATEMENT OF CASH FLOWS
Year Ended December 31, 2009

	Business-type Activities			Governmental
	Delinquent Tax Revolving	Nonmajor Enterprise Funds	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash receipts from customers	\$ 33,308	\$ 241,662	\$ 274,970	\$ 3,801,116
Cash paid to suppliers	(48,257)	(252,414)	(300,671)	(404,279)
Cash paid for employee benefits	-	-	-	(3,896,824)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(14,949)</u>	<u>(10,752)</u>	<u>(25,701)</u>	<u>(499,987)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from sale of capital assets	-	-	-	12,540
Capital purchases	-	-	-	(206,299)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>(193,759)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in	-	16,710	16,710	1,789,148
Transfers out	(108,697)	-	(108,697)	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>(108,697)</u>	<u>16,710</u>	<u>(91,987)</u>	<u>1,789,148</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments	(2,406,166)	-	(2,406,166)	(2,822,021)
Maturity of investments	3,743,368	-	3,743,368	1,150,285
Interest revenue	462,596	-	462,596	16,685
Net decrease in fair value of investments	(392,137)	-	(392,137)	-
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>1,407,661</u>	<u>-</u>	<u>1,407,661</u>	<u>(1,655,051)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>1,284,015</u>	<u>5,958</u>	<u>1,289,973</u>	<u>(559,649)</u>
Cash and cash equivalents, beginning of year	<u>5,777,958</u>	<u>289,334</u>	<u>6,067,292</u>	<u>4,278,340</u>
Cash and cash equivalents, end of year	<u>\$ 7,061,973</u>	<u>\$ 295,292</u>	<u>\$ 7,357,265</u>	<u>\$ 3,718,691</u>

See accompanying notes to financial statements.

Clinton County, Michigan

Proprietary Funds

STATEMENT OF CASH FLOWS - CONTINUED

Year Ended December 31, 2009

	Business-type Activities			Governmental
	Delinquent Tax Revolving	Nonmajor Enterprise Funds	Total	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	\$ 534,153	\$ (37,110)	\$ 497,043	\$ (842,436)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation	-	16,588	16,588	344,780
(Increase) decrease in receivables	(530,197)	725	(529,472)	11,997
(Increase) decrease in inventory	-	3,937	3,937	(3,247)
(Increase) in due from other funds	-	-	-	(9,236)
Increase (decrease) in accounts payable	(18,595)	3,603	(14,992)	(13,417)
Increase (decrease) in accrued liabilities	(310)	1,423	1,113	7,429
Increase (decrease) in due to other funds	-	82	82	4,143
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (14,949)	\$ (10,752)	\$ (25,701)	\$ (499,987)

Clinton County, Michigan
Fiduciary Funds
STATEMENT OF NET ASSETS
December 31, 2009

	Post- Employment Healthcare	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 212,249	\$ 446,264
Investments	4,705,644	100,000
TOTAL ASSETS	4,917,893	\$ 546,264
LIABILITIES		
Undistributed collections payable	-	\$ 22,077
Due to other governmental units		
Federal/State	-	147,457
Local	-	212,976
Due to individuals and agencies	-	163,754
TOTAL LIABILITIES	-	\$ 546,264
NET ASSETS		
Restricted for trust activities	\$ 4,917,893	

See accompanying notes to financial statements.

Clinton County, Michigan
Fiduciary Funds
STATEMENT OF CHANGES IN NET ASSETS
Year Ended December 31, 2009

	Post- Employment Healthcare
ADDITIONS	
Contributions	\$ 852,377
Net increase in fair value of investments	782,449
TOTAL ADDITIONS	1,634,826
DEDUCTIONS	
Retiree benefits	209,124
TOTAL CHANGE IN NET ASSETS	1,425,702
Net assets, beginning of year	3,492,191
Net assets, end of year	\$ 4,917,893

See accompanying notes to financial statements.

Clinton County, Michigan

Component Units

STATEMENT OF NET ASSETS

December 31, 2009

	Drainage Districts	Department of Public Works	Road Commission	Total Component Units
ASSETS				
Current assets				
Cash and cash equivalents	\$ 1,394,595	\$ -	\$ 3,424,374	\$ 4,818,969
Investments	1,001,779	-	-	1,001,779
Accrued interest receivable	1,446	-	-	1,446
Accounts receivable	4,467	-	90,102	94,569
Due from other governmental units	-	-	1,129,101	1,129,101
Special assessments receivable	821,853	-	-	821,853
Inventory	-	-	884,586	884,586
Prepaid expense	-	-	-	-
Current portion of lease receivable	-	459,701	-	459,701
Total current assets	3,224,140	459,701	5,528,163	9,212,004
Noncurrent assets				
Special assessments receivable	1,475,580	-	-	1,475,580
Lease receivable	-	2,995,000	-	2,995,000
Capital assets, net:				
Assets not being depreciated	-	-	7,529,455	7,529,455
Assets being depreciated	20,885,221	-	45,791,939	66,677,160
Total noncurrent assets	22,360,801	2,995,000	53,321,394	78,677,195
TOTAL ASSETS	25,584,941	3,454,701	58,849,557	87,889,199
LIABILITIES				
Current liabilities				
Accounts payable	21,659	-	40,447	62,106
Accrued liabilities	5,000	-	179,084	184,084
Accrued interest payable	12,340	34,701	-	47,041
Due to other governmental units	-	-	114,309	114,309
Current portion of long-term debt	527,874	425,000	-	952,874
Total current liabilities	566,873	459,701	333,840	1,360,414
Noncurrent liabilities				
Advances from primary government	130,000	-	-	130,000
Advances from State	-	-	244,578	244,578
Noncurrent portion of compensated absences	-	-	609,751	609,751
Noncurrent portion of other postemployment benefits payable	-	-	1,002,171	1,002,171
Noncurrent portion of long-term debt	1,647,282	2,995,000	-	4,642,282
Total noncurrent liabilities	1,777,282	2,995,000	1,856,500	6,628,782
TOTAL LIABILITIES	2,344,155	3,454,701	2,190,340	7,989,196
NET ASSETS				
Invested in capital assets, net of related debt	18,710,065	-	53,321,394	72,031,459
Restricted for:				
Other purposes	3,310,023	-	3,337,823	6,647,846
Debt service	1,220,698	-	-	1,220,698
TOTAL NET ASSETS	\$ 23,240,786	\$ -	\$ 56,659,217	\$ 79,900,003

See accompanying notes to financial statements.

Clinton County, Michigan

Component Units

STATEMENT OF ACTIVITIES

Year Ended December 31, 2009

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities					
Drainage Districts	\$ 1,143,075	\$ 64,073	\$ -	\$ 582,471	\$ (496,531)
Department of Public Works	184,605	-	184,605	-	-
Road Commission	12,440,098	1,222,164	5,807,065	2,644,618	(2,766,251)
TOTALS	\$ 13,767,778	\$ 1,286,237	\$ 5,991,670	\$ 3,227,089	\$ (3,262,782)

	Component Units			
	Drainage Districts	Department of Public Works	Road Commission	Total
Changes in net assets				
Net (expense) revenue	\$ (496,531)	\$ -	\$ (2,766,251)	\$ (3,262,782)
General revenues				
Investment earnings	22,203	-	-	22,203
Insurance recoveries	-	-	112,495	112,495
Gain on disposal of capital assets	-	-	23,622	23,622
Total general revenues	22,203	-	136,117	158,320
Change in net assets	(474,328)	-	(2,630,134)	(3,104,462)
Net assets, beginning of year	23,715,114	-	59,289,351	83,004,465
Net assets, end of year	\$ 23,240,786	\$ -	\$ 56,659,217	\$ 79,900,003

See accompanying notes to financial statements.

Clinton County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

I. 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 68,800 residents in many areas including law enforcement, administration of justice, community enrichment and development, and human services. Education is provided to citizens through fifteen (15) local School Districts and seven (7) Intermediate School Districts. The School Districts are separate governmental entities whose financial statements are not included herein.

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

A. Reporting entity

As required by accounting principles generally accepted in the United States of America and GASB Statement No. 14, The Financial Reporting Entity, these financial statements present the financial activities of Clinton County (primary government) and its component units. The component units described below are included in the County's reporting entity because of the significance of their operational or financial relationship with the County. Blended component units, although legally separate entities, are in substance part of the County's operations, so data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the County.

Blended Component Units

The Clinton County Building Authority is governed by a three (3) member Board appointed by the County Board of Commissioners. Its sole purpose is to finance and construct the County's public buildings. It is reported in the Debt Service fund category.

Discretely Presented Component Units

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

Clinton County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

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

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

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

Joint Venture

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, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

Clinton County is responsible to fund approximately 36% of the required local contribution to cover operational costs. For the year ended December 31, 2009, the County contributed \$395,613 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, 2009, are available at the Department's administrative offices. As of September 30, 2009, the Department had total net assets of \$1,334,942.

Jointly Governed Organizations

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

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 eighteen (18) 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 an equal share of the total annual budget. For the year ended December 31, 2009, the County's contribution to the Commission was \$61,740.

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, 2009, the County's contribution to the Commission was \$40,029.

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.

Clinton County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

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, 2009, the County's contribution to the Commission was \$243,685.

Mid-South Substance Abuse Commission - Clinton County, in conjunction with nine (9) other Counties, has entered into an agreement that created the Mid-South Substance Abuse Commission. This Organization's Board is composed of seventeen (17) 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 6%). For the year ended December 31, 2009, the County passed through \$105,264 and was not required to make any additional appropriation.

B. Government-wide and fund financial statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. *Program revenues* are associated with specific functions and include charges to recipients of goods or services and grants and contributions that are restricted to meeting the operational or capital requirements of that function. Revenues that are not required to be presented as program revenues are general revenues. This includes all taxes, interest, and unrestricted State revenue sharing payments and other general revenues and shows how governmental functions are either self-financing or supported by *general revenues*.

Clinton County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

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

C. Measurement focus, basis of accounting and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements, except for agency funds, which do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

The major governmental funds of the County are:

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

The *revenue sharing reserve fund* was established in 2004 to account for the shift of State Revenue Sharing dollars from State to local funding.

Clinton County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

The *public improvement fund* accounts for the collection and distribution of monies specifically earmarked for statutory public improvements. Money for the operation of this fund is supplied from "Non-Tax" Revenue: charges for services, licenses and permits, sales of capital assets, state shared revenues, and interest earned. Once money is placed in this fund, it becomes restricted and cannot be expended or transferred for purposes other than the public improvements specified by statute or local ordinance. It is subject to the budgetary requirements of Act 2 of the Public Acts of 1968, as amended.

The major proprietary fund of the County is:

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance.

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

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

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

Clinton County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

D. Assets, liabilities and net assets or equity

1. Cash and cash equivalents

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

2. Investments

Investments during the year consisted of certificates of deposit and U.S. Government Securities 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.

3. 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, interest receivable and other amounts owed to the County at year-end.

4. Inventory

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. Road Commission inventory items are charged to road construction and maintenance, equipment repairs and operations, as used.

5. Lease receivable

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

Clinton County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

as a lease receivable at the government-wide level. The current portion of the receivable is based on the amounts to be collected next year to satisfy obligations, and the amounts to be collected subsequently have been reported as noncurrent.

6. Advances

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

7. Capital assets

Primary Government and Component Units (except Road Commission)

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

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

Buildings and improvements	20–50 years
Equipment	3–25 years
Vehicles	4–15 years
Drain infrastructure	75 years

Component Unit – Road Commission

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges and similar items), are reported in the Road Commission financial statements. Capital assets are defined by Clinton County Road Commission as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of three years and/or have a schedule ‘C’ rental rate. Such assets are recorded at historical

Clinton County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

costs or estimated historical cost of purchase or construction. Donated capital assets are recorded at estimated fair market value at the date of donation.

The Clinton County Road Commission capitalized the current year's infrastructure and has reported the retroactive cost for major infrastructure in the Statement of Net Assets for periods ending after June 30, 1980.

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

Buildings	25-50 years
Road equipment	5-8 years
Shop equipment	10 years
Engineering equipment	10 years
Office equipment	4-10 years
Infrastructure - roads	8-30 years
Infrastructure - bridges	12-50 years
Infrastructure - signals	15 years

8. Interfund transactions

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

Internal Service Funds 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.

9. Long-term obligations

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

Long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated in a Debt Service Fund for payment early in the

Clinton County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

10. Compensated absences

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

Vested compensated absences earned as of December 31, 2009, including related payroll taxes, are recorded in the government-wide financial statements.

11. Deferred revenue

Deferred revenue recorded in the General Fund consists of the 2009 tax levy that was not collected within 60 days of year end and thus, is not available for current year expenditures. In addition, the delinquent personal property taxes receivable balance is deferred in the General Fund because it is also not available for current year expenditures.

12. Federal programs

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

II. Stewardship, compliance and accountability

A. Budgets and budgetary accounting

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

- a. Prior to September 1, the County Administrator prepares and submits the proposed operating budgets for the calendar year commencing the following January 1. The operating budgets include proposed expenditures and resources to finance them.

Clinton County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

- b. A public hearing is conducted to obtain taxpayers' comments.
- c. Prior to October 31, the budgets are legally enacted through passage of an annual budget resolution.
- d. The budgets are legally adopted at the activity level for the General Fund and the fund level for the Special Revenue funds. Budgetary transfers between \$2,500 and \$10,000 are not permitted without Finance Committee approval and transfers of greater than \$10,000 are not permitted without Board approval. For control purposes, all funds' budgets are maintained at the activity and account level.
- e. The County employs encumbrance accounting as an extension of formal budgetary integration in the governmental funds. All unexpended appropriations lapse at year-end.
- f. Budgeted amounts are reported as originally adopted or as amended by the Board of Commissioners during the year. Individual amendments were not material to the original appropriations that were adopted.

III. Detailed notes on all funds

A. Deposits and investments

The County utilizes various pooled cash accounts and investments for approximately 46 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, Debt Service Funds, Internal Service Funds, Trust and Agency Funds, and the Component Unit funds (with the exception of the Road Commission, which is separately maintained). Each fund's portion of these pooled accounts is included in the cash and cash equivalents caption on the applicable balance sheet or statement of net assets.

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

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

Clinton County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

	<u>Carrying Amount</u>
Government-wide Financial Statement Captions:	
Primary Government:	
Cash	\$ 16,434,677
Investments	23,446,644
Component Units:	
Cash	4,818,969
Investments	1,001,779
Fiduciary Fund Financial Statement Captions:	
Cash	658,513
Investments	<u>4,805,644</u>
Total	<u>\$ 51,166,226</u>

Deposits and Investments:	
Bank deposits (checking accounts, savings accounts and certificates of deposit)	\$ 34,270,304
Investments:	
U.S. agencies	9,060,005
Investment funds	6,013,965
Money market accounts	1,816,352
Cash on hand	<u>5,600</u>
Total	<u>\$ 51,166,226</u>

	<u>Fair Value</u>	Investment Maturities (in Years)			<u>Ratings Standard & Poors</u>
		<u>Less Than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	
U.S Agencies	\$ 9,060,005	<u>\$ 1,740,945</u>	<u>\$ 5,648,976</u>	<u>\$ 1,670,084</u>	AAA
Rated investment funds	1,308,321				AA
Unrated investment funds	4,705,644				N/A
Rated money market funds	1,502,920				AAA
Unrated money market funds	<u>313,432</u>				N/A
Total	<u>\$ 16,890,322</u>				

Clinton County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

Statutory Authority

State statutes authorize the County to invest in:

- Bonds, securities, other direct obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.
- Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.
- Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
- Bankers acceptances of United States banks.
- Obligations of the State of Michigan and its political subdivisions that, at the time of purchase are rated as investment grade by at least one standard rating service.
- Mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.
- External investment pools as authorized by Public Act 20 as amended through 12/31/97.

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

Investment and deposit risk

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

Credit Risk. State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools as identified above. The County's investment policy states that the County will minimize credit risk by limiting investments to the safest types of securities, pre-qualifying and continually

Clinton County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

monitoring financial institutions with which the County will do business, diversifying the portfolio so that potential losses on individual securities would be minimized, and maintaining credit ratings when available on all holdings. The ratings for each investment type are identified above for investments held at year end.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned. State law does not require and the County does not have a policy for deposit custodial credit risk. As of year-end \$3,532,212 of the County's bank balance of \$36,487,267 was exposed to custodial credit risk because it was uninsured and uncollateralized.

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

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

B. Receivables

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

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Component Units</u>
Taxes	\$ 1,113,885	\$ 3,582,946	\$ -
Special assessments, current	-	-	821,853
Accounts	504,298	1,901	94,569
Interest	<u>54,628</u>	<u>12,749</u>	<u>1,446</u>
Total	<u>\$ 1,672,811</u>	<u>\$ 3,597,596</u>	<u>\$ 917,868</u>

Clinton County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Property taxes receivable (General Fund)	\$ <u>871,354</u>	\$ <u> -</u>

C. Capital assets

Capital asset activity for the year ended December 31, 2009, was as follows:

Primary Government

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets not being depreciated				
Land and improvements	\$ 1,084,010	\$ 110,826	\$ -	\$ 1,194,836
Construction in progress	-	283,603	-	283,603
Total capital assets not being depreciated	<u>1,084,010</u>	<u>394,429</u>	<u>-</u>	<u>1,478,439</u>
Capital assets being depreciated				
Buildings and improvements	31,111,105	-	-	31,111,105
Furniture, fixtures and equipment	6,996,221	382,229	(169,501)	7,208,949
Vehicles	1,203,365	152,693	(142,008)	1,214,050
Total capital assets being depreciated	<u>39,310,691</u>	<u>534,922</u>	<u>(311,509)</u>	<u>39,534,104</u>
Less accumulated depreciation				
Buildings and improvements	(5,366,410)	(821,713)	-	(6,188,123)
Furniture, fixtures and equipment	(4,069,579)	(808,941)	169,501	(4,709,019)
Vehicles	(650,838)	(146,964)	142,008	(655,794)
Total accumulated depreciation	<u>(10,086,827)</u>	<u>(1,777,618)</u>	<u>311,509</u>	<u>(11,552,936)</u>
Total capital assets being depreciated, net	<u>29,223,864</u>	<u>(1,242,696)</u>	<u>-</u>	<u>27,981,168</u>
Governmental activities capital assets, net	<u>\$ 30,307,874</u>	<u>\$ (848,267)</u>	<u>\$ -</u>	<u>\$ 29,459,607</u>

Clinton County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

	Beginning Balance	Additions	Disposals	Ending Balance
Business-type activities				
Capital assets being depreciated				
Furniture, fixtures and equipment	\$ 53,297	\$ -	\$ -	\$ 53,297
Vehicles	30,327	-	-	30,327
Total capital assets being depreciated	83,624	-	-	83,624
Less accumulated depreciation				
Furniture, fixtures and equipment	(32,353)	(10,522)	-	(42,875)
Vehicles	(24,261)	(6,066)	-	(30,327)
Total accumulated depreciation	(56,614)	(16,588)	-	(73,202)
Total capital assets being depreciated, net	27,010	(16,588)	-	10,422
Business-type activities capital assets, net	\$ 27,010	\$ (16,588)	\$ -	\$ 10,422

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

Governmental activities:

General government	\$ 651,394
Public safety	573,709
Health and welfare	96,514
Recreation and cultural	111,221
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	344,780

Total depreciation expense – governmental activities **\$ 1,777,618**

Business-type activities:

Building department	\$ 16,588
---------------------	------------------

Construction commitments

Motz County Park, a 42 acre park with 14 acres of water for boating, fishing, picnicking and swimming, located in Greenbush Township is currently under development by the County. As of December 31, 2009, the County spent \$410,807, on construction costs and they have \$490,193 in remaining construction commitments.

Clinton County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

Discretely presented component units

Activity for the Drainage Districts for the year ended December 31, 2009, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Drainage Districts				
Capital assets being depreciated				
Infrastructure	\$ 24,437,776	\$ 153,663	\$ -	\$ 24,591,439
Less accumulated depreciation				
Infrastructure	<u>(3,388,527)</u>	<u>(317,691)</u>	<u>-</u>	<u>(3,706,218)</u>
Total capital assets being depreciated, net	<u>21,049,249</u>	<u>(164,028)</u>	<u>-</u>	<u>20,885,221</u>
Drainage Districts capital assets, net	<u>\$ 21,049,249</u>	<u>\$ (164,028)</u>	<u>\$ -</u>	<u>\$ 20,885,221</u>

Clinton County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

Activity for the Road Commission for the year ended December 31, 2009, was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Road Commission				
Capital assets not being depreciated				
Land	\$ 283,751	\$ -	\$ -	\$ 283,751
Infrastructure				
Land/right-of-way	1,196,341	49,075	-	1,245,416
Land improvement	5,943,551	56,737	-	6,000,288
Total capital assets not being depreciated	7,423,643	105,812	-	7,529,455
Capital assets being depreciated				
Buildings	1,735,798	-	-	1,735,798
Road equipment	6,337,878	151,876	(120,397)	6,369,357
Shop equipment	88,407	38,483	-	126,890
Office equipment	92,155	8,113	(7,894)	92,374
Engineer's equipment	22,685	-	-	22,685
Yard equipment	10,207	-	-	10,207
Depletable assets	75,448	-	-	75,448
Infrastructure - bridges	26,884,689	29,858	-	26,914,547
Infrastructure - roads	47,409,192	1,631,763	(2,890,236)	46,150,719
Infrastructure - signals	825,067	2,606	-	827,673
Total capital assets being depreciated	83,481,526	1,862,699	(3,018,527)	82,325,698
Less accumulated depreciation				
Buildings	(1,001,481)	(42,707)	-	(1,044,188)
Road equipment	(5,221,528)	(443,166)	120,397	(5,544,297)
Shop equipment	(57,918)	(9,464)	-	(67,382)
Office equipment	(69,500)	(7,400)	7,362	(69,538)
Engineer's equipment	(21,609)	(307)	-	(21,916)
Yard equipment	(4,849)	(1,021)	-	(5,870)
Depletable assets	(52,806)	-	-	(52,806)
Infrastructure - bridges	(12,354,996)	(580,122)	-	(12,935,118)
Infrastructure - roads	(16,846,115)	(2,689,572)	2,890,236	(16,645,451)
Infrastructure - signals	(88,400)	(58,793)	-	(147,193)
Total accumulated depreciation	(35,719,202)	(3,832,552)	3,017,995	(36,533,759)
Total capital assets being depreciated, net	47,762,324	(1,969,853)	(532)	45,791,939
Road Commission capital assets, net	\$ 55,185,967	\$ (1,864,041)	\$ (532)	\$ 53,321,394

Clinton County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

D. Interfund receivables, payable and transfers

Interfund receivables and payables as of December 31, 2009, are as follows:

Due to:	Due from:				Total
	General	Nonmajor Governmental Funds	Nonmajor Enterprise Funds	Internal Service Funds	
General	\$ -	\$ -	\$ -	\$ 4,151	\$ 4,151
Public Improvement	1,291,947	-	-	-	1,291,947
Internal Service Funds	56,691	10,061	516	2,269	69,537
Total	\$ 1,348,638	\$ 10,061	\$ 516	\$ 6,420	\$ 1,365,635

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

Long-term advances as of December 31, 2009, are as follows:

Advance from General Fund to:	
Nonmajor governmental funds	\$ 90,000
Internal service funds	35,000
Component unit - Drainage Districts	<u>130,000</u>
Total advances from General Fund	<u>\$ 255,000</u>

The advances from the General Fund to Drainage Districts were for working capital and the remaining advances are to finance operations.

Interfund transfers as of December 31, 2009, are as follows:

Transfer to:	Transfer from:				Total
	General	Revenue Sharing Reserve	Public Improvement	Delinquent Tax Revolving	
General	\$ -	\$ 1,241,414	\$ 5,000	\$ -	\$ 1,246,414
Public Improvement	700,000	-	-	-	700,000
Nonmajor Governmental Funds	2,481,946	-	-	108,697	2,590,643
Nonmajor Enterprise Funds	16,710	-	-	-	16,710
Internal Service Funds	1,789,148	-	-	-	1,789,148
Total	\$ 4,987,804	\$ 1,241,414	\$ 5,000	\$ 108,697	\$ 6,342,915

Clinton County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

Interfund transfers include transfer of unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds, in accordance with budgetary authorizations; and, transfer of revenues from the fund that is required to collect them to the fund that is required or allowed to expend them. In addition, the Revenue Sharing Reserve Fund has transferred the allowable spending amount specified by the State for the State revenue sharing fund in compliance with Public Act 357 of 2004.

E. Long-term debt

Changes in long-term debt

The following is a summary of changes in long-term debt (including current portions) of the County for the year ended December 31, 2009:

	<u>Balance January 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2009</u>	<u>Due Within One Year</u>
Primary Government					
Governmental activities					
Direct County obligations	\$ 11,580,000	\$ -	\$ (950,000)	\$ 10,630,000	\$ 870,000
Lease payable	88,305	-	(42,310)	45,995	45,995
Accrued compensated absences	1,117,116	809,557	(769,954)	1,156,719	769,954
Total governmental activities	12,785,421	809,557	(1,762,264)	11,832,714	1,685,949
Business-type activities					
Accrued compensated absences	7,178	-	(46)	7,132	7,132
Total primary government	12,792,599	809,557	(1,762,310)	11,839,846	1,693,081
Component Units					
Department of Public Works					
Water and sewer bonds	3,845,000	-	(425,000)	3,420,000	425,000
Drainage Districts					
Drain bonds and notes	2,720,820	12,880	(558,544)	2,175,156	527,874
Road Commission					
Net OPEB obligation	451,078	551,093	-	1,002,171	-
Accrued compensated absences	614,127	609	(4,985)	609,751	-
Total component units	7,631,025	564,582	(988,529)	7,207,078	952,874
Total reporting entity	\$ 20,423,624	\$ 1,374,139	\$ (2,750,839)	\$ 19,046,924	\$ 2,645,955

Clinton County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

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

Primary Government

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, 2009, are as follows:

\$7,060,000 2006 Building Authority Refunding Bonds, dated March 14, 2006, due in annual installments ranging from \$595,000 to \$830,000 through May 1, 2019, with interest ranging from 3.625 to 3.8 percent, payable semi-annually.	\$ 7,060,000
\$2,200,000 2006 Capital Improvement Bonds, dated April 4, 2006, due in annual installments ranging from \$105,000 to \$195,000 through November 1, 2021, with interest ranging from 3.5 percent to 4.0 percent, payable semi-annually.	1,870,000
\$2,500,000 Building Authority Jail Construction Bonds, Series 2003, dated February 1, 2003, due in annual installments ranging from \$125,000 to \$225,000 through May 2018, with interest ranging from 2.25 to 4.125 percent, payable semi-annually	<u>1,700,000</u>
Total Direct County Obligations	<u>\$ 10,630,000</u>

Advance Refunding

On March 14, 2006, the County issued general obligation bonds of \$7,060,000. Proceeds from this bond issue were used to advance refund a portion of the 1999 Building Authority Bonds. The refunded bonds mature as scheduled on May 1, 2010 through 2019. The balance of the defeased debt outstanding at December 31, 2009, was \$8,935,000.

Clinton County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

Lease Payable

For the year ended December 31, 2009, the County had an outstanding capital lease with Lease Consultants Corporation for mobile data computers of \$45,995. The original amount of the principal on the lease was \$212,878. The principal is due in annual installments ranging from \$1 to \$50,000. Interest on the lease is approximately 8%.

Accrued Compensated Absences

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

The dollar amount of these vested rights including related payroll taxes, amounted to \$482,582 and \$681,269 for vacation and sick, respectively, at December 31, 2009. Of the \$1,163,851 total liability, \$777,086 has been reported as a current liability and \$386,765 has been reported as a noncurrent liability.

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

Component Unit – Road Commission

Accrued Employee Benefit Payable

In accordance with County Road Commission personnel policies and/or contracts negotiated with various employee groups of the County Road Commission, individual employees have vested rights upon termination of employment to receive payment for unused vacation, sick leave and longevity under formulas and conditions specified in their respective personnel policies and/or contracts. The dollar amount of these vested rights, including related payroll taxes amounted to \$157,882, \$354,621, and \$97,248 for vacation, sick and longevity, respectively, at December 31, 2009. This amount, \$609,751, has been reported as a noncurrent liability.

Component Unit – Department of Public Works

Indirect County Obligations - Water and Sewer Bonds

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

Clinton County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

Bonds payable at December 31, 2009, 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.	\$ 575,000
\$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.	205,000
\$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.	20,000
\$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 4.25 to 5.0 percent, payable semi-annually.	1,600,000
\$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.	660,000
\$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>360,000</u>
Total Indirect County Obligations - Water and Sewer Bonds	<u>\$3,420,000</u>

Advance Refunding

On February 1, 1999, 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

Clinton County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

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 counsel 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, 2009, bonds due and payable May 1, 2010 through May 1, 2014, for the Clinton County Water Project Bonds - Bath Township in the amount of \$325,000 are considered defeased.

Component Unit – Drainage Districts

Indirect County Obligations - Drain Bonds and Notes

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

Bonds and notes payable and amounts due to other local governments at December 31, 2009, 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 3.8 to 4.35 percent, payable semi-annually.	\$ 350,000
\$995,000 John Voltz Drain District Bonds dated December 1, 2001, due in annual installments of \$100,000 through June 1, 2012, with interest ranging from 3.25 to 4.3 percent, payable semi-annually.	300,000
\$875,000 Loesch Drain Bonds dated September 1, 2003, due in annual installments ranging from \$85,000 to \$90,000 through June 1, 2013, with interest ranging from 2.3 to 4.3 percent, payable semi-annually.	360,000

Clinton County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

\$980,000 Edwards Drain Bonds dated May 1, 2004, due in annual installments ranging from \$50,000 to \$75,000 through June 1, 2019, with interest ranging from 2.75 to 4.70 percent, payable semi-annually.	562,100
\$540,000 Creekside Drain Bonds dated August 1, 2006, due in annual installments ranging from \$50,000 to \$55,000 through June 1, 2016, with interest of 4.25 percent, payable semi-annually.	385,000
Various drain notes due in various annual installments and interest rates through 2016.	<u>218,056</u>
Total Indirect County Obligations – Drain Bonds and Notes	<u>\$ 2,175,156</u>

Annual requirements to pay debt principal and interest outstanding are as follows:

Primary Government

Direct County Obligations

Bonds Payable

Year Ended December 31,	Principal	Interest
2010	\$ 870,000	\$ 382,999
2011	900,000	350,576
2012	940,000	316,789
2013	985,000	281,436
2014	1,025,000	244,374
2015-2019	5,525,000	604,626
2020-2021	<u>385,000</u>	<u>15,500</u>
Total	<u>\$ 10,630,000</u>	<u>\$ 2,196,300</u>

Clinton County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

Capital Leases Payable

Year Ended December 31,	Principal	Interest
2010	\$ 45,995	\$ 4,006

Component Units

Indirect County Obligations

Year Ended December 31,	Department of Public Works Water and Sewer Bonds		Drainage Districts Drain Bonds and Notes	
	Principal	Interest	Principal	Interest
2010	\$ 425,000	\$ 165,935	\$ 527,874	\$ 82,412
2011	405,000	144,525	513,274	60,217
2012	435,000	123,153	337,714	42,468
2013	465,000	102,530	233,794	30,366
2014	290,000	80,628	129,750	22,320
2015-2019	1,340,000	188,505	432,750	40,006
2020	60,000	1,755	-	-
Total	\$ 3,420,000	\$ 807,031	\$ 2,175,156	\$ 277,789

IV. Other information

A. Employee retirement system

Primary Government and Component Units (except Road Commission)

Plan description. 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 and part-time County employees who work 20 hours or more per week are covered by the retirement system with exception of the Road

Clinton County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

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.

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. The County is required to contribute to the Retirement Plan at an actuarially determined rate. The current rate ranges from 8.81% to 17.29% as a percentage of annual covered payrolls and varies by the participating employee groups. These contributions are funded by the County on behalf of plan members. In addition, certain employee bargaining groups have negotiated benefits whereby the participating members are required to contribute to the Plan. These participation levels range from 0% to 6.7% of their annual covered payroll. The contribution requirements of the County are established and may be amended by the MERS Retirement Board. The contribution requirements of plan members

Clinton County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

are established and may be amended by the County, depending on the MERS contribution program adopted and/or negotiated by the County.

Annual pension cost and net pension asset. The County's annual pension cost and net pension asset for the current year were as follows:

Annual required contribution	\$ 1,308,712
Less: Interest on net pension asset	(21,875)
Plus: Adjustment to annual required contribution	<u>83,278</u>
Annual pension cost	1,370,114
Contributions made	<u>1,558,712</u>
(Increase) in net pension asset	(188,598)
Net pension (asset), beginning of year	<u>(465,430)</u>
Net pension (asset), end of year	<u>\$ (654,028)</u>

The annual required contribution was determined as part of an actuarial valuation of the plan as of December 31, 2008, using the entry age normal 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%, (2) projected salary increases of 4.5% per year compounded annually, attributable to inflation, (3) additional projected salary increases ranging from 0.0% to 8.4% per year, depending on age, attributable to seniority/merit. The employer contribution rate has been determined based on the entry age normal cost 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 29 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.

Net Pension Asset Trend Information

<u>Year Ended December 31,</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Asset</u>
2007	\$ 1,325,203	104%	\$ 405,549
2008	1,372,662	104%	465,430
2009	1,370,114	114%	654,028

Clinton County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

Schedule of Funding Progress

Actuarial Valuation Date <u>December 31,</u>	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
2008	\$ 28,195,682	\$ 37,413,014	\$ 9,217,359	75%	\$ 8,769,003	105%

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

Component Unit – Road Commission

Description of Plan and Plan Assets

The Road Commission is in an agent multiple-employer defined benefit pension plan with the Municipal Employees’ Retirement System (MERS). The system provides the following provisions: normal retirement, deferred retirement, service retirement allowance, disability retirement allowance, non-duty-connected death, duty-connected death, and post-retirement adjustments to plan members and their beneficiaries. The service requirement for all qualified employees is computed using credited service at the time of termination of membership multiplied by the sum of 2.5% times the final average compensation (FAC) with 5-year averaging for office and road union and 3-year averaging for administrative salaries, with a maximum benefit of 80% of the FAC. Administrative salaried retirees have a benefit ‘E-1 and E-2’ plan allowing for a 2.5% annual increase. This defined benefit plan includes all employees except for administrative salaried employees hired after January 1, 2007.

Administrative salaried employees hired after January 1, 2007 and office union employees hired after January 2, 2010 are in a MERS Hybrid Retirement Plan with the Road Commission contributing 1.5% of the employee’s applicable salary into the defined benefit portion (allowing for a 1.5% multiplier for the defined benefit portion) and 1% of the employee’s applicable salary into the defined contribution portion. The defined contribution portion is a 401 Qualified Plan utilizing ICMA-RC (the International City Management Association Retirement Corporation) as the third-party administrator. The MERS Hybrid Retirement Plan has a 6 year vesting requirement, a 3-year FAC, and is payable at age 60. The 401 Qualified Plan through ICMA-RC had a balance of \$45,002 at December 31, 2009. This balance includes \$2,106 of employer contributions and \$42,896 of employee contributions.

Clinton County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

The most recent period for which actuarial data was available was for the year ended December 31, 2008.

MERS was established in 1946 under Public Act 135 of 1945 and granted independence from the State of Michigan pursuant to Public Act 220 of 1996, effective August 15, 1996.

MERS is administered under the provisions of Public Act 427 of 1984, as amended. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to MERS at 1134 Municipal Way, Lansing, Michigan 48917.

Funding policy. The Road Commission is required to contribute at an actuarially determined rate for the defined benefit plans. Based on the 2005 actuarial valuation, the 2007 rate for general-union/AFLCIO, administrative salary and administrative hourly employees was 9.94%, 20.28%, and 6.58%, respectively, of annual compensation. Based on the 2006 actuarial valuation, the 2008 rate for general-union/AFLCIO, administrative salary, and administrative hourly employees was 9.61%, 19.94%, and 6.42%, respectively, of annual compensation. Based on the 2007 actuarial valuation, the 2009 rate for general-union/AFLCIO, administrative salary hired after January 1, 2007, and the administrative hourly employees was 9.80%, 21.71%, 8.0% and 6.30%, respectively, of the annual compensation. Each member is required to contribute 3% of his or her annual compensation and 3% was paid by the employees for both years in all plans aside from the Hybrid Plan.

Annual pension cost. Payments were made in accordance with contribution requirements determined by an actuarial valuation of the plan as of December 31, 2007, and 3% employee share. 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. During the year ended December 31, 2009, the Road Commission contributed \$340,152 and the employees contributed \$69,712. Based on the 2007 actuarial valuation, the Road Commission was required to contribute an estimated \$340,155 for the 2009 fiscal year.

Significant actuarial assumptions used include a long-term investment yield rate of 4.7% and annual salary increases of 5.9% based on an age-related scale to reflect merit, longevity, and promotional salary increases.

The Road Commission will be increasing their required contributions by 3.61% for Division 01 and 3.87% for Division 10 beginning in 2009 in order to comply with the Michigan

Clinton County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

Municipal Employees' Retirement System request that employers meet 100% and 80% funding levels for all divisions within 10 years.

Net Pension Trend Information

Year Ended December 31,	Annual Pension Cost (APC)	Percentage of APC Contributed
2007	\$ 416,079	100%
2008	411,237	100%
2009	340,155	100%

Schedule of Funding Progress

Actuarial Valuation Date December 31,	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
2008	\$ 11,709,101	\$ 15,865,451	\$ 4,156,350	74%	\$ 2,563,886	162%

B. Defined contribution plan

The County's Defined Contribution Plan is a 401-money purchase plan, established by the County and administered by an outside third-party administrator. All Non-Union County employees hired on or after January 1, 2007 are required to participate in the plan. In addition, prosecutors and telecommunicators hired on or after January 1, 2008 are also required to participate in the plan. The County will contribute on behalf of each participant 6% of earnings. Participants are not required to contribute, but can make a one-time election to contribute 2% of their earnings, of which the County will match for a total employer and employee contribution of 10%. Employees are immediately vested.

Employer contributions to the Plan for the year ended December 31, 2009, amounted to \$46,049 and employee contributions were \$11,512.

C. Deferred compensation plan – Road Commission

The Clinton County Board of Road Commissioners offers all road commission employees participation in a deferred compensation plan created in accordance with the Internal Revenue Code (IRC), Section 457, with Nationwide Retirement Solutions (NRS). The assets of the plan are held in a trust, custodial account or annuity contract described in IRC Section 457(g) for the exclusive benefit of the participants (employees) and their beneficiaries. The

Clinton County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

custodial account is held by the custodian thereof for the exclusive benefit of the participants and beneficiaries of this Section 457 plan and the assets may not be diverted to any other use. The administrators are agents of the employer for purposes of providing direction to the custodian of the custodial account from time to time to the investment of the funds held in the account, transfer of assets to or from the account, and all other matters. In accordance with the provisions of GASB Statement No. 32 requirements, plan balances and activities are not reflected in the Road Commission's financial statements.

D. Contingent liabilities

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

E. Risk management

Primary Government and Component Units (except Road Commission)

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

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

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

Clinton County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

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.

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 was \$15,000,000. The property damage blanket limit of insurance at December 31, 2009, was \$47,354,021.

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

Clinton County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

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

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

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

Component Unit – Road Commission

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

The county road commissions in the State of Michigan established and created a trust fund, known as the Michigan County Road Commission Self-Insurance Pool (the "Pool") pursuant to the provisions of Public Act 138 of 1982. The Pool is to provide for joint and cooperative action relative to members' financial and administrative resources for the purpose of providing risk management services along with property and liability protection. Membership is restricted to road commissions and related road commission activities with the State.

The Michigan County Road Commission Self-Insurance Pool Program (the "Pool") operates as a common risk sharing management program for road commissions in Michigan; member premiums are used to purchase excess insurance coverage and to pay member claims in excess of deductible amounts. If for any reason, the Pool's resources available to pay losses

Clinton County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

are depleted, the payment of all unpaid losses of the member is the sole obligation of the member.

F. Property taxes and taxes receivable

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

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 2009 levy had a taxable value of \$2,551,261,110 on which ad valorem taxes levied for County general operating purposes was 5.8 mills.

Taxes are collected by the various tax collecting units from the date of the levy and remitted to the County through the Trust and Agency Fund for distribution to the General Fund.

The delinquent taxes receivable represents unpaid real property taxes in the Delinquent Tax Revolving Fund and unpaid personal property taxes in the General Fund.

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

G. Post-employment health care benefits

Primary Government and Component Units (except Road Commission)

Plan description. The County provides certain health care benefits, including prescription drug benefits for employees who have retired. Substantially all of the County's employees may become eligible for those benefits when they reach twenty (20) years of service and 60 years of age. Under this program the County pays \$450 per month for each eligible employee and out-of-area eligible employee under age 65, and \$240 per month for each eligible employee and out-of-area eligible employee age 65 or older.

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

Basis of accounting. The Trust's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the

Clinton County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Method used to value investments. Investments are reported at fair value which is determined using selected bases as follows: short-term investments are reported at cost, which approximates fair value; securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates; investments for which market quotations are not readily available are valued at fair market values as determined by the custodian under the direction of the Board of Commissioners, with the assistance of a valuation service; and cash deposits are reported at carrying amounts which reasonably estimates fair value. The difference between aggregate fair value and the cost of investments along with realized gains and losses on sales of investments are reflected in the Statement of Changes in Plan Net Assets as net appreciation or depreciation in the fair value of investments.

Funding progress. The Trust is being funded based on 189 employees and 42 retirees. Contributions made during the year were made in the amount of \$852,377. Required contributions for the year were \$652,377. Therefore, at December 31, 2009 the County had a net OPEB asset of \$371,955. As of December 31, 2009, there was \$4,917,893 of net assets available for benefits. The total actuarially determined liability for these benefits is \$6,830,539 and the total unfunded liability was \$3,183,092 based on the December 31, 2007, actuarial valuation, the most recent valuation. The County has chosen to fund the Trust based on assumptions of 11% annual cost increases for benefits and a 7% return on investments.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The accompanying schedules of employer contributions present trend information about the amounts contributed to the plan by employers in comparison to the ARC, an amount that is actuarially determined in accordance with GASB Statement 43. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost for each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

Clinton County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

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

Actuarial cost method	Entry age normal cost
Amortization method	Level percent of payroll (open divisions) Level dollar (divisions closed to new hires)
Remaining amortization period	30 years
Actuarial assumptions:	
Investment rating return	7.0 percent
Projected salary increases*	4.8 percent to 12.9 percent
Cost-of-living adjustments	None

*Includes inflation at 4.5 percent

Annual OPEB costs and net OPEB asset. The County's annual OPEB cost and change in the net OPEB asset for the current year were as follows:

Annual cost	\$ 652,377
Less: Interest on net OPEB asset	(14,000)
Plus: Adjustment to annual cost	<u>42,045</u>
Annual OPEB cost	680,422
Contributions made	<u>852,377</u>
(Increase) in net OPEB asset	(171,955)
Net OPEB (asset), beginning of year	<u>(200,000)</u>
Net OPEB (asset), end of year	<u>\$ (371,955)</u>

Net OPEB Asset Trend Information

<u>Year Ended December 31,</u>	<u>Annual OPEB Cost (AOC)</u>	<u>Actual Contribution</u>	<u>Percentage of AOC Contributed</u>	<u>Net OPEB Asset</u>
2008	\$ 635,767	\$ 835,767	131%	\$ 200,000
2009	680,422	852,377	126%	371,955

Clinton County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

Schedule of Funding Progress

Actuarial Valuation Date <u>December 31,</u>	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
2007	\$ 3,647,447	\$ 6,830,539	\$ 3,183,092	53%	n/a	n/a

Component Unit – Road Commission

The Road Commission agrees to pay the full premium for hospitalization medical coverage for retired administrative salaried employees and their spouses. Retired employees and/or spouses under the age of 65 are covered with a Blue Cross Flexible Blue Plan with the employer paying 75% of the deductible expense. For union retired employees and/or spouses over age 65, coverage includes a Blue Cross Medicare supplemental insurance with a \$10/\$40 prescription drug plan with \$40 prescription drugs reimbursed \$20 by the Road Commission through a self-funded plan. If an administrative employee dies with 20 years service time, the spouse is covered. Administrative salaried employees hired after January 1, 2007 and office union employees hired after January 1, 2010 will have health insurance benefits provided for the retiree only.

Expenditures for health care benefits are recognized on a pay as you go basis as premiums come due. During 2009, 45 retirees and/or spouses were eligible for benefits, and \$468,221 was recognized for post-employment health insurance expenditures in the Road Commission Operating Fund.

The Road Commission also provides dental and vision coverage for retirees and their spouses. The cost of dental, vision, and Medicare supplemental insurance coverage is included in total health insurance expenditures reported in the preceding paragraphs. Contributions made to the Retiree Health Care Trust Fund are recognized as expenditures in the Road Commission Operating Fund at the time the contribution is made. During the year, postemployment expenditures were \$60,000 for contributions made to the Retiree Health Care Trust Fund.

Summary of significant accounting policies. Effective January 1, 2006, the Road Commission adopted, by resolution on October 20, 2005, the MERS HCSP-Defined Benefit Program Plan 3, as a trust, to administer funds set aside for the payment of health, vision and dental benefits. The trust is part of a single-employer retiree healthcare savings plan that is administered by MERS. The plan covers substantially all retirees and future retirees of the Road Commission.

Clinton County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

Plan description. The trust provides for future payment of health, vision, and dental benefits for retirees and their spouses and dependents. Salaried administrative staff hired after January 1, 2007 and office union staff hired after January 1, 2010 will receive benefits for the retiree only and must pay the premium, in full, for any dependents.

The obligation to provide benefits to employees was established by negotiation with collective bargaining units or other actions of the board of road commissioners. According to the actuarial valuation as of December 31, 2009, there were 45 retirees eligible for benefits. Significant actuarial assumptions used include a long-term investment yield rate of 7% and annual salary increases of 1.5% based on an age-related scale to reflect merit, longevity, and promotional salary increases. Actuarial calculations reflect a long-term perspective that is designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

Funding progress. The schedule of funding progress presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. This is the first year of implementation for GASB Statement No. 45, so only one year is presented because only one actuarial valuation is available. The Road Commission expects to have an actuarial valuation performed every three years.

Contributions. The Road Commission may partially or fully fund the liability of the trust by periodically making contributions to the trust. The Road Commissions funding policy is to pay all premiums as they come due from the road fund and set aside funding in the trust at an annual rate of \$60,000. The amount set aside in the trust may be adjusted by the board from time to time as it deems appropriate. Employees are not required to contribute to the plan.

Investment losses and administrative costs of \$31,311 were incurred during the current year. Future investment and administrative costs will be financed by the trust. As of December 31, 2009, the plan's reserves for benefits were \$239,459.

Annual OPEB cost and net OPEB obligation. For the year ended December 31, 2009, the Road Commission has estimated the cost of providing retiree healthcare benefits through an alternative method valuation as of December 31, 2009. The valuation computes an annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The valuation computed required contribution and actual funding are summarized as follows:

Clinton County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

Annual cost	\$ 987,739
Plus: Adjustment to annual cost	<u>31,575</u>
Annual OPEB cost	1,019,314
Contributions made	<u>468,221</u>
(Increase) in net OPEB obligation	(551,093)
Net OPEB obligation, beginning of year	<u>(451,078)</u>
Net OPEB obligation, end of year	<u><u>\$(1,002,171)</u></u>

Net OPEB Obligation Trend Information

Year Ended <u>December 31,</u>	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Obligation
2008	\$ 937,269	\$ 426,191	52%	\$ 451,078
2009	1,019,314	468,221	46%	1,002,171

Schedule of Funding Progress

Alternative Valuation Date <u>December 31,</u>	Value of Assets	Accrued Liability Entry Age	Unfunded Accrued Liability	Funded Ratio	Covered Payroll	UAL as a Percentage of Covered Payroll
2009	\$ 239,459	\$ 10,392,801	\$ 10,153,342	2%	\$ 2,602,441	390%

H. Federal grants – Road Commission

The Michigan Department of Transportation (MDOT) requires that road commissions report all Federal and State grants pertaining to their county. During the calendar year ended December 31, 2009, the Federal aid received and expended by the Road Commission was \$666,497 for contracted projects. Contracted projects are defined as projects performed by private contractors paid for and administered by MDOT. The contracted Federal projects are not subject to single audit requirements by the road commissions, as they are included in MDOT's single audit.

During the calendar year ended December 31, 2009, the Road Commission did not receive any Federal grants for negotiated projects. Negotiated projects are projects that are performed by the Road Commission and are subject to single audit requirements, if the amount expended is \$500,000 or more. A single audit was not required to be performed for the calendar year ended December 31, 2009, by the Road Commission auditors. If a single

Clinton County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

audit had been performed it would have been issued under a separate cover and those funds would be excluded from the County's single audit.

I. Fund equity designations

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

The following are the various net asset designations as of December 31, 2009:

Delinquent Tax Revolving Fund	
Designated for animal shelter project	\$ 1,000,000
Designated for retirement unfunded liability	2,500,000
Designated for retiree health insurance	1,400,000
Designated for property tax settlements	6,000,000
Designated for jail renovation	<u>2,100,000</u>
Total Delinquent Tax Revolving Fund	<u>\$ 13,000,000</u>

J. Restricted net assets

Restrictions of net assets shown in the Government-wide financial statements indicate that restrictions imposed by the funding source or some other outside source which precludes their use for unrestricted purposes. The following are the various net asset restrictions as of December 31, 2009:

Primary Government

Governmental Activities

Restricted for:

Public safety	
911 central dispatch	\$ 2,602,183
Corrections training	5,535
Drug forfeiture	29,220
Probation enhancement	30,072
Community corrections	22,567
Act 302 training	<u>8,509</u>

Total public safety **\$ 2,698,086**

Clinton County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

Debt Service (net of accrued interest)	<u>\$ 5,040,512</u>
Revenue Sharing	<u>\$ 5,857,716</u>
Public Improvement	<u>\$ 2,988,523</u>
Other Purposes:	
Family counseling	\$ 33,653
Friend of the Court	288,243
Waste management	323,446
Register of Deeds automation	163,368
Budget stabilization	200,000
Law library	40,926
Economic development	95,117
Child care	1,229,817
Soldiers and sailors	673
Veteran trust	714
Homestead property tax exemption	3,012
Cemetery perpetual care	3,850
Employee benefits	<u>4,885,637</u>
Total other purposes	<u>\$ 7,268,456</u>
Component Units	
Road Commission	
Restricted for County roads	<u>\$ 3,337,823</u>
Drainage Districts	
Restricted for debt service (net of accrued interest)	<u>\$ 1,220,698</u>
Restricted for other purposes – Drain projects	<u>\$ 3,310,023</u>

Clinton County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

K. 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 employment with the County and normally work not less than 20 hours per week for the County and normally are scheduled to work at least six months during the plan year. The plan permits them to reduce their salary and put these amounts into a flexible benefits account up to certain limits. The plan allows the employee to reduce their salary and apply it to dependent care benefits, medical expense reimbursement benefits or medical benefits. A participating employee may elect instead a cash alternative to supplement salary compensation in lieu of a nontaxable health benefit. An employee's elected cash alternative will be considered a taxable benefit under the Flexible Benefit Plan.

The plan is administered by Meritain Health, a third party administrator.

Clinton County, Michigan

REQUIRED SUPPLEMENTARY INFORMATION

POST-EMPLOYMENT HEALTH CARE BENEFITS TRUST

**SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS
HISTORICAL TREND INFORMATION - UNAUDITED**

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date December 31,	Actuarial Value Of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
2007	\$ 3,647,447	\$ 6,830,539	\$ (3,183,092)	53.4%	n/a	n/a

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended December 31,	Annual Cost *	Percentage Contributed
2008	\$ 635,767	131%
2009	680,422	126%

The information presented in the supplemental schedule was determined as part of the actuarial valuation at the dates indicated. Additional information as of the latest actuarial valuation (December 31, 2007) follows:

Actuarial cost method	Entry age normal cost
Amortization method	Level percent of payroll (open divisions) Level dollar (divisions closed to new hires)
Remaining amortization period	30 years
Actuarial assumptions:	
Investment rating return	7 percent
Projected salary increases	4.8 percent to 12.9 percent, includes inflation at 4.5 percent
Cost-of-living adjustments	None

*Annual required contribution, as determined by a percentage of payroll cost for the year ended December 31, 2009

Clinton County, Michigan

REQUIRED SUPPLEMENTARY INFORMATION

MUNICIPAL EMPLOYEES RETIREMENT SYSTEM OF MICHIGAN

**SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS
HISTORICAL TREND INFORMATION - UNAUDITED**

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date December 31,	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
2003	\$ 19,128,275	\$ 25,849,644	\$ 6,721,369	74%	\$ 7,364,139	91%
2004	20,754,444	28,426,707	7,672,263	73%	8,076,746	95%
2005	22,397,270	30,115,835	7,718,565	74%	8,268,999	93%
2006	24,446,212	32,626,474	8,180,262	75%	8,537,396	96%
2007	26,709,096	34,803,935	8,094,839	77%	8,614,386	94%
2008	28,195,682	37,413,014	9,217,359	75%	8,769,003	105%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended December 31,	Annual Required Contribution	Percentage Contributed
2004	\$ 1,131,007	108%
2005	1,228,776	106%
2006	1,314,889	105%
2007	1,325,203	105%
2008	1,372,662	104%
2009	1,370,114	114%

Clinton County, Michigan

General Fund

**BUDGETARY COMPARISON SCHEDULE - REVENUES AND
OTHER FINANCING SOURCES**

Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
REVENUES				
Taxes				
Current and delinquent property taxes	\$ 14,174,440	\$ 14,574,440	\$ 14,652,073	\$ 77,633
Mobile home park taxes	12,000	12,000	8,959	(3,041)
Other tax revenue	20,000	35,000	42,521	7,521
Total taxes	14,206,440	14,621,440	14,703,553	82,113
Licenses and permits				
Dog licenses	131,000	131,000	127,945	(3,055)
Other licenses and permits	12,500	22,500	27,019	4,519
Building and planning permits	30,000	30,000	18,965	(11,035)
Soil erosion	81,576	81,576	25,975	(55,601)
Total licenses and permits	255,076	265,076	199,904	(65,172)
Intergovernmental - Federal/State				
CRP - Prosecuting Attorney	65,000	65,000	84,153	19,153
Juvenile grant - Title I, Part D	-	16,557	16,557	-
Employment service	44,675	118,959	117,499	(1,460)
Support incentive	100,000	100,000	98,551	(1,449)
Sheriff - Palm Print grant	-	16,500	16,000	(500)
Urban & Community Forestry Program	-	8,657	3,000	(5,657)
Work of heart	26,694	40,905	40,670	(235)
Housing grant	150,000	170,953	170,503	(450)
Liquor license	5,000	5,000	6,892	1,892
Liquor convention facility	227,577	227,577	210,527	(17,050)
Victims' Rights	59,461	62,126	59,692	(2,434)
Drivers license restoration	-	-	104	104
Probate court judge salary	94,195	94,195	94,195	-
Circuit court judge	91,448	91,448	91,448	-
District court judge	45,724	45,724	45,724	-
Probate court judge	45,724	45,724	54,092	8,368
Juvenile court director	27,317	27,317	27,317	-
District court state aid	25,000	25,000	26,162	1,162
Cigarette tax	20,756	20,756	16,123	(4,633)
Marine safety	5,000	5,000	4,208	(792)
Prosecuting Attorney Food Stamp	-	-	2,448	2,448
Homeland security	-	157,949	147,326	(10,623)
PA 345	60,656	27,780	27,780	-
Court equity	220,000	220,000	237,080	17,080
Road Patrol	105,411	105,411	95,500	(9,911)

Clinton County, Michigan

General Fund

**BUDGETARY COMPARISON SCHEDULE - REVENUES AND
OTHER FINANCING SOURCES - CONTINUED**

Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES - CONTINUED				
Intergovernmental - Federal/State - continued				
Highway safety	\$ -	\$ 74,515	\$ 74,366	\$ (149)
Emergency management	25,000	25,000	28,866	3,866
Other	4,000	4,000	5,981	1,981
Total intergovernmental - Federal/State	1,448,638	1,802,053	1,802,764	711
Charges for services				
Sheriff	58,380	59,986	98,371	38,385
Treasurer fees	8,000	8,000	11,902	3,902
Drain commissioner	1,000	1,000	1,694	694
Friend of the Court service fees	40,000	40,000	42,926	2,926
District court	1,420,000	1,670,000	1,665,118	(4,882)
Probation - juvenile	2,000	2,000	310	(1,690)
Clerk	182,000	167,000	190,563	23,563
Register of deeds	420,000	400,000	404,588	4,588
Probate Court	20,000	20,000	24,460	4,460
Care of prisoners	1,159,000	1,259,000	1,291,884	32,884
Total charges for services	3,310,380	3,626,986	3,731,816	104,830
Interest and rents				
Interest	250,000	100,000	78,797	(21,203)
Rents	10,000	10,000	10,940	940
Total interest and rents	260,000	110,000	89,737	(20,263)
Other				
Contributions	10,000	10,000	13,076	3,076
Reimbursements - indirect costs	584,366	584,366	585,367	1,001
Reimbursements - other	373,960	326,660	369,862	43,202
Total other	968,326	921,026	968,305	47,279
TOTAL REVENUES	20,448,860	21,346,581	21,496,079	149,498
OTHER FINANCING SOURCES				
Transfers from other funds	1,241,658	1,241,658	1,246,414	4,756
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 21,690,518	\$ 22,588,239	\$ 22,742,493	\$ 154,254

Clinton County, Michigan

General Fund

**BUDGETARY COMPARISON SCHEDULE - EXPENDITURES AND
OTHER FINANCING USES BY ACTIVITY**

Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
EXPENDITURES				
General government				
Board of commissioners	\$ 344,036	\$ 315,036	\$ 293,634	\$ 21,402
Circuit court	467,810	430,954	417,658	13,296
District court	1,075,759	1,070,759	1,047,408	23,351
Probate court	1,085,230	1,121,530	1,100,270	21,260
Family counseling	8,000	3,000	2,006	994
Jury board	5,000	5,000	4,614	386
Adult probation	5,950	5,950	3,960	1,990
County administrator	500,927	448,132	435,092	13,040
Accounting	242,674	236,674	227,450	9,224
Elections	115,678	65,678	42,874	22,804
Clerk	420,953	421,979	418,637	3,342
Equalization	313,909	316,149	310,591	5,558
Prosecuting attorney	943,791	962,471	950,526	11,945
Register of deeds	302,013	273,292	255,534	17,758
County survey and remonumentation	60,656	27,780	27,780	-
Record copying	42,500	22,500	13,635	8,865
Treasurer	302,472	337,665	328,647	9,018
Cooperative extension	348,103	342,822	328,363	14,459
Courthouse and grounds	1,416,579	1,306,579	1,232,207	74,372
Drain commissioner	645,773	598,473	547,557	50,916
Soil conservation	20,000	20,000	20,000	-
Other	31,000	34,006	32,653	1,353
Total general government	8,698,813	8,366,429	8,041,096	325,333
Public safety				
Sheriff - general	2,924,892	2,831,498	2,794,943	36,555
Sheriff - palm print	-	16,500	16,500	-
Highway safety	-	74,515	74,366	149
Marine safety	5,000	5,000	4,208	792
Secondary road patrol	105,411	105,411	95,499	9,912
Metro squad	31,838	13,838	13,118	720
Jail	3,041,665	3,041,665	3,017,558	24,107
Emergency services	95,005	246,954	231,708	15,246
Animal control	202,149	184,649	178,952	5,697
Total public safety	6,405,960	6,520,030	6,426,852	93,178

Clinton County, Michigan

General Fund

**BUDGETARY COMPARISON SCHEDULE - EXPENDITURES AND
OTHER FINANCING USES BY ACTIVITY - CONTINUED**

Year Ended December 31, 2009

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
EXPENDITURES - CONTINUED				
Public works				
Drains at large	\$ 66,000	\$ 51,000	\$ 50,608	\$ 392
Department of public works	1,600	1,600	690	910
Total public works	67,600	52,600	51,298	1,302
Health and welfare				
Contagious disease	8,000	8,000	5,144	2,856
Tri-county aging consortium	40,029	41,073	41,073	-
Building stronger community council	15,500	15,500	15,500	-
Substance abuse appropriation	113,789	113,789	105,264	8,525
Medical examiner	60,225	54,298	54,298	-
District health department	397,925	397,925	395,613	2,312
Mental health	243,685	243,685	243,685	-
Veterans burials	30,183	30,183	24,983	5,200
Total health and welfare	909,336	904,453	885,560	18,893
Community and economic development				
MSHDA housing	150,000	170,953	170,953	-
Planning department	338,911	263,911	220,334	43,577
Plat board	1,290	1,290	262	1,028
Tri-county regional planning commission	61,740	61,740	61,740	-
Economic development	50,000	50,000	50,000	-
Employment services	44,675	118,959	118,958	1
Total community and economic development	646,616	666,853	622,247	44,606
Recreation and culture				
Parks and recreation	86,327	107,788	93,305	14,483
Library board	300	460	448	12
Historical commission	300	300	-	300
Total recreation and culture	86,927	108,548	93,753	14,795
Other				
Insurance and bonds	391,400	394,400	394,357	43
Other	238,702	587,122	360,122	227,000
Total other	630,102	981,522	754,479	227,043
TOTAL EXPENDITURES	17,445,354	17,600,435	16,875,285	725,150

Clinton County, Michigan

General Fund

**BUDGETARY COMPARISON SCHEDULE - EXPENDITURES AND
OTHER FINANCING USES BY ACTIVITY - CONTINUED**

Year Ended December 31, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
OTHER FINANCING USES				
Transfers to other funds				
Friend of the Court	\$ 403,799	\$ 383,799	\$ 383,799	\$ -
Law Library Fund	14,000	14,000	14,000	-
Central Telephone	20,000	20,000	20,000	-
MIS	454,990	654,990	654,990	-
Building Authority Funds	1,259,549	1,259,549	1,259,549	-
Public Improvement Fund	200,000	700,000	700,000	-
County Vehicles Fund	127,500	127,500	127,500	-
Community Corrections Fund	20,000	20,000	20,000	-
Child Care Fund	982,258	803,598	803,598	-
Soldiers and Sailors Relief Fund	1,000	1,000	1,000	-
Retirement	736,658	986,658	986,658	-
4-H Fair	16,710	16,710	16,710	-
TOTAL OTHER FINANCING USES	<u>4,236,464</u>	<u>4,987,804</u>	<u>4,987,804</u>	<u>-</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 21,681,818</u>	<u>\$ 22,588,239</u>	<u>\$ 21,863,089</u>	<u>\$ 725,150</u>

Clinton County, Michigan
Nonmajor Governmental Funds
COMBINING BALANCE SHEET
December 31, 2009

	Special			
	Friend of the Court	Waste Management	Register of Deeds Automation	Budget Stabilization
ASSETS				
Cash and cash equivalents	\$ 218,483	\$ 309,390	\$ 185,446	\$ 200,000
Investments	-	-	-	-
Receivables				
Accounts	25	33,365	-	-
Interest	-	-	-	-
Due from other governmental units - Federal/State	183,457	-	-	-
TOTAL ASSETS	\$ 401,965	\$ 342,755	\$ 185,446	\$ 200,000
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 2,575	\$ 14,511	\$ 22,078	\$ -
Accrued payroll	18,368	4,070	-	-
Due to other funds	2,779	728	-	-
Advances from other funds	90,000	-	-	-
TOTAL LIABILITIES	113,722	19,309	22,078	-
FUND BALANCES				
Reserved for				
Perpetual care	-	-	-	-
Debt service	-	-	-	-
Unreserved				
Undesignated, reported in:				
Special revenue funds	288,243	323,446	163,368	200,000
TOTAL FUND BALANCES	288,243	323,446	163,368	200,000
TOTAL LIABILITIES AND FUND BALANCES	\$ 401,965	\$ 342,755	\$ 185,446	\$ 200,000

Revenue

Corrections Training	Drug Forfeiture	Law Library	County Library	Probation Enhancement	Economic Development
\$ 5,535	\$ 28,334	\$ 41,018	\$ -	\$ 30,072	\$ 95,117
-	-	-	-	-	-
-	-	-	-	-	-
-	1,434	-	-	-	-
<u>\$ 5,535</u>	<u>\$ 29,768</u>	<u>\$ 41,018</u>	<u>\$ -</u>	<u>\$ 30,072</u>	<u>\$ 95,117</u>
\$ -	\$ 548	\$ 92	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	548	92	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
5,535	29,220	40,926	-	30,072	95,117
<u>5,535</u>	<u>29,220</u>	<u>40,926</u>	<u>-</u>	<u>30,072</u>	<u>95,117</u>
<u>\$ 5,535</u>	<u>\$ 29,768</u>	<u>\$ 41,018</u>	<u>\$ -</u>	<u>\$ 30,072</u>	<u>\$ 95,117</u>

Clinton County, Michigan

Nonmajor Governmental Funds

COMBINING BALANCE SHEET - CONTINUED

December 31, 2009

	Special			
	Community Corrections	Act 302 Training	Child Care	Soldiers and Sailors
ASSETS				
Cash and cash equivalents	\$ 2,400	\$ 8,509	\$ 1,120,695	\$ 1,081
Investments	-	-	-	-
Receivables				
Accounts	-	-	-	-
Interest	-	-	-	-
Due from other governmental units - Federal/State	22,106	-	163,910	-
TOTAL ASSETS	\$ 24,506	\$ 8,509	\$ 1,284,605	\$ 1,081
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 42,908	\$ 408
Accrued payroll	1,697	-	10,061	-
Due to other funds	242	-	1,819	-
Advances from other funds	-	-	-	-
TOTAL LIABILITIES	1,939	-	54,788	408
FUND BALANCES				
Reserved for				
Perpetual care	-	-	-	-
Debt service	-	-	-	-
Unreserved				
Undesignated, reported in:				
Special revenue funds	22,567	8,509	1,229,817	673
TOTAL FUND BALANCES	22,567	8,509	1,229,817	673
TOTAL LIABILITIES AND FUND BALANCES	\$ 24,506	\$ 8,509	\$ 1,284,605	\$ 1,081

Veteran Trust	Revenue		Debt Service		
	Homestead Property Tax Exemption	911 Central Dispatch	Building Authority - Jail	Building Authority - Courthouse	Health Department
\$ 714	\$ 3,012	\$ 377,604	\$ 79,326	\$ 150,844	\$ 86,657
-	-	1,770,972	175,000	754,437	125,000
-	-	441,953	-	-	-
-	-	2,064	343	1,479	245
-	-	49,434	-	-	-
<u>\$ 714</u>	<u>\$ 3,012</u>	<u>\$ 2,642,027</u>	<u>\$ 254,669</u>	<u>\$ 906,760</u>	<u>\$ 211,902</u>
\$ -	\$ -	\$ 7,892	\$ -	\$ -	\$ -
-	-	27,459	-	-	-
-	-	4,493	-	-	-
-	-	-	-	-	-
-	-	39,844	-	-	-
-	-	-	-	-	-
-	-	-	254,669	906,760	211,902
714	3,012	2,602,183	-	-	-
714	3,012	2,602,183	254,669	906,760	211,902
<u>\$ 714</u>	<u>\$ 3,012</u>	<u>\$ 2,642,027</u>	<u>\$ 254,669</u>	<u>\$ 906,760</u>	<u>\$ 211,902</u>

Clinton County, Michigan

Nonmajor Governmental Funds

COMBINING BALANCE SHEET - CONTINUED

December 31, 2009

	<u>Permanent Cemetery Perpetual Care</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS		
Cash and cash equivalents	\$ -	\$ 2,944,237
Investments	3,850	2,829,259
Receivables		
Accounts	-	475,343
Interest	-	4,131
Due from other governmental units - Federal/State	-	420,341
	<u>-</u>	<u>420,341</u>
TOTAL ASSETS	<u><u>\$ 3,850</u></u>	<u><u>\$ 6,673,311</u></u>
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable	\$ -	\$ 91,012
Accrued payroll	-	61,655
Due to other funds	-	10,061
Advances from other funds	-	90,000
	<u>-</u>	<u>90,000</u>
TOTAL LIABILITIES	<u>-</u>	<u>252,728</u>
FUND BALANCES		
Reserved for		
Perpetual care	3,850	3,850
Debt service	-	1,373,331
Unreserved		
Undesignated, reported in:		
Special revenue funds	-	5,043,402
	<u>-</u>	<u>5,043,402</u>
TOTAL FUND BALANCES	<u>3,850</u>	<u>6,420,583</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 3,850</u></u>	<u><u>\$ 6,673,311</u></u>

Clinton County, Michigan

Nonmajor Governmental Funds

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

Year Ended December 31, 2009

	Special			
	Friend of the Court	Waste Management	Register of Deeds Automation	Budget Stabilization
REVENUES				
Intergovernmental - Federal/State	\$ 517,919	\$ 1,024	\$ -	\$ -
Charges for services	22,312	399,631	67,395	-
Fines and forfeits	-	-	-	-
Interest and rents	-	-	739	-
Other	-	4,157	-	-
TOTAL REVENUES	540,231	404,812	68,134	-
EXPENDITURES				
Current				
General government	858,886	-	36,240	-
Public safety	-	-	-	-
Public works	-	430,644	-	-
Health and welfare	-	-	-	-
Community and economic development	-	-	-	-
Recreation and cultural	-	-	-	-
Debt service	-	-	-	-
TOTAL EXPENDITURES	858,886	430,644	36,240	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(318,655)	(25,832)	31,894	-
OTHER FINANCING SOURCES (USES)				
Transfers in	383,799	-	-	-
NET CHANGE IN FUND BALANCES	65,144	(25,832)	31,894	-
Fund balances, beginning of year	223,099	349,278	131,474	200,000
Fund balances, end of year	<u>\$ 288,243</u>	<u>\$ 323,446</u>	<u>\$ 163,368</u>	<u>\$ 200,000</u>

Revenue					
Corrections Training	Drug Forfeiture	Law Library	County Library	Probation Enhancement	Economic Development
\$ -	\$ 1,434	\$ -	\$ -	\$ -	\$ -
5,194	-	-	-	-	-
-	4,201	6,500	4,873	6,666	-
-	118	-	-	-	127
-	-	-	-	-	-
5,194	5,753	6,500	4,873	6,666	127
-	-	16,910	-	-	-
7,937	11,694	-	-	1,991	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	15,058
-	-	-	4,873	-	-
-	-	-	-	-	-
7,937	11,694	16,910	4,873	1,991	15,058
(2,743)	(5,941)	(10,410)	-	4,675	(14,931)
-	-	14,000	-	-	-
(2,743)	(5,941)	3,590	-	4,675	(14,931)
8,278	35,161	37,336	-	25,397	110,048
\$ 5,535	\$ 29,220	\$ 40,926	\$ -	\$ 30,072	\$ 95,117

Clinton County, Michigan

Nonmajor Governmental Funds

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

Year Ended December 31, 2009

	Special			
	Community Corrections	Act 302 Training	Child Care	Soldiers and Sailors
REVENUES				
Intergovernmental - Federal/State	\$ 56,997	\$ 27,224	\$ 554,812	\$ -
Charges for services	-	-	15,744	-
Fines and forfeits	-	-	-	-
Interest and rents	-	-	-	-
Other	-	-	-	-
TOTAL REVENUES	56,997	27,224	570,556	-
EXPENDITURES				
Current				
General government	-	-	-	-
Public safety	77,760	23,189	-	-
Public works	-	-	-	-
Health and welfare	-	-	1,290,293	2,808
Community and economic development	-	-	-	-
Recreation and cultural	-	-	-	-
Debt service	-	-	-	-
TOTAL EXPENDITURES	77,760	23,189	1,290,293	2,808
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(20,763)	4,035	(719,737)	(2,808)
OTHER FINANCING SOURCES (USES)				
Transfers in	20,000	-	803,598	1,000
NET CHANGE IN FUND BALANCES	(763)	4,035	83,861	(1,808)
Fund balances, beginning of year	23,330	4,474	1,145,956	2,481
Fund balances, end of year	\$ 22,567	\$ 8,509	\$ 1,229,817	\$ 673

Veteran Trust	Revenue		Debt Service		
	Homestead Property Tax Exemption	911 Central Dispatch	Building Authority - Jail	Building Authority - Courthouse	Health Department
\$ 12,443	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	1,988,132	-	-	-
-	-	-	-	-	-
-	-	10,420	(3,416)	7,424	5,328
-	2,964	38,491	-	-	-
<u>12,443</u>	<u>2,964</u>	<u>2,037,043</u>	<u>(3,416)</u>	<u>7,424</u>	<u>5,328</u>
-	80	-	360	698	307
-	-	1,495,134	-	-	-
-	-	-	-	-	-
12,622	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	50,000	217,394	959,039	191,813
<u>12,622</u>	<u>80</u>	<u>1,545,134</u>	<u>217,754</u>	<u>959,737</u>	<u>192,120</u>
(179)	2,884	491,909	(221,170)	(952,313)	(186,792)
-	-	-	217,394	959,039	191,813
(179)	2,884	491,909	(3,776)	6,726	5,021
893	128	2,110,274	258,445	900,034	206,881
<u>\$ 714</u>	<u>\$ 3,012</u>	<u>\$ 2,602,183</u>	<u>\$ 254,669</u>	<u>\$ 906,760</u>	<u>\$ 211,902</u>

Clinton County, Michigan

Nonmajor Governmental Funds

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

Year Ended December 31, 2009

	<u>Permanent Cemetery Perpetual Care</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES		
Intergovernmental - Federal/State	\$ -	\$ 1,171,853
Charges for services	-	2,498,408
Fines and forfeits	-	22,240
Interest and rents	-	20,740
Other	-	45,612
	<u>-</u>	<u>3,758,853</u>
TOTAL REVENUES		
EXPENDITURES		
Current		
General government	-	913,481
Public safety	-	1,617,705
Public works	-	430,644
Health and welfare	-	1,305,723
Community and economic development	-	15,058
Recreation and cultural	-	4,873
Debt service	-	1,418,246
	<u>-</u>	<u>5,705,730</u>
TOTAL EXPENDITURES		
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES		
	<u>-</u>	<u>(1,946,877)</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	-	2,590,643
	<u>-</u>	<u>2,590,643</u>
NET CHANGE IN FUND BALANCES		
	-	643,766
Fund balances, beginning of year	<u>3,850</u>	<u>5,776,817</u>
Fund balances, end of year	<u>\$ 3,850</u>	<u>\$ 6,420,583</u>

Clinton County, Michigan

Nonmajor Enterprise Funds

COMBINING STATEMENT OF NET ASSETS

December 31, 2009

	<u>Jail Commissary</u>	<u>Building Department</u>	<u>County Extension Community Center</u>	<u>Total</u>
ASSETS				
Current assets				
Cash and cash equivalents	\$ 26,971	\$ 252,690	\$ 15,631	\$ 295,292
Accounts receivable	-	436	-	436
Inventory	<u>7,694</u>	<u>-</u>	<u>-</u>	<u>7,694</u>
Total current assets	34,665	253,126	15,631	303,422
Noncurrent assets				
Capital assets, net	<u>-</u>	<u>10,422</u>	<u>-</u>	<u>10,422</u>
TOTAL ASSETS	<u>\$ 34,665</u>	<u>263,548</u>	<u>15,631</u>	<u>313,844</u>
LIABILITIES				
Current liabilities				
Accounts payable	\$ 6,071	111	1,780	7,962
Accrued liabilities	-	11,110	2,200	13,310
Due to other funds	<u>-</u>	<u>516</u>	<u>-</u>	<u>516</u>
TOTAL LIABILITIES	<u>6,071</u>	<u>11,737</u>	<u>3,980</u>	<u>21,788</u>
NET ASSETS				
Invested in capital assets	-	10,422	-	10,422
Unrestricted	<u>28,594</u>	<u>241,389</u>	<u>11,651</u>	<u>281,634</u>
TOTAL NET ASSETS	<u>\$ 28,594</u>	<u>\$ 251,811</u>	<u>\$ 11,651</u>	<u>\$ 292,056</u>

Clinton County, Michigan

Nonmajor Enterprise Funds

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS

Year Ended December 31, 2009

	<u>Jail Commissary</u>	<u>Building Department</u>	<u>Community Extension Community Center</u>	<u>Total</u>
OPERATING REVENUES				
Sales	\$ 98,129	\$ -	\$ -	\$ 98,129
Rent	-	-	11,791	11,791
Building and trade permits	-	128,759	-	128,759
Other revenue	-	29	2,147	2,176
	<u>98,129</u>	<u>128,788</u>	<u>13,938</u>	<u>240,855</u>
TOTAL OPERATING REVENUES				
OPERATING EXPENSES				
Personal services and fringes	-	88,281	-	88,281
Operating supplies	91,946	2,778	24,697	119,421
Contracted services	-	32,906	-	32,906
Depreciation	-	16,588	-	16,588
Other	-	20,769	-	20,769
	<u>91,946</u>	<u>161,322</u>	<u>24,697</u>	<u>277,965</u>
TOTAL OPERATING EXPENSES				
OPERATING INCOME (LOSS)	6,183	(32,534)	(10,759)	(37,110)
TRANSFERS				
Transfers in	-	-	16,710	16,710
	<u>-</u>	<u>-</u>	<u>16,710</u>	<u>16,710</u>
CHANGE IN NET ASSETS	6,183	(32,534)	5,951	(20,400)
Net assets, beginning of year	<u>22,411</u>	<u>284,345</u>	<u>5,700</u>	<u>312,456</u>
Net assets, end of year	<u>\$ 28,594</u>	<u>\$ 251,811</u>	<u>\$ 11,651</u>	<u>\$ 292,056</u>

Clinton County, Michigan

Nonmajor Enterprise Funds

COMBINING STATEMENT OF CASH FLOWS

Year Ended December 31, 2009

	Jail Commissary	Building Department	County Extension Community Center	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash receipts from customers	\$ 98,129	\$ 129,595	\$ 13,938	\$ 241,662
Cash paid to suppliers	<u>(84,643)</u>	<u>(144,672)</u>	<u>(23,099)</u>	<u>(252,414)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	13,486	(15,077)	(9,161)	(10,752)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	<u>-</u>	<u>-</u>	<u>16,710</u>	<u>16,710</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	13,486	(15,077)	7,549	5,958
Cash and cash equivalents, beginning of year	<u>13,485</u>	<u>267,767</u>	<u>8,082</u>	<u>289,334</u>
Cash and cash equivalents, end of year	<u>\$ 26,971</u>	<u>\$ 252,690</u>	<u>\$ 15,631</u>	<u>\$ 295,292</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	\$ 6,183	\$ (32,534)	\$ (10,759)	\$ (37,110)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation	-	16,588	-	16,588
(Increase) decrease in receivables	-	725	-	725
(Increase) decrease in inventory	3,937	-	-	3,937
Increase (decrease) in accounts payable	3,366	(911)	1,148	3,603
Increase (decrease) in accrued liabilities	-	973	450	1,423
Increase (decrease) in due to other funds	<u>-</u>	<u>82</u>	<u>-</u>	<u>82</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 13,486</u>	<u>\$ (15,077)</u>	<u>\$ (9,161)</u>	<u>\$ (10,752)</u>

Clinton County, Michigan

Internal Service Funds

COMBINING STATEMENT OF NET ASSETS

December 31, 2009

	Central Stores	Central Telephone	MIS	Drain Equipment Revolving
ASSETS				
Current assets				
Cash and cash equivalents	\$ 20,035	\$ 249,275	\$ 1,015,606	\$ 130,406
Investments	-	-	-	-
Accounts receivable	105	42	12,055	-
Interest receivable	-	-	-	-
Inventory	6,570	-	-	-
Due from other funds	-	-	-	-
Total current assets	26,710	249,317	1,027,661	130,406
Noncurrent assets				
Capital assets				
Equipment and vehicles	-	266,708	1,153,703	167,203
Less: Accumulated depreciation	-	(244,944)	(742,597)	(107,514)
Total noncurrent assets	-	21,764	411,106	59,689
TOTAL ASSETS	26,710	271,081	1,438,767	190,095
LIABILITIES				
Current liabilities				
Accounts payable	380	3,203	10,238	1,319
Accrued liabilities	-	-	29,773	-
Advances from other funds	25,000	-	-	10,000
Due to other funds	-	-	997	4,151
TOTAL LIABILITIES	25,380	3,203	41,008	15,470
NET ASSETS				
Invested in capital assets	-	21,764	411,106	59,689
Restricted for employee benefits	-	-	-	-
Unrestricted	1,330	246,114	986,653	114,936
TOTAL NET ASSETS	\$ 1,330	\$ 267,878	\$ 1,397,759	\$ 174,625

<u>County Vehicles</u>	<u>Employee Retirement</u>	<u>Insurance</u>	<u>Unemployment</u>	<u>Workers Compensation</u>	<u>Total</u>
\$ 286,693	\$ 189,498	\$ 1,471,793	\$ 111,289	\$ 244,096	\$ 3,718,691
-	2,492,021	-	130,000	200,000	2,822,021
-	-	-	-	-	12,202
-	2,655	-	141	430	3,226
-	-	-	-	-	6,570
-	44,100	19,869	1,230	4,338	69,537
<u>286,693</u>	<u>2,728,274</u>	<u>1,491,662</u>	<u>242,660</u>	<u>448,864</u>	<u>6,632,247</u>
841,894	-	-	-	-	2,429,508
(488,657)	-	-	-	-	(1,583,712)
<u>353,237</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>845,796</u>
<u>639,930</u>	<u>2,728,274</u>	<u>1,491,662</u>	<u>242,660</u>	<u>448,864</u>	<u>7,478,043</u>
-	13	15,645	-	-	30,798
-	-	8,893	-	-	38,666
-	-	-	-	-	35,000
-	-	1,272	-	-	6,420
<u>-</u>	<u>13</u>	<u>25,810</u>	<u>-</u>	<u>-</u>	<u>110,884</u>
353,237	-	-	-	-	845,796
-	2,728,261	1,465,852	242,660	448,864	4,885,637
<u>286,693</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,635,726</u>
<u>\$ 639,930</u>	<u>\$ 2,728,261</u>	<u>\$ 1,465,852</u>	<u>\$ 242,660</u>	<u>\$ 448,864</u>	<u>\$ 7,367,159</u>

Clinton County, Michigan

Internal Service Funds

**COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS**

Year Ended December 31, 2009

	Central Stores	Central Telephone	MIS	Drain Equipment Revolving
OPERATING REVENUES				
Charges for services	\$ 69,005	\$ 51,167	\$ 12,767	\$ 31,291
Other	-	-	-	53,850
TOTAL OPERATING REVENUES	69,005	51,167	12,767	85,141
OPERATING EXPENSES				
Personal services and fringes	-	-	230,646	-
Supplies	67,820	-	4,783	-
Contracted services	-	1,212	38,629	-
Depreciation	-	25,117	194,837	14,783
Other	-	54,069	111,912	78,107
TOTAL OPERATING EXPENSES	67,820	80,398	580,807	92,890
OPERATING INCOME (LOSS)	1,185	(29,231)	(568,040)	(7,749)
NONOPERATING REVENUES (EXPENSES)				
Interest revenue	-	-	-	-
Gain on sale of capital assets	-	-	-	3,000
Net increase/(decrease) in fair value of investments	-	-	-	-
TOTAL NONOPERATING REVENUES (EXPENSES)	-	-	-	3,000
INCOME (LOSS) BEFORE TRANSFERS	1,185	(29,231)	(568,040)	(4,749)
TRANSFERS				
Transfers in	-	20,000	654,990	-
CHANGE IN NET ASSETS	1,185	(9,231)	86,950	(4,749)
Net assets, beginning of year	145	277,109	1,310,809	179,374
Net assets, end of year	<u>\$ 1,330</u>	<u>\$ 267,878</u>	<u>\$ 1,397,759</u>	<u>\$ 174,625</u>

County Vehicles	Employee Retirement	Insurance	Unemployment	Workers Compensation	Total
\$ -	\$ 1,395,101	\$ 1,934,144	\$ -	\$ -	\$ 3,493,475
1,530	-	-	36,607	212,893	304,880
1,530	1,395,101	1,934,144	36,607	212,893	3,798,355
-	1,627,000	1,868,519	13,713	156,946	3,896,824
-	-	-	-	-	72,603
-	-	20,252	-	18	60,111
110,043	-	-	-	-	344,780
16,180	-	6,205	-	-	266,473
126,223	1,627,000	1,894,976	13,713	156,964	4,640,791
(124,693)	(231,899)	39,168	22,894	55,929	(842,436)
-	13,510	4,061	1,115	1,801	20,487
9,540	-	-	-	-	12,540
-	(3,851)	-	-	49	(3,802)
9,540	9,659	4,061	1,115	1,850	29,225
(115,153)	(222,240)	43,229	24,009	57,779	(813,211)
127,500	986,658	-	-	-	1,789,148
12,347	764,418	43,229	24,009	57,779	975,937
627,583	1,963,843	1,422,623	218,651	391,085	6,391,222
\$ 639,930	\$ 2,728,261	\$ 1,465,852	\$ 242,660	\$ 448,864	\$ 7,367,159

Clinton County, Michigan

Internal Service Funds

COMBINING STATEMENT OF CASH FLOWS

Year Ended December 31, 2009

	Central Stores	Central Telephone	MIS	Drain Equipment Revolving
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash receipts from users	\$ 69,010	\$ 51,150	\$ 25,628	\$ 85,141
Cash paid to suppliers	(70,687)	(55,477)	(165,008)	(74,320)
Cash paid for employee benefits	-	-	(230,646)	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(1,677)	(4,327)	(370,026)	10,821
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from sale of capital assets	-	-	-	3,000
Capital purchases	-	-	(53,606)	(25,000)
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	-	-	(53,606)	(22,000)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in	-	20,000	654,990	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments	-	-	-	-
Maturity of investments	-	-	-	-
Interest revenue	-	-	-	-
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	-	-	-	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,677)	15,673	231,358	(11,179)
Cash and cash equivalents, beginning of year	21,712	233,602	784,248	141,585
Cash and cash equivalents, end of year	<u>\$ 20,035</u>	<u>\$ 249,275</u>	<u>\$ 1,015,606</u>	<u>\$ 130,406</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	\$ 1,185	\$ (29,231)	\$ (568,040)	\$ (7,749)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation	-	25,117	194,837	14,783
(Increase) decrease in receivables	5	(17)	12,861	-
(Increase) decrease in inventory	(3,247)	-	-	-
(Increase) in due from other funds	-	-	-	-
Increase (decrease) in accounts payable	380	(196)	(14,016)	593
Increase (decrease) in accrued liabilities	-	-	4,024	-
Increase (decrease) due to other funds	-	-	308	3,194
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (1,677)</u>	<u>\$ (4,327)</u>	<u>\$ (370,026)</u>	<u>\$ 10,821</u>

County Vehicles	Employee Retirement	Insurance	Unemployment	Workers Compensation	Total
\$ 1,530	\$ 1,387,581	\$ 1,932,070	\$ 36,355	\$ 212,651	\$ 3,801,116
(16,180)	13	(22,602)	-	(18)	(404,279)
-	(1,627,000)	(1,868,519)	(13,713)	(156,946)	(3,896,824)
(14,650)	(239,406)	40,949	22,642	55,687	(499,987)
9,540	-	-	-	-	12,540
(127,693)	-	-	-	-	(206,299)
(118,153)	-	-	-	-	(193,759)
127,500	986,658	-	-	-	1,789,148
-	(2,492,021)	-	(130,000)	(200,000)	(2,822,021)
-	1,150,285	-	-	-	1,150,285
-	9,659	4,061	1,115	1,850	16,685
-	(1,332,077)	4,061	(128,885)	(198,150)	(1,655,051)
(5,303)	(584,825)	45,010	(106,243)	(142,463)	(559,649)
291,996	774,323	1,426,783	217,532	386,559	4,278,340
<u>\$ 286,693</u>	<u>\$ 189,498</u>	<u>\$ 1,471,793</u>	<u>\$ 111,289</u>	<u>\$ 244,096</u>	<u>\$ 3,718,691</u>
\$ (124,693)	\$ (231,899)	\$ 39,168	\$ 22,894	\$ 55,929	\$ (842,436)
110,043	-	-	-	-	344,780
-	(311)	-	(111)	(430)	11,997
-	-	-	-	-	(3,247)
-	(7,209)	(2,074)	(141)	188	(9,236)
-	13	(191)	-	-	(13,417)
-	-	3,405	-	-	7,429
-	-	641	-	-	4,143
<u>\$ (14,650)</u>	<u>\$ (239,406)</u>	<u>\$ 40,949</u>	<u>\$ 22,642</u>	<u>\$ 55,687</u>	<u>\$ (499,987)</u>

Clinton County, Michigan

Agency Funds

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

December 31, 2009

	<u>Agency funds</u>		
	<u>Trust and Agency</u>	<u>Library</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 333,288	\$ 112,976	\$ 446,264
Investments	-	100,000	100,000
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 333,288</u>	<u>\$ 212,976</u>	<u>\$ 546,264</u>
LIABILITIES			
Undistributed collections payable	\$ 22,077	\$ -	\$ 22,077
Due to other governmental units			
Federal/State	147,457	-	147,457
Local	-	212,976	212,976
Due to individuals and agencies	163,754	-	163,754
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	<u>\$ 333,288</u>	<u>\$ 212,976</u>	<u>\$ 546,264</u>

Clinton County, Michigan

Component Units

BALANCE SHEET - DRAINAGE DISTRICTS

December 31, 2009

	<u>Debt Service</u>	<u>Capital</u>	
	<u>Drain Debt Retirement</u>	<u>Regular Drain</u>	<u>Revolving Drain</u>
ASSETS			
Cash and cash equivalents	\$ 831,219	\$ 512,388	\$ 31,571
Investments	-	1,001,779	-
Accrued interest receivable	-	1,446	-
Accounts receivable	-	4,467	-
Special assessments receivable	1,877,399	420,034	-
Due from other funds	-	-	99,429
	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u><u>\$ 2,708,618</u></u>	<u><u>\$ 1,940,114</u></u>	<u><u>\$ 131,000</u></u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	\$ 20,659	\$ 1,000
Accrued liabilities	-	5,000	-
Due to other funds	-	119,552	-
Advances from primary government	-	-	130,000
Deferred revenue	1,475,580	-	-
	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u>1,475,580</u>	<u>145,211</u>	<u>131,000</u>
FUND BALANCES			
Fund balances			
Reserved for debt service	1,233,038	-	-
Unreserved			
Designated for capital expenditures	-	1,794,903	-
	<u> </u>	<u> </u>	<u> </u>
TOTAL FUND BALANCES	<u>1,233,038</u>	<u>1,794,903</u>	<u>-</u>
	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 2,708,618</u></u>	<u><u>\$ 1,940,114</u></u>	<u><u>\$ 131,000</u></u>

<u>Projects</u>	
<u>Revolving</u>	
<u>Drain</u>	
<u>Maintenance</u>	<u>Total</u>
\$ 19,417	\$ 1,394,595
-	1,001,779
-	1,446
-	4,467
-	2,297,433
20,123	119,552
<u>\$ 39,540</u>	<u>\$ 4,819,272</u>
\$ -	\$ 21,659
-	5,000
-	119,552
-	130,000
-	1,475,580
<u>-</u>	<u>1,751,791</u>
-	1,233,038
<u>39,540</u>	<u>1,834,443</u>
<u>39,540</u>	<u>3,067,481</u>
<u>\$ 39,540</u>	<u>\$ 4,819,272</u>

Clinton County, Michigan

Component Units

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS - DRAINAGE DISTRICTS

December 31, 2009

Total fund balance - governmental funds	\$ 3,067,481
--	--------------

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

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.

The cost of capital assets is	\$ 24,591,439	
Accumulated depreciation is	<u>(3,706,218)</u>	
Capital assets, net		20,885,221

Long-term receivables are not available to pay for current period expenditures and are therefore deferred in the funds. These consist of:

Deferred revenue	1,475,580
------------------	-----------

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

Long-term liabilities at year-end consist of:

Bonds and loans payable	2,175,156	
Accrued interest payable	<u>12,340</u>	
		<u>(2,187,496)</u>

Net assets of governmental activities	<u><u>\$ 23,240,786</u></u>
--	-----------------------------

Clinton County, Michigan

Component Units

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

Year Ended December 31, 2009

	Debt Service	Capital	
	Drain Debt Retirement	Regular Drain	Revolving Drain
REVENUES			
Charges for services	\$ -	\$ 12,081	\$ -
Interest	1,507	18,796	-
Other			
Special assessments	453,690	511,907	-
Miscellaneous	-	51,992	-
TOTAL REVENUES	455,197	594,776	-
EXPENDITURES			
Capital outlay	-	675,238	-
Debt service			
Principal	594,000	-	-
Interest and fiscal charges	118,663	-	-
TOTAL EXPENDITURES	712,663	675,238	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(257,466)	(80,462)	-
OTHER FINANCING SOURCES (USES)			
Transfer in from component units	143,013	-	-
Transfer out to component units	-	(143,013)	-
Bond and note proceeds	-	23,000	-
TOTAL OTHER FINANCING SOURCES (USES)	143,013	(120,013)	-
NET CHANGE IN FUND BALANCES	(114,453)	(200,475)	-
Fund balances, beginning of year	1,347,491	1,995,378	-
Fund balances, end of year	\$ 1,233,038	\$ 1,794,903	\$ -

<u>Projects</u>	
<u>Revolving</u>	
<u>Drain</u>	
<u>Maintenance</u>	<u>Total</u>
\$ -	\$ 12,081
1,900	22,203
-	965,597
-	51,992
<u>1,900</u>	<u>1,051,873</u>
-	675,238
-	594,000
-	118,663
<u>-</u>	<u>1,387,901</u>
<u>1,900</u>	<u>(336,028)</u>
-	143,013
-	(143,013)
-	23,000
<u>-</u>	<u>23,000</u>
1,900	(313,028)
<u>37,640</u>	<u>3,380,509</u>
<u>\$ 39,540</u>	<u>\$ 3,067,481</u>

Clinton County, Michigan

Component Units

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - DRAINAGE DISTRICTS

Year Ended December 31, 2009

Net change in fund balances - total governmental funds \$ (313,028)

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

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

Capital outlay	\$	-
Contributed capital outlay		153,663
Depreciation expense		<u>(317,691)</u>

Excess of capital outlay over depreciation expense (164,028)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (546,909)

Repayment of long-term debt and borrowing of long-term debt is reported as expenditures and other financing sources in governmental funds, but the repayment reduces long-term liabilities and the borrowings increase long-term liabilities in the statement of net assets. In the current year, these amounts consist of:

Long-term debt proceeds	\$	(12,880)
Bond and note principal retirements		<u>558,544</u>

545,664

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

Decrease in accrued interest payable		<u>3,973</u>
--------------------------------------	--	--------------

Change in net assets of governmental activities \$ (474,328)

Clinton County, Michigan

Component Units

BALANCE SHEET - DEPARTMENT OF PUBLIC WORKS

December 31, 2009

	<u>Debt</u>			
	<u>Bath Township #4</u>	<u>Dewitt Charter Township #13</u>	<u>Bingham Township #10</u>	<u>Bingham Township #14</u>
ASSETS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
FUND BALANCES				
Unreserved	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Service		Capital Projects	
Watertown Charter Township #15	Bath Township #16	Township Projects	Total
\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -

Clinton County, Michigan

Component Units

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS - DEPARTMENT OF PUBLIC WORKS

December 31, 2009

Total fund balance - governmental funds	\$	-
--	----	---

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

Long-term receivables are not available to pay for current period expenditures and therefore are not reported as assets in the funds.

Long-term receivables at year-end consist of:

Lease receivable	3,454,701
------------------	-----------

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

Long-term liabilities at year-end consist of:

Accrued interest payable	\$ 34,701	
Bonds payable	<u>3,420,000</u>	
		<u>(3,454,701)</u>

Net assets of governmental activities	\$	<u><u>-</u></u>
--	----	-----------------

Clinton County, Michigan

Component Units

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

Year Ended December 31, 2009

	Debt			
	Bath Township #4	Dewitt Charter Township #13	Bingham Township #10	Bingham Township #14
REVENUES				
Intergovernmental - local	\$ 159,963	\$ 38,635	\$ 25,900	\$ 241,660
EXPENDITURES				
Debt service				
Principal	125,000	25,000	25,000	160,000
Interest and fiscal charges	34,963	13,635	900	81,660
TOTAL EXPENDITURES	159,963	38,635	25,900	241,660
NET CHANGE IN FUND BALANCES	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Service		Capital Projects	
Watertown Charter Township #15	Bath Township #16	Township Projects	Total
\$ 98,765	\$ 48,695	\$ -	\$ 613,618
60,000	30,000	-	425,000
38,765	18,695	-	188,618
98,765	48,695	-	613,618
-	-	-	-
-	-	-	-
\$ -	\$ -	\$ -	\$ -

Clinton County, Michigan

Component Units

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES - DEPARTMENT OF PUBLIC WORKS**

Year Ended December 31, 2009

Net change in fund balances - total governmental funds \$ -

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

Repayment of long-term debt and borrowing of long-term debt is reported as expenditures and other financing sources in governmental funds, but the repayment reduces long-term liabilities and the borrowings increase long-term liabilities in the statement of net assets. In the current year, these amounts consist of:

Bond principal retirement 425,000

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

Decrease in accrued interest payable	4,013	
Decrease in lease receivables	<u>(429,013)</u>	
		<u>(425,000)</u>

Change in net assets of governmental activities \$ -