

Clinton  
County,  
Michigan



Year Ended  
December 31,  
2011

Financial  
Statements

# CLINTON COUNTY, MICHIGAN

## ELECTED OFFICERS

For the Year Ended December 31, 2011

### BOARD OF COMMISSIONERS

Larry Martin  
*Chair*

Robert Showers  
*Vice Chair*

David Pohl  
Bruce DeLong  
Jack Enderle

Adam Stacey  
Jamie Clover Adams

Ryan Wood  
*Administrator*

Tina Ward  
*Treasurer*

Diane Zuker  
*Clerk*

Michelle Wilsey  
*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*

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# CLINTON COUNTY, MICHIGAN

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## FINANCIAL SECTION

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**INDEPENDENT AUDITORS' REPORT**

May 7, 2012

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, 2011, 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 68% and 90% 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, 2011, 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 7, 2012, 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.



Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 11 and the schedules of funding progress on pages 82 to 83 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide assurance.

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 nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in cursive script that reads "Lehmann Johnson".

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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Ryan L. Wood  
County Administrator

Craig Longnecker  
Deputy Administrator



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## Management's Discussion and Analysis

As management of Clinton County, we offer this narrative overview and analysis of the financial activities of the County for the year ended December 31, 2011.

### Financial Highlights

- The assets of the County's primary government exceeded its liabilities at the close of the fiscal year by approximately \$72 million (net assets). Of this amount, approximately \$27 million (unrestricted net assets) may be used to meet the government's ongoing obligations.
- The government's total net assets increased by approximately \$3.9 million, or 5.7 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 \$26 million, a decrease of \$255,000, or 1 percent over the prior year. Of this total, approximately \$5.8 million or 22.1 percent is classified as unassigned and available for spending at the government's discretion. Approximately \$329,000 is assigned and approximately \$259,000 is considered nonspendable. The remaining \$20 million is divided evenly between restricted funds and those committed to specific purposes by the Board of Commissioners.
- At the end of the fiscal year, the unassigned fund balance for the General Fund was approximately \$5.8 million, an amount equal to 27 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 12.5 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 22 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, Revenue Sharing Reserve, Public Improvement, and 911 Central Dispatch 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 nine 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	
	2011	2010	2011	2010	2011	2010
<b>Assets</b>						
Current assets	\$35,500,854	\$35,314,074	\$15,186,998	\$14,123,487	\$50,687,852	\$ 49,437,561
Non-current assets	32,701,343	30,809,620	275,469	344,248	32,976,812	31,153,868
<b>Total assets</b>	<b>68,202,197</b>	<b>66,123,694</b>	<b>15,462,467</b>	<b>14,467,735</b>	<b>83,664,664</b>	<b>80,591,429</b>
<b>Liabilities</b>						
Current	2,814,442	2,692,815	27,877	34,497	2,842,319	2,727,312
Non-current	8,631,497	9,582,776	-	-	8,631,497	9,582,776
<b>Total liabilities</b>	<b>11,445,939</b>	<b>12,275,591</b>	<b>27,877</b>	<b>34,497</b>	<b>11,473,816</b>	<b>12,310,088</b>
<b>Net assets</b>						
Invested in capital assets-net of related debt	20,712,473	19,628,957	16,960	24,248	20,729,433	19,653,205
Restricted	24,092,132	25,704,820	-	-	24,092,132	25,704,820
Unrestricted	11,951,653	8,514,326	15,417,630	14,408,990	27,369,283	22,923,316
<b>Total net assets</b>	<b>\$56,756,258</b>	<b>\$53,848,103</b>	<b>\$15,434,590</b>	<b>\$14,433,238</b>	<b>\$72,190,848</b>	<b>\$ 68,281,341</b>

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 \$72 million at the close of the fiscal year. This amount compares favorably with the prior year where net assets totaled \$68 million.

The County's net assets include approximately \$21 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 \$24 million. The remaining balance of unrestricted net assets (\$27 million or 37.9 percent) may be used to meet the government's ongoing obligations.

The increase in capital assets net of related debt was primarily due to the on-going build out of the county's central dispatch communication infrastructure. Restricted net assets decreased due to the required annual draw from the revenue sharing reserve fund. Unrestricted net assets in the business-type activities section increased due to the interest and penalty revenue generated on delinquent taxes. The remaining increase in unrestricted net assets was due to a general fund surplus along with funds set aside for vehicle replacement and legacy costs.

Statement of Activities

	Clinton County's Changes in Net Assets					
	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
<b>Revenues</b>						
Program revenue:						
Charges for services	\$ 5,629,289	\$ 5,539,536	\$ 1,412,672	\$ 1,199,004	\$ 7,041,961	\$ 6,738,540
Operating grants and contributions	2,754,383	3,279,050	-	-	2,754,383	3,279,050
Capital grants and contributions	70,413	-	-	-	70,413	-
General revenues:						
Property taxes	14,205,194	14,558,428	-	-	14,205,194	14,558,428
State Revenue Sharing	257,773	245,080	-	-	257,773	245,080
Investment earnings	124,573	189,704	282,018	253,722	406,591	443,426
911 Surcharge	2,091,621	1,954,051	-	-	2,091,621	1,954,051
Transfers	399,942	91,912	(399,942)	(91,912)	-	-
<b>Total revenues</b>	<b>25,533,188</b>	<b>25,857,761</b>	<b>1,294,748</b>	<b>1,360,814</b>	<b>26,827,936</b>	<b>27,218,575</b>
<b>Expenses</b>						
General government	9,130,561	9,995,650	-	-	9,130,561	9,995,650
Public safety	8,623,632	8,722,408	-	-	8,623,632	8,722,408
Public works	432,281	458,181	-	-	432,281	458,181
Health and welfare	2,280,039	2,156,134	-	-	2,280,039	2,156,134
Comm and Econ Development	522,527	576,020	-	-	522,527	576,020
Recreation and Culture	279,689	284,383	-	-	279,689	284,383
Other	1,011,177	552,543	-	-	1,011,177	552,543
Interest on long-term debt	345,127	381,765	-	-	345,127	381,765
Delinquent tax collection and other Business-type activities	-	-	293,396	274,490	293,396	274,490
<b>Total expenses</b>	<b>22,625,033</b>	<b>23,127,084</b>	<b>293,396</b>	<b>274,490</b>	<b>22,918,429</b>	<b>23,401,574</b>
Increase in net assets	2,908,155	2,730,677	1,001,352	1,086,324	3,909,507	3,817,001
Net assets, beginning of year	53,848,103	51,117,426	14,433,238	13,346,914	68,281,341	64,464,340
<b>Net assets, end of year</b>	<b>\$56,756,258</b>	<b>\$53,848,103</b>	<b>\$15,434,590</b>	<b>\$14,433,238</b>	<b>\$72,190,848</b>	<b>\$ 68,281,341</b>

**Governmental Activities**

The preceding table shows that the net assets of governmental activities increased by approximately \$2.9 million or 5.4 percent during 2011 as compared to approximately \$2.7 million in the prior year. The governmental activities section shows a modest decrease in total revenue and a decrease in total expenditures from 2010 to 2011.

**Business-type Activities**

Net assets of the County's business-type activities increased by approximately \$1 million in 2011. Net assets of the Delinquent Tax fund increased by just under \$1 million while net assets of the other nonmajor enterprise funds increased by approximately \$64,000.

**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 \$26 million. This represents a slight decrease in comparison with the prior year.

Approximately \$5.8 million or 22.1 percent of total fund balance is classified as unassigned and available for spending at the government's discretion. Approximately \$329,000 is assigned and approximately \$259,000 is considered nonspendable. The remaining \$20 million is divided evenly between restricted funds and those committed to specific purposes by the Board of Commissioners.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, the total fund balance was approximately \$12.7 million, the unassigned fund balance of the General Fund was approximately \$5.8 million, an amount equal to 27 percent of total General Fund expenditures and transfers. This level of General Fund unassigned 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 \$1.1 million during the current fiscal year. This increase is the result of additional revenue and 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 \$3.4 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 just over \$3.3 million. The budget document contains a five year capital improvement plan listing all major projects, their costs, and their priority for implementation.

The 911 Central Dispatch Fund has a total fund balance of approximately \$2.7 million. The fund accounts for the collection of the 911 telephone surcharges. The primary function of Central Dispatch is to handle emergency and non-emergency requests for police, fire, and medical service, determine the dispatch needed, and dispatch the appropriate personnel to the requested location.

#### **General Fund Budgetary Highlights**

The original General Fund budget of \$21.1 million was revised to \$22 million; however, actual expenditures and transfers totaled only \$21.3 million or 3 percent under the revised budget. Actual revenues came in at \$22.4 million or 2 percent 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, 2011, the County's investment in capital assets, net of accumulated depreciation, totaled \$29.6 million for its governmental and business type activities, and \$20.7 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)

	Primary Government	Drain Commission Component Unit
Land and land improvements	\$ 1,194,836	\$ -
Buildings and improvements	24,321,458	-
Furniture, fixtures, and equipment	2,240,649	-
Vehicles	610,064	-
Construction in progress	1,222,426	79,631
Infrastructure	-	20,608,107
<b>Total</b>	<b>\$ 29,589,433</b>	<b>\$ 20,687,738</b>

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

**Long-term debt.** At the end of the current fiscal year, the County Primary Government and its Drain Commission and Department of Public Works component units had total general obligation bonds outstanding of \$12,467,000. (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

	Primary Government	Drain Commission and DPW Component Units	Total
General obligations bonds	\$ 8,860,000	\$ 3,607,000	\$ 12,467,000

The net decrease in the County's total general obligation bonded debt was approximately \$1,782,750 or 12.5 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 for both general obligation unlimited and limited tax bonds is "AA".

Additionally, the Clinton County Drain Commissioner has long-term notes payable totaling \$767,308 at December 31, 2011 for which it has pledged its full faith and credit. The balance on these notes payable increased by \$353,276 or 85.3 percent. The County (primary government) also has accrued compensated absences at December 31, 2011 of \$1,247,982.

The County's outstanding general obligation debt is well within its current debt limitation of \$303,344,375 (10 percent of total assessed valuation).

Additional information regarding the County's long-term debt can be found in Note 7 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 2012 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 continue downward pressure on 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.

Highlights of the 2012 budget are as follows:

Major Capital Improvements totaling \$4,224,964  
Ordinary Capital Improvements totaling \$239,400  
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

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## BASIC FINANCIAL STATEMENTS

# CLINTON COUNTY, MICHIGAN

## Statement of Net Assets

December 31, 2011

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and cash equivalents	\$ 7,318,374	\$ 8,250,144	\$ 15,568,518	\$ 4,879,154
Cash and cash equivalents - restricted	-	-	-	195,369
Investments	25,609,133	3,308,735	28,917,868	500,000
Receivables	1,620,781	3,621,302	5,242,083	2,182,452
Due from other governmental units	946,924	-	946,924	1,057,955
Internal balances	419	(419)	-	-
Inventory	5,223	7,236	12,459	792,740
Current portion of lease receivable	-	-	-	461,601
Net pension and other postemployment benefits asset	2,998,870	-	2,998,870	-
Advance to component unit	130,000	-	130,000	-
Advance to governmental activities	-	258,509	258,509	-
Lease receivable	-	-	-	2,155,000
Capital assets, net:				
Assets not being depreciated	2,417,262	-	2,417,262	7,633,249
Assets being depreciated	27,155,211	16,960	27,172,171	66,514,266
<b>Total assets</b>	<b>68,202,197</b>	<b>15,462,467</b>	<b>83,664,664</b>	<b>86,371,786</b>
<b>Liabilities</b>				
Accounts payable	592,627	15,039	607,666	30,982
Accrued liabilities	469,705	6,518	476,223	240,581
Due to other governmental units	-	-	-	(39,470)
Unearned revenue	18,936	-	18,936	-
Deposits payable	4,500	-	4,500	-
Current portion of compensated absences	788,674	6,320	794,994	-
Current portion of long-term debt	940,000	-	940,000	872,847
Long-term liabilities:				
Advance from primary government	-	-	-	130,000
Advances from State	-	-	-	207,584
Advances from business activities	258,509	-	258,509	-
Noncurrent portion of compensated absences	452,988	-	452,988	580,895
Noncurrent portion of other postemployment benefits payable	-	-	-	2,168,375
Noncurrent portion of long-term debt	7,920,000	-	7,920,000	3,501,461
<b>Total liabilities</b>	<b>11,445,939</b>	<b>27,877</b>	<b>11,473,816</b>	<b>7,693,255</b>

# CLINTON COUNTY, MICHIGAN

## Statement of Net Assets

December 31, 2011

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Net assets</b>				
Invested in capital assets, net of related debt	\$ 20,712,473	\$ 16,960	\$ 20,729,433	\$ 72,363,207
Restricted for:				
Public safety	2,784,403	-	2,784,403	-
Debt service	6,503,814	-	6,503,814	677,686
Revenue sharing	3,423,997	-	3,423,997	-
Public improvement	3,301,415	-	3,301,415	-
Other purposes	8,078,503	-	8,078,503	5,637,638
Unrestricted	11,951,653	15,417,630	27,369,283	-
<b>Total net assets</b>	<u>\$ 56,756,258</u>	<u>\$ 15,434,590</u>	<u>\$ 72,190,848</u>	<u>\$ 78,678,531</u>

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

# CLINTON COUNTY, MICHIGAN

## Statement of Activities

For the Year Ended December 31, 2011

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary government</b>					
Governmental activities:					
General government	\$ 9,130,561	\$ 3,279,925	\$ 1,576,620	\$ -	\$ (4,274,016)
Public safety	8,623,632	1,819,006	363,252	-	(6,441,374)
Public works	432,281	503,835	400	-	71,954
Health and welfare	2,280,039	1,594	542,703	70,413	(1,665,329)
Community and economic development	522,527	22,759	267,212	-	(232,556)
Recreation and cultural	279,689	2,170	4,196	-	(273,323)
Other	1,011,177	-	-	-	(1,011,177)
Interest on long-term debt	345,127	-	-	-	(345,127)
<b>Total governmental activities</b>	<b>22,625,033</b>	<b>5,629,289</b>	<b>2,754,383</b>	<b>70,413</b>	<b>(14,170,948)</b>
Business-type activities:					
Delinquent tax	30,223	1,101,953	-	-	1,071,730
Other	263,173	310,719	-	-	47,546
<b>Total business-type activities</b>	<b>293,396</b>	<b>1,412,672</b>	<b>-</b>	<b>-</b>	<b>1,119,276</b>
<b>Total primary government</b>	<b>\$ 22,918,429</b>	<b>\$ 7,041,961</b>	<b>\$ 2,754,383</b>	<b>\$ 70,413</b>	<b>\$ (13,051,672)</b>
<b>Component units</b>					
Drainage Districts	1,045,958	78,887	-	1,034,999	67,928
Department of Public Works	142,050	-	142,050	-	-
Road Commission	10,862,796	1,291,311	5,886,293	3,687,304	2,112
<b>Total component units</b>	<b>\$ 12,050,804</b>	<b>\$ 1,370,198</b>	<b>\$ 6,028,343</b>	<b>\$ 4,722,303</b>	<b>\$ 70,040</b>

Continued...

# CLINTON COUNTY, MICHIGAN

## Statement of Activities (Concluded) For the Year Ended December 31, 2011

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Changes in net assets</b>				
Net revenue (expense)	\$ (14,170,948)	\$ 1,119,276	\$ (13,051,672)	\$ 70,040
General revenues:				
Property taxes	14,205,194	-	14,205,194	-
State shared revenue	257,773	-	257,773	-
Investment earnings	124,573	282,018	406,591	8,380
Insurance recoveries	-	-	-	-
911 Surcharge	2,091,621	-	2,091,621	-
Gain on disposal of capital assets	-	-	-	27,878
Transfers - internal activities	399,942	(399,942)	-	-
Total general revenues and transfers	17,079,103	(117,924)	16,961,179	36,258
Change in net assets	2,908,155	1,001,352	3,909,507	106,298
Net assets, beginning of year	53,848,103	14,433,238	68,281,341	78,572,233
Net assets, end of year	\$ 56,756,258	\$ 15,434,590	\$ 72,190,848	\$ 78,678,531

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



# CLINTON COUNTY, MICHIGAN

## Balance Sheet

Governmental Funds

December 31, 2011

	General Fund	Revenue Sharing Reserve	Public Improvement	911 Central Dispatch
<b>Assets</b>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 401,536
Investments	16,296,955	2,823,243	-	2,014,519
Receivables				
Taxes				
Current	964,571	-	-	-
Delinquent	37,421	-	-	-
Accounts	6,765	-	-	492,326
Interest	17,805	6,655	-	1,950
Due from other funds	13,740	594,099	3,291,317	214,111
Due from other governmental units				
Federal/State	336,540	-	35,453	54,584
Local	290,466	-	-	-
Advance to other funds	125,000	-	-	-
Advance to component unit	130,000	-	-	-
<b>Total assets</b>	<b>\$ 18,219,263</b>	<b>\$ 3,423,997</b>	<b>\$ 3,326,770</b>	<b>\$ 3,179,026</b>
<b>Liabilities</b>				
Accounts payable	\$ 269,321	\$ -	\$ 24,985	\$ 222,510
Accrued liabilities	322,247	-	314	29,562
Deposits payable	-	-	-	4,500
Due to other funds	4,162,132	-	56	4,457
Deferred revenue	718,770	-	-	-
Advance from other funds	-	-	-	258,509
<b>Total liabilities</b>	<b>5,472,470</b>	<b>-</b>	<b>25,355</b>	<b>519,538</b>
<b>Fund balances (note 16)</b>				
Nonspendable	255,000	-	-	-
Restricted	-	3,423,997	-	2,659,488
Committed	6,729,730	-	3,232,815	-
Assigned	96	-	68,600	-
Unassigned	5,761,967	-	-	-
<b>Total fund balances</b>	<b>12,746,793</b>	<b>3,423,997</b>	<b>3,301,415</b>	<b>2,659,488</b>
<b>Total liabilities and fund balances</b>	<b>18,219,263</b>	<b>3,423,997</b>	<b>3,326,770</b>	<b>3,179,026</b>

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



Nonmajor Governmental Funds	Total Governmental Funds
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\$ 2,751,413	\$ 3,152,949
1,072,334	22,207,051

-	964,571
-	37,421
25,359	524,450
5,329	31,739
-	4,113,267

229,881	656,458
-	290,466
-	125,000
-	130,000

<u>\$ 4,084,316</u>	<u>\$ 32,233,372</u>
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\$ 35,070	\$ 551,886
48,460	400,583
-	4,500
7,351	4,173,996
18,936	737,706
90,000	348,509

<u>199,817</u>	<u>6,217,180</u>
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3,850	258,850
3,619,965	9,703,450
-	9,962,545
260,684	329,380
-	5,761,967

<u>3,884,499</u>	<u>26,016,192</u>
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<u>4,084,316</u>	<u>32,233,372</u>
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# CLINTON COUNTY, MICHIGAN

## Reconciliation

Fund Balances for Governmental Funds  
 To Net Assets of Governmental Activities  
 December 31, 2011

Fund balances - total governmental funds	\$ 26,016,192
Amounts reported for <i>governmental activities</i> in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources, and therefore are not reported in the fund statement.	
Capital assets not being depreciated	2,417,262
Capital assets being depreciated, net	27,155,211
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.	
Net pension and other post employment benefits asset	2,998,870
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.	
Deferred revenue on taxes receivable	718,770
Internal service funds are used by management to charge the costs of certain activities, such as insurance and other centralized costs, to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities.	
Net assets of governmental activities accounted for in Internal Service Funds	8,440,488
Net capital assets of Internal Service Funds included in total capital assets above	(860,397)
Compensated absences of Internal Service Funds included in total compensated absences below	26,587
Certain liabilities, such as bonds payable, are not due and payable in the current period, and therefore are not reported in the funds.	
Direct County obligations	(8,860,000)
Accrued interest payable	(55,063)
Compensated absences	<u>(1,241,662)</u>
<b>Net assets of governmental activities</b>	<b><u>\$ 56,756,258</u></b>

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

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# CLINTON COUNTY, MICHIGAN

## Statement of Revenue, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended December 31, 2011

	General Fund	Revenue Sharing Reserve	Public Improvement	911 Central Dispatch
<b>Revenues</b>				
Taxes	\$ 14,257,442	\$ -	\$ -	\$ -
Licenses and permits	205,382	-	-	-
Intergovernmental	1,701,217	-	64,550	-
Charges for services	3,876,083	-	-	2,101,221
Fines and forfeits	-	-	-	-
Interest and rents	83,551	14,113	-	17,095
Other	1,003,959	-	72,973	10,704
<b>Total revenues</b>	<b>21,127,634</b>	<b>14,113</b>	<b>137,523</b>	<b>2,129,020</b>
<b>Expenditures</b>				
Current:				
General government	7,788,078	258	-	-
Public safety	6,850,896	-	-	2,375,191
Public works	66,099	-	-	-
Health and welfare	893,073	-	-	-
Community and economic development	499,606	-	-	-
Recreation and cultural	100,595	-	-	-
Other	1,011,177	-	-	-
Capital outlay	-	-	751,381	-
Debt service	-	-	-	-
<b>Total expenditures</b>	<b>17,209,524</b>	<b>258</b>	<b>751,381</b>	<b>2,375,191</b>
Revenue over (under) expenditures	3,918,110	13,855	(613,858)	(246,171)
<b>Other financing sources (uses)</b>				
Transfers in	1,263,731	-	598,758	-
Transfers out	(4,097,227)	(1,258,731)	(5,000)	-
<b>Total other financing sources (uses)</b>	<b>(2,833,496)</b>	<b>(1,258,731)</b>	<b>593,758</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>1,084,614</b>	<b>(1,244,876)</b>	<b>(20,100)</b>	<b>(246,171)</b>
Fund balances, beginning of year	11,662,179	4,668,873	3,321,515	2,905,659
<b>Fund balances, end of year</b>	<b>\$ 12,746,793</b>	<b>\$ 3,423,997</b>	<b>\$ 3,301,415</b>	<b>\$ 2,659,488</b>

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



Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 14,257,442
-	205,382
1,117,052	2,882,819
606,599	6,583,903
23,469	23,469
6,685	121,444
2,850	1,090,486
<u>1,756,655</u>	<u>25,164,945</u>
965,643	8,753,979
109,653	9,335,740
369,086	435,185
1,228,415	2,121,488
45,116	544,722
4,196	104,791
-	1,011,177
-	751,381
<u>1,250,575</u>	<u>1,250,575</u>
<u>3,972,684</u>	<u>24,309,038</u>
<u>(2,216,029)</u>	<u>855,907</u>
2,387,676	4,250,165
-	(5,360,958)
<u>2,387,676</u>	<u>(1,110,793)</u>
171,647	(254,886)
<u>3,712,852</u>	<u>26,271,078</u>
<u>\$ 3,884,499</u>	<u>\$ 26,016,192</u>

# CLINTON COUNTY, MICHIGAN

## Reconciliation

Net Changes in Fund Balances of Governmental Funds  
 To Change in Net Assets of Governmental Activities  
 For the Year Ended December 31, 2011

Net change in fund balances - total governmental funds (254,886)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	\$ 1,721,749
Depreciation expense	(1,530,611)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but rather are deferred to the following fiscal year.

(54,329)

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

1,708,207

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	900,000
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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	376,370
Capital assets transactions of Internal Service Funds included in the total above	(275,049)
Depreciation expense of Internal Service Funds included in the total above	345,720
Increase in accrued compensated absences of Internal Service Funds included in the total below	1,331

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	5,448
Increase in accrued compensated absences	(35,795)

<b>Change in net assets of governmental activities</b>	<b>\$ 2,908,155</b>
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The accompanying notes are an integral part of these basic financial statements.

# CLINTON COUNTY, MICHIGAN

## Statement of Revenue, Expenditures and Changes in Fund Balances

Budget and Actual - General Fund  
For the Year Ended December 31, 2011

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Taxes	\$ 13,742,888	\$ 14,027,888	\$ 14,257,442	\$ 229,554
Licenses and permits	249,416	249,416	205,382	(44,034)
Intergovernmental	1,432,832	1,650,682	1,701,217	50,535
Charges for services	3,213,880	3,553,880	3,876,083	322,203
Interest and rents	110,000	110,000	83,551	(26,449)
Other	940,500	913,107	1,003,959	90,852
<b>Total revenues</b>	<b>19,689,516</b>	<b>20,504,973</b>	<b>21,127,634</b>	<b>622,661</b>
<b>Expenditures</b>				
Current:				
General government	8,423,114	8,201,827	7,788,078	(413,749)
Public safety	6,524,371	6,894,301	6,850,896	(43,405)
Public works	58,100	67,410	66,099	(1,311)
Health and welfare	906,155	895,234	893,073	(2,161)
Community and economic development	513,325	541,278	499,606	(41,672)
Cultural and recreation	112,678	112,678	100,595	(12,083)
Other	907,289	1,150,249	1,011,177	(139,072)
<b>Total expenditures</b>	<b>17,445,032</b>	<b>17,862,977</b>	<b>17,209,524</b>	<b>(653,453)</b>
Revenue over (under) expenditures	2,244,484	2,641,996	3,918,110	1,276,114
<b>Other financing sources (uses)</b>				
Transfers in	1,446,567	1,455,231	1,263,731	(191,500)
Transfers out	(3,691,051)	(4,097,227)	(4,097,227)	-
<b>Total other financing sources (uses)</b>	<b>(2,244,484)</b>	<b>(2,641,996)</b>	<b>(2,833,496)</b>	<b>(191,500)</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>-</b>	<b>1,084,614</b>	<b>1,084,614</b>
Fund balances, beginning of year	11,662,179	11,662,179	11,662,179	-
<b>Fund balances, end of year</b>	<b>\$ 11,662,179</b>	<b>\$ 11,662,179</b>	<b>\$ 12,746,793</b>	<b>\$ 1,084,614</b>

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



# CLINTON COUNTY, MICHIGAN

## Statement of Revenue, Expenditures and Changes in Fund Balances

Budget and Actual - Revenue Sharing Reserve Fund  
For the Year Ended December 31, 2011

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Interest and rents	\$ -	\$ 500	\$ 14,113	\$ 13,613
<b>Expenditures</b>	-	500	258	(242)
Revenue over (under) expenditures	-	-	13,855	13,855
<b>Other financing sources (uses)</b>				
Transfers in	1,250,067	1,258,731	-	(1,258,731)
Transfers out	(1,250,067)	(1,258,731)	(1,258,731)	-
<b>Total other financing sources (uses)</b>	-	-	(1,258,731)	(1,258,731)
<b>Net change in fund balances</b>	-	-	(1,244,876)	(1,244,876)
Fund balances, beginning of year	4,668,873	4,668,873	4,668,873	-
<b>Fund balances, end of year</b>	<u>\$ 4,668,873</u>	<u>\$ 4,668,873</u>	<u>\$ 3,423,997</u>	<u>\$ (1,244,876)</u>

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

# CLINTON COUNTY, MICHIGAN

## Statement of Revenue, Expenditures and Changes in Fund Balances

Budget and Actual - Public Improvement Fund  
For the Year Ended December 31, 2011

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Intergovernmental - Federal/State	\$ -	\$ 120,871	\$ 64,550	\$ (56,321)
Other	-	74,275	72,973	(1,302)
<b>Total revenues</b>	<u>-</u>	<u>195,146</u>	<u>137,523</u>	<u>(57,623)</u>
<b>Expenditures</b>				
Capital outlay	108,700	877,604	751,381	(126,223)
Revenue over (under) expenditures	<u>(108,700)</u>	<u>(682,458)</u>	<u>(613,858)</u>	<u>68,600</u>
<b>Other financing sources (uses)</b>				
Transfers in	113,700	687,458	598,758	(88,700)
Transfers out	(5,000)	(5,000)	(5,000)	-
<b>Total other financing sources (uses)</b>	<u>108,700</u>	<u>682,458</u>	<u>593,758</u>	<u>(88,700)</u>
<b>Net change in fund balances</b>	-	-	(20,100)	(20,100)
Fund balances, beginning of year	<u>3,321,515</u>	<u>3,321,515</u>	<u>3,321,515</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ 3,321,515</u>	<u>\$ 3,321,515</u>	<u>\$ 3,301,415</u>	<u>\$ (20,100)</u>

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

# CLINTON COUNTY, MICHIGAN

## Statement of Revenue, Expenditures and Changes in Fund Balances

Budget and Actual - 911 Central Dispatch  
For the Year Ended December 31, 2011

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Charges for services	\$ 1,963,100	\$ 1,963,100	\$ 2,101,221	\$ 138,121
Interest and rents	5,000	5,000	10,704	5,704
Other	15,000	15,000	17,095	2,095
<b>Total revenues</b>	<u>1,983,100</u>	<u>1,983,100</u>	<u>2,129,020</u>	<u>145,920</u>
<b>Expenditures</b>				
Public Safety	1,544,224	4,526,823	2,375,191	(2,151,632)
Debt Service	68,000	68,000	-	(68,000)
<b>Total expenditures</b>	<u>1,612,224</u>	<u>4,594,823</u>	<u>2,375,191</u>	<u>(2,219,632)</u>
Revenue over (under) expenditures	<u>370,876</u>	<u>(2,611,723)</u>	<u>(246,171)</u>	<u>2,365,552</u>
<b>Other financing sources (uses)</b>				
Transfers in	<u>(370,876)</u>	<u>2,611,723</u>	<u>-</u>	<u>(2,611,723)</u>
<b>Net change in fund balances</b>	-	-	(246,171)	(246,171)
Fund balances, beginning of year	<u>2,905,659</u>	<u>2,905,659</u>	<u>2,905,659</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ 2,905,659</u>	<u>\$ 2,905,659</u>	<u>\$ 2,659,488</u>	<u>\$ (246,171)</u>

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

# CLINTON COUNTY, MICHIGAN

## Statement of Net Assets

Proprietary Funds  
December 31, 2011

	Business-type Activities			Governmental Activities
	Delinquent Tax Revolving	Nonmajor Enterprise Funds	Total	Internal Service Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 7,847,605	\$ 402,539	\$ 8,250,144	\$ 4,165,425
Investments	3,308,735	-	3,308,735	3,402,082
Accounts receivable	1,721	10,332	12,053	58,737
Interest receivable	7,864	-	7,864	3,863
Delinquent taxes receivable	3,601,385	-	3,601,385	-
Inventory	-	7,236	7,236	5,223
Due from other funds	-	-	-	76,374
Advances to other funds	258,509	-	258,509	-
Capital assets, net	14,076	2,884	16,960	860,397
<b>Total assets</b>	<b>15,039,895</b>	<b>422,991</b>	<b>15,462,886</b>	<b>8,572,101</b>
<b>Liabilities</b>				
Accounts payable	9,285	5,754	15,039	40,741
Accrued liabilities	971	11,867	12,838	40,646
Advances from other funds	-	-	-	35,000
Due to other funds	-	419	419	15,226
<b>Total liabilities</b>	<b>10,256</b>	<b>18,040</b>	<b>28,296</b>	<b>131,613</b>
<b>Net assets</b>				
Invested in capital assets	\$ 14,076	\$ 2,884	\$ 16,960	\$ 860,397
Restricted for employee benefits	-	-	-	5,671,048
Unrestricted	15,015,563	402,067	15,417,630	1,909,043
<b>Total net assets</b>	<b>\$ 15,029,639</b>	<b>\$ 404,951</b>	<b>\$ 15,434,590</b>	<b>\$ 8,440,488</b>

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

# CLINTON COUNTY, MICHIGAN

## Statement of Revenues, Expenses, and Changes in Net Assets Proprietary Funds For the Year Ended December 31, 2011

	Business-type Activities			Governmental Activities
	Delinquent Tax Revolving	Nonmajor Enterprise Funds	Total	Internal Service Funds
<b>Operating revenues</b>				
Interest and penalties on delinquent taxes	\$ 1,101,953	\$ -	\$ 1,101,953	\$ -
Charges for services	-	195,839	195,839	3,731,589
Intergovernmental - Federal/State	-	-	-	190
Sales	-	104,147	104,147	-
Rent	-	9,510	9,510	-
Other	-	1,223	1,223	237,813
<b>Total operating revenues</b>	<b>1,101,953</b>	<b>310,719</b>	<b>1,412,672</b>	<b>3,969,592</b>
<b>Operating expenses</b>				
Personal services and fringes	-	88,856	88,856	4,377,194
Supplies	8,039	116,597	124,636	74,150
Contracted services	4,400	37,434	41,834	60,295
Depreciation	3,519	3,769	7,288	345,720
Other	14,265	16,517	30,782	279,856
<b>Total operating expenses</b>	<b>30,223</b>	<b>263,173</b>	<b>293,396</b>	<b>5,137,215</b>
<b>Operating income (loss)</b>	<b>1,071,730</b>	<b>47,546</b>	<b>1,119,276</b>	<b>(1,167,623)</b>
<b>Nonoperating revenues</b>				
Interest revenue	180,129	-	180,129	22,630
Loss on sale of capital assets	-	-	-	(1,122)
Gain on sale of capital assets	-	-	-	11,750
Net increase in fair value of investments	101,889	-	101,889	-
<b>Total nonoperating revenues</b>	<b>282,018</b>	<b>-</b>	<b>282,018</b>	<b>33,258</b>
<b>Income before transfers</b>	<b>1,353,748</b>	<b>47,546</b>	<b>1,401,294</b>	<b>(1,134,365)</b>
<b>Transfers</b>				
Transfers in	-	16,710	16,710	1,510,735
Transfers out	(416,652)	-	(416,652)	-
<b>Total transfers</b>	<b>(416,652)</b>	<b>16,710</b>	<b>(399,942)</b>	<b>1,510,735</b>
<b>Change in net assets</b>	<b>937,096</b>	<b>64,256</b>	<b>1,001,352</b>	<b>376,370</b>
<b>Net assets, beginning of year</b>	<b>14,092,543</b>	<b>340,695</b>	<b>14,433,238</b>	<b>8,064,118</b>
<b>Net assets, end of year</b>	<b>\$ 15,029,639</b>	<b>\$ 404,951</b>	<b>\$ 15,434,590</b>	<b>\$ 8,440,488</b>

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

# CLINTON COUNTY, MICHIGAN

## Statement of Cash Flows Proprietary Funds For the Year Ended December 31, 2011

	Business-type Activities			Governmental Activities
	Delinquent Tax Revolving	Nonmajor Enterprise Funds	Total	Internal Service Funds
<b>Cash flows from operating activities</b>				
Receipts from customers and users	\$ 1,716,659	\$ 311,797	\$ 2,028,456	\$ 3,980,779
Payments to vendors	(33,109)	(261,533)	(294,642)	(408,369)
Benefit payments	-	-	-	(4,377,194)
<b>Net cash provided by (used in) operating activities</b>	<b>1,683,550</b>	<b>50,264</b>	<b>1,733,814</b>	<b>(804,784)</b>
<b>Cash flows from capital and related financing activities</b>				
Proceeds from sale of capital assets	-	-	-	18,250
Capital purchases	-	-	-	(275,049)
<b>Net cash provided (used) by capital and related financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(256,799)</b>
<b>Cash flows from noncapital financing activities</b>				
Transfers in	-	16,710	16,710	1,510,735
Transfers out	(416,652)	-	(416,652)	-
<b>Net cash provided (used) by noncapital financing activities</b>	<b>(416,652)</b>	<b>16,710</b>	<b>(399,942)</b>	<b>1,510,735</b>
<b>Cash flows from investing activities</b>				
Purchase of investments	(3,308,735)	-	(3,308,735)	(3,402,082)
Maturity of investments	1,301,045	-	1,301,045	3,387,844
Interest revenue	180,129	-	180,129	22,630
Net increase in fair value of investments	101,889	-	101,889	-
<b>Net cash provided by investing activities</b>	<b>(1,725,672)</b>	<b>-</b>	<b>(1,725,672)</b>	<b>8,392</b>
<b>Net increase (decrease) in cash</b>	<b>(458,774)</b>	<b>66,974</b>	<b>(391,800)</b>	<b>457,544</b>
Cash and cash equivalents, beginning of year	8,306,379	335,565	8,641,944	3,707,881
<b>Cash and cash equivalents, end of year</b>	<b>\$ 7,847,605</b>	<b>\$ 402,539</b>	<b>\$ 8,250,144</b>	<b>\$ 4,165,425</b>

Continued...

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

# CLINTON COUNTY, MICHIGAN

## Statement of Cash Flows (Continued) Proprietary Funds For the Year Ended December 31, 2011

	Business-type Activities			Governmental Activities
	Delinquent Tax Revolving	Nonmajor Enterprise Funds	Total	Internal Service Funds
Operating income (loss)	\$ 1,071,730	\$ 47,546	\$ 1,119,276	\$ (1,167,623)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	3,519	3,769	7,288	345,720
Change in:				
Accounts receivable	553,215	1,074	554,289	10,700
Inventory	-	(1,914)	(1,914)	3,111
Due from other funds	-	-	-	301
Due from other governmental units	-	-	-	186
Advance to other funds	61,491	-	61,491	-
Accounts payable	(6,695)	(751)	(7,446)	(11,064)
Accrued liabilities	290	536	826	6,133
Due to other funds	-	4	4	7,752
Net cash provided by (used in) operating activities	<u>\$ 1,683,550</u>	<u>\$ 50,264</u>	<u>\$ 1,733,814</u>	<u>\$ (804,784)</u>

# CLINTON COUNTY, MICHIGAN

## Statement of Net Assets

Fiduciary Funds  
December 31, 2011

	Post Employment Healthcare	Agency Funds
<b>Assets</b>		
Cash and cash equivalents	\$ 821,904	\$ 522,301
Investments	5,984,458	-
<b>Total assets</b>	<u>6,806,362</u>	<u>\$ 522,301</u>
<b>Liabilities</b>		
Undistributed collections payable	-	\$ 35,052
Due to other governmental units		
Federal/State	-	133,826
Local	-	198,522
Due to individuals and agencies	-	154,901
<b>Total liabilities</b>	<u>-</u>	<u>\$ 522,301</u>
<b>Net assets</b>		
Restricted for benefit payments	<u>\$ 6,806,362</u>	

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



# CLINTON COUNTY, MICHIGAN

## Statement of Changes in Net Assets Fiduciary Funds For the Year Ended December 31, 2011

	Post Employment Healthcare
<b>Additions</b>	
Contributions	\$ 1,127,985
Net decrease in fair value of investments	<u>(68,298)</u>
<b>Total additions</b>	1,059,687
<b>Deductions</b>	
Retiree benefits	<u>313,952</u>
<b>Change in net assets</b>	745,735
Net assets, beginning of year	<u>6,060,627</u>
<b>Net assets, end of year</b>	<u><u>\$ 6,806,362</u></u>

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

# CLINTON COUNTY, MICHIGAN

## Statement of Net Assets

Component Units  
December 31, 2011

	Drainage Districts	Department of Public Works	Road Commission	Total Component Units
<b>Assets</b>				
Cash and cash equivalents	\$ 1,605,821	\$ -	\$ 3,273,333	\$ 4,879,154
Investments	500,000	-	-	500,000
Accrued interest receivable	879	-	-	879
Accounts receivable	2,660	-	8,743	11,403
Due from other governmental units	-	-	1,057,955	1,057,955
Special assessments receivable	2,170,170	-	-	2,170,170
Inventory	-	-	792,740	792,740
Current portion of lease receivable	-	461,601	-	461,601
Cash - restricted	195,369	-	-	195,369
Lease receivable	-	2,155,000	-	2,155,000
Capital assets, net:				
Assets not being depreciated	-	-	7,633,249	7,633,249
Assets being depreciated	20,687,738	-	45,826,528	66,514,266
<b>Total assets</b>	<b>\$ 25,162,637</b>	<b>\$ 2,616,601</b>	<b>\$ 58,592,548</b>	<b>\$ 86,371,786</b>
<b>Liabilities</b>				
Accounts payable	\$ 2,629	\$ -	\$ 28,353	\$ 30,982
Accrued liabilities	5,000	-	193,636	198,636
Accrued interest payable	15,344	26,601	-	41,945
Due to other governmental units	-	-	(39,470)	(39,470)
Current portion of long-term debt	437,847	435,000	-	872,847
Long-term liabilities:				
Advances from primary government	130,000	-	-	130,000
Advances from State	-	-	207,584	207,584
Compensated absences	-	-	580,895	580,895
Postemployment benefits payable	-	-	2,168,375	2,168,375
Long-term debt	1,346,461	2,155,000	-	3,501,461
<b>Total liabilities</b>	<b>1,937,281</b>	<b>2,616,601</b>	<b>3,139,373</b>	<b>7,693,255</b>
<b>Net assets</b>				
Invested in capital assets net of related debt	\$ 18,903,430	\$ -	\$ 53,459,777	\$ 72,363,207
Restricted for:				
Other purpose	3,644,240	-	1,993,398	5,637,638
Debt service	677,686	-	-	677,686
<b>Total net assets</b>	<b>\$ 23,225,356</b>	<b>\$ -</b>	<b>\$ 55,453,175</b>	<b>\$ 78,678,531</b>

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

# CLINTON COUNTY, MICHIGAN

## Statement of Activities

Component Units

For the Year Ended December 31, 2011

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Component units</b>					
Drainage districts	\$ 1,045,958	\$ 78,887	\$ -	\$ 1,034,999	67,928
Department of public works	142,050	-	142,050	-	-
Road commission	10,862,796	1,291,311	5,886,293	3,687,304	2,112
<b>Total component units</b>	<u>12,050,804</u>	<u>1,370,198</u>	<u>6,028,343</u>	<u>4,722,303</u>	<u>70,040</u>

Continued...

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

# CLINTON COUNTY, MICHIGAN

## Statement of Activities (Concluded) Component Units For the Year Ended December 31, 2011

	Component Units			
	Drainage Districts	Department of Public Works	Road Commission	Total
<b>Changes in net assets</b>				
Net revenue (expense)	\$ 67,928	\$ -	\$ 2,112	\$ 70,040
General revenues:				
Investment earnings	8,380	-	-	8,380
Gain on disposal of capital assets	-	-	27,878	27,878
Total general revenues	8,380	-	27,878	36,258
<b>Change in net assets</b>	76,308	-	29,990	106,298
Net assets, beginning of year	23,149,048	-	55,423,185	78,572,233
<b>Net assets, end of year</b>	<u>\$ 23,225,356</u>	<u>\$ -</u>	<u>\$ 55,453,175</u>	<u>\$ 78,678,531</u>

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## NOTES TO FINANCIAL STATEMENTS

# CLINTON COUNTY, MICHIGAN

## Notes To Financial Statements

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

#### **Financial Reporting Entity**

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

#### *Blended Component Unit*

**The Clinton County Building Authority** - The Clinton County Building Authority is governed by a three (3) member Board appointed by the County Board of Commissioners. Its sole purpose is to finance and construct the County's public buildings. It 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, the County remains financially accountable for these entities, or the nature and significance of the relationship between these entities and the County is such that exclusion of these entities would render the financial statements misleading or incomplete.

# CLINTON COUNTY, MICHIGAN

## Notes To Financial Statements

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

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

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

### *Joint Ventures*

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

Clinton County is responsible to fund approximately 36% of the required local contribution to cover operational costs. For the year ended December 31, 2011, the County contributed \$394,447 to cover its share of operational costs. In addition, the treasury function for the Mid-Michigan District Health Department rests with the Montcalm County Treasurer. For this reason the Department is discretely presented in the Montcalm County Financial Statements.

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, 2011, are available at the Department's administrative offices. As of September 30, 2011, the Department had total net assets of \$1,080,349.



# CLINTON COUNTY, MICHIGAN

## Notes To Financial Statements

### *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") - 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, 2011, 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, 2011, the County's contribution to the Commission was \$41,230.

**Capital Area Michigan Works!** - Clinton County, in conjunction with three (3) other Counties, has entered into an agreement, which created the Capital Area Michigan Works! The Organization's Board is composed of 12 members, of which one (1) is appointed by Clinton County. The organization receives all of its funding from State and Federal grants and, as a result, the County has no financial responsibility other than potential liability related to appropriate use of the funds.

**Tri-County Community Mental Health** - The Board provides comprehensive mental health services to Ingham, Eaton, and Clinton Counties. Operation revenues are derived from Federal, State, and local governments as well as from fees for services. The Tri-County Community Mental Health is governed by a twelve (12) member Board appointed by the Board of Commissioners of the three (3) Counties it services. For the year ended December 31, 2011, the County's contribution to the Commission was \$211,844.

**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, 2011, the County passed through \$126,456 and was not required to make any additional appropriation.

# CLINTON COUNTY, MICHIGAN

## Notes To Financial Statements

### Government - Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net 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*.

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

### Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

# CLINTON COUNTY, MICHIGAN

## Notes To Financial Statements

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

The major governmental funds of the County are:

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

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

The 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.

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

### Assets, Liabilities and Net Assets or Equity

#### *Cash and Cash Equivalents*

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

#### *Investments*

Investments during the year consisted of certificates of deposit 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.

#### *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.

#### *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.

#### *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 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.

#### *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.

# CLINTON COUNTY, MICHIGAN

## Notes To Financial Statements

### *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:

	Years
Building 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 (i.e., 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 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:

# CLINTON COUNTY, MICHIGAN

## Notes To Financial Statements

	Years
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

### *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.

### *Long-Term Obligations*

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

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

### *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, 2011, including related payroll taxes, are recorded in the government-wide financial statements.

# CLINTON COUNTY, MICHIGAN

## Notes To Financial Statements

### *Deferred Revenue*

Deferred revenue recorded in the general fund consists of the 2011 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.

### *Fund Balance*

Governmental funds report nonspendable fund balance for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Restricted fund balance is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Commissioners. A majority vote of the Board of Commissioners is required to establish, modify, or rescind a fund balance commitment. The County reports assigned fund balance for amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. Unassigned fund balance is the residual classification for the general fund.

### *Federal Programs*

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

## 2. BUDGETARY INFORMATION

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

- a. Prior to September 1, the County Administrator prepares and submits the proposed operating budgets for the calendar year commencing the following January 1. The operating budgets include proposed expenditures and resources to finance them.
- b. A public hearing is conducted to obtain taxpayers' comments.
- c. Prior to October 31, the budgets are legally enacted through passage of an annual budget resolution.
- d. The budgets are legally adopted at the activity level for the general fund and the fund level for the special revenue funds. Budgetary transfers between \$2,500 and \$10,000 are not permitted without Finance Committee approval and transfers of greater than \$10,000 are not permitted without Board approval. For control purposes, all funds' budgets are maintained at the activity and account level.

# CLINTON COUNTY, MICHIGAN

## Notes To Financial Statements

- 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.

### 3. DEPOSITS AND INVESTMENTS

The County utilizes various pooled cash accounts and investments for 43 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

	Primary Government	Component Units	Totals
<b>Statement of Net Assets</b>			
Cash and cash equivalents	\$ 15,568,518	\$ 5,074,523	\$ 20,643,041
Investments	28,917,868	500,000	29,417,868
<b>Statement of Fiduciary Net Assets</b>			
Postemployment healthcare fund:			
Cash and cash equivalents	821,904	-	821,904
Investments	5,984,458	-	5,984,458
Agency funds:			
Cash and cash equivalents	522,301	-	522,301
<b>Total</b>	<b>\$ 51,815,049</b>	<b>\$ 5,574,523</b>	<b>\$ 57,389,572</b>

<b>Deposits and investments</b>	
Bank deposits (checking accounts, savings accounts and certificates of deposit)	<u>\$ 45,023,160</u>
Investments:	
U.S. agencies	4,326,950
Investment funds	5,983,043
Money market accounts	<u>2,049,169</u>
Total investments	12,359,162
Cash on hand	<u>7,250</u>
<b>Total</b>	<b><u>\$ 57,389,572</u></b>

	Fair Value	Investment Maturities (in Years)			Ratings
		Less Than 1	1 -5	6 - 10	Standard & Poors
U.S. Agencies	\$ 4,326,950	\$ 150,822	\$ 2,380,583	\$ 1,795,545	AAA
Unrated funds	5,983,043				N/A
Unrated Money market funds	<u>2,049,169</u>				N/A
<b>Total</b>	<b><u>\$ 12,359,162</u></b>				

# CLINTON COUNTY, MICHIGAN

## Notes To Financial Statements

### *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 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 \$17,417,643 of the County's bank balance of \$47,702,878 was exposed to custodial credit risk because it was uninsured and uncollateralized.

# CLINTON COUNTY, MICHIGAN

## Notes To Financial Statements

*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.

### 4. RECEIVABLES

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

	Governmental Activities	Business-type Activities	Component Units
Taxes	\$ 1,001,992	\$ 3,601,385	\$ -
Special assessments			-
Current	-	-	857,026
Non-current	-	-	1,313,144
Accounts	583,187	12,053	11,403
Interest	35,602	7,864	879
<b>Total</b>	<b>\$ 1,620,781</b>	<b>\$ 3,621,302</b>	<b>\$ 2,182,452</b>

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:

	Unavailable	Unearned
Taxes receivable (general fund)	\$ 718,770	\$ -
Grant drawdowns prior to meeting all eligibility requirements (nonmajor governmental funds)	-	18,936
<b>Total unavailable and unearned revenue</b>	<b>\$ 718,770</b>	<b>\$ 18,936</b>

# CLINTON COUNTY, MICHIGAN

## Notes To Financial Statements

### 5. CAPITAL ASSETS

#### Primary government

Capital asset activity for the primary government for the year ended December 31, 2011, was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
<b>Governmental activities</b>					
Capital assets, not being depreciated:					
Land and improvements	\$ 1,194,836	\$ -	\$ -	\$ -	\$ 1,194,836
Construction in progress	273,006	1,222,426	-	(273,006)	1,222,426
	<u>1,467,842</u>	<u>1,222,426</u>	<u>-</u>	<u>(273,006)</u>	<u>2,417,262</u>
Capital assets, being depreciated:					
Buildings and building improvements	31,826,998	29,098	-	273,006	32,129,102
Furniture, fixtures and equipment	7,651,295	238,750	(529,742)	-	7,360,303
Vehicles	1,167,108	231,475	(184,573)	-	1,214,010
	<u>40,645,401</u>	<u>499,323</u>	<u>(714,315)</u>	<u>273,006</u>	<u>40,703,415</u>
Less accumulated depreciation for:					
Buildings and building improvements	(7,009,836)	(797,808)	-	-	(7,807,644)
Furniture, fixtures and equipment	(5,115,788)	(550,568)	529,742	-	(5,136,614)
Vehicles	(598,662)	(182,235)	176,951	-	(603,946)
	<u>(12,724,286)</u>	<u>(1,530,611)</u>	<u>706,693</u>	<u>-</u>	<u>(13,548,204)</u>
Total capital assets being depreciated, net	<u>27,921,115</u>	<u>(1,031,288)</u>	<u>(7,622)</u>	<u>273,006</u>	<u>27,155,211</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 29,388,957</u>	<u>\$ 191,138</u>	<u>\$ (7,622)</u>	<u>\$ -</u>	<u>\$ 29,572,473</u>

# CLINTON COUNTY, MICHIGAN

## Notes To Financial Statements

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
<b>Business-type activities</b>					
Capital Assets being depreciated:					
Furniture, fixtures and equipment	\$ 56,007	\$ -	\$ -	\$ -	\$ 56,007
Vehicles	30,327	-	-	-	30,327
	<u>86,334</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>86,334</u>
Less accumulated depreciation for:					
Furniture, fixtures and equipment	(31,759)	(7,288)	-	-	(39,047)
Vehicles	(30,327)	-	-	-	(30,327)
	<u>(62,086)</u>	<u>(7,288)</u>	<u>-</u>	<u>-</u>	<u>(69,374)</u>
Total capital assets being depreciated, net	<u>24,248</u>	<u>(7,288)</u>	<u>-</u>	<u>-</u>	<u>16,960</u>
<b>Business-type activities capital assets, net</b>					
	<u>\$ 24,248</u>	<u>\$ (7,288)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,960</u>

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

### Depreciation of governmental activities by function

General government	\$ 500,589
Public safety	445,298
Health and welfare	96,514
Recreation and cultural	142,490
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>345,720</u>
	<u>\$ 1,530,611</u>

### Depreciation of business-type activities by function

Delinquent tax revolving	\$ 3,519
Building department	<u>3,769</u>
	<u>\$ 7,288</u>

### Construction commitment

Communication System Enhancement Project is currently under development by the County. As of December 31, 2011, the County spent \$1,222,462, on construction costs and they have \$1,791,498 in remaining construction commitments.

# CLINTON COUNTY, MICHIGAN

## Notes To Financial Statements

### Discretely presented component units

Capital assets activity for the Drainage district component unit for the year ended December 31, 2011, was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
<b>Component Unit - Drainage district</b>					
Capital assets, not being depreciated:					
Construction in progress	\$ -	\$ 79,631	\$ -	\$ -	\$ 79,631
Capital assets, being depreciated:					
Infrastructure	24,857,545	99,617	-	-	24,957,162
Less accumulated depreciation for:					
Infrastructure	(4,025,907)	(323,148)	-	-	(4,349,055)
Total capital assets					
being depreciated, net	20,831,638	(223,531)	-	-	20,608,107
<b>Drainage districts</b>					
capital assets, net	\$ 20,831,638	\$ (143,900)	\$ -	\$ -	\$ 20,687,738

# CLINTON COUNTY, MICHIGAN

## Notes To Financial Statements

Capital assets activity for the Road Commission component unit for the year ended December 31, 2011, was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
<b>Component Unit - Road Commission</b>				
Capital assets, not being depreciated				
Land	\$ 283,751	\$ -	\$ -	283,751
Infrastructure				
Land/right-of-way	1,259,486	-	-	1,259,486
Land improvements	6,085,958	4,054	-	6,090,012
	<u>7,629,195</u>	<u>4,054</u>	<u>-</u>	<u>7,633,249</u>
Capital assets, being depreciated:				
Buildings	1,749,297	25,041	-	1,774,338
Road equipment	6,392,161	296,128	(65,322)	6,622,967
Shop equipment	153,792	404	-	154,196
Office equipment	128,941	-	-	128,941
Engineer's equipment	22,685	-	-	22,685
Yard equipment	66,708	-	-	66,708
Depletable assets	75,448	-	-	75,448
Infrastructure - bridges	27,534,570	1,684,036	-	29,218,606
Infrastructure - roads	46,148,339	1,904,196	(1,059,666)	46,992,869
Infrastructure - signals	850,387	53,836	-	904,223
	<u>83,122,328</u>	<u>3,963,641</u>	<u>(1,124,988)</u>	<u>85,960,981</u>
Less accumulated depreciation for:				
Buildings	(1,087,118)	(44,530)	-	(1,131,648)
Road equipment	(5,709,167)	(267,793)	65,189	(5,911,771)
Shop equipment	(78,658)	(11,017)	-	(89,675)
Office equipment	(82,908)	(13,980)	-	(96,888)
Engineer's equipment	(22,095)	(179)	-	(22,274)
Yard equipment	(11,599)	(6,671)	-	(18,270)
Depletable assets	(52,806)	-	-	(52,806)
Infrastructure -bridges	(13,409,552)	(474,875)	-	(13,884,427)
Infrastructure - roads	(17,275,233)	(2,452,359)	1,059,666	(18,667,926)
Infrastructure -signals	(202,168)	(56,600)	-	(258,768)
	<u>(37,931,304)</u>	<u>(3,328,004)</u>	<u>1,124,855</u>	<u>(40,134,453)</u>
Total capital assets being depreciated, net	<u>45,191,024</u>	<u>635,637</u>	<u>(133)</u>	<u>45,826,528</u>
<b>Road Commission capital assets, net</b>	<u>\$ 52,820,219</u>	<u>\$ 639,691</u>	<u>\$ (133)</u>	<u>\$ 53,459,777</u>

# CLINTON COUNTY, MICHIGAN

## Notes To Financial Statements

### 6. INTERFUND RECEIVABLE, PAYABLES, AND TRANSFERS

The composition of interfund balances as of December 31, 2011, was as follows:

Due to and from primary government funds

	Due from Other Funds	Due to Other Funds
General fund	\$ 13,740	\$ 4,162,132
Revenue sharing reserve	594,099	-
Public improvement fund	3,291,317	56
911 central dispatch fund	214,111	4,457
Nonmajor governmental funds	-	7,351
Nonmajor enterprise funds	-	419
Internal service funds	76,374	15,226
	<u>\$ 4,189,641</u>	<u>\$ 4,189,641</u>

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

Long-term advances as of December 31, 2011, 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**

**\$ 255,000**

Advance from delinquent tax revolving fund to:

911 central dispatch	<u>\$ 258,509</u>
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The advances from the general fund to drainage districts were for working capital and the remaining advances are to finance operations. The advance from the delinquent tax revolving fund to 911 central dispatch was for financing for equipment.



# CLINTON COUNTY, MICHIGAN

## Notes To Financial Statements

Interfund transfers as of December 31, 2011, are as follows:

	Transfers out:				Total
	General Fund	Revenue Sharing Reserve Fund	Public Improvement Fund	Delinquent Tax Revolving Fund	
Transfers in:					
General fund	\$ -	\$ 1,258,731	\$ 5,000	\$ -	\$ 1,263,731
Public improvement fund	598,758	-	-	-	598,758
Nonmajor governmental funds	1,971,024	-	-	416,652	2,387,676
Nonmajor enterprise funds	16,710	-	-	-	16,710
Internal service funds	1,510,735	-	-	-	1,510,735
<b>Total</b>	<b>\$ 4,097,227</b>	<b>\$ 1,258,731</b>	<b>\$ 5,000</b>	<b>\$ 416,652</b>	<b>\$ 5,777,610</b>

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.

# CLINTON COUNTY, MICHIGAN

## Notes To Financial Statements

### 7. 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, 2011:

	Balance January 1, 2011	Additions	Deletions	Balance December 31, 2011	Due Within One Year
<b>Primary Government</b>					
Governmental Activities					
Direct County obligations	\$ 9,760,000	\$ -	\$ (900,000)	\$ 8,860,000	\$ 940,000
Compensated absences	1,205,867	824,469	(788,674)	1,241,662	788,674
	<u>10,965,867</u>	<u>824,469</u>	<u>(1,688,674)</u>	<u>10,101,662</u>	<u>1,728,674</u>
Business-type Activities					
Compensated absences	6,213	6,427	(6,320)	6,320	6,320
<b>Total primary government</b>	<u>10,972,080</u>	<u>830,896</u>	<u>(1,694,994)</u>	<u>10,107,982</u>	<u>1,734,994</u>
<b>Component Units</b>					
Department of Public Works					
Water and sewer bonds	2,995,000	-	(405,000)	2,590,000	435,000
Drainage Districts					
Drain bonds and notes	1,908,782	440,650	(565,124)	1,784,308	437,847
Road Commission					
Compensated absences	593,134	-	(12,239)	580,895	-
<b>Total component units</b>	<u>5,496,916</u>	<u>440,650</u>	<u>(982,363)</u>	<u>4,955,203</u>	<u>872,847</u>
<b>Total reporting entity</b>	<u>\$ 16,468,996</u>	<u>\$ 1,271,546</u>	<u>\$ (2,677,357)</u>	<u>\$ 15,063,185</u>	<u>\$ 2,607,841</u>

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.

# CLINTON COUNTY, MICHIGAN

## Notes To Financial Statements

Bonds payable at December 31, 2011, are as follows:

\$7,060,000 2006 Building Authority Refunding Bonds, dated March 14, 2006, due in annual installments ranging from \$615,000 to \$830,000 through May 1, 2019, with interest ranging from 3.625 to 3.8 percent, payable semi-annually.	\$ 5,850,000
\$2,200,000 2006 Capital Improvement Bonds, dated April 4, 2006, due in annual installments ranging from \$125,000 to \$195,000 through November 1, 2021, with interest ranging from 3.5 percent to 4.0 percent, payable semi-annually.	1,625,000
\$2,500,000 Building Authority Jail Construction Bonds, Series 2003, dated February 1, 2003, due in annual installments ranging from \$160,000 to \$225,000 through May 2018, with interest ranging from 2.25 to 4.125 percent, payable semi-annually.	<u>1,385,000</u>
<b>Total Direct County Obligations</b>	<b><u>\$ 8,860,000</u></b>

### *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, 2011, was \$7,470,000.

### *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 \$521,085 and \$726,897 for vacation and sick, respectively, at December 31, 2011. Of the \$1,247,982 total liability, \$794,994 has been reported as a current liability and \$452,988 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.

# CLINTON COUNTY, MICHIGAN

## Notes To Financial Statements

### 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 \$140,036, \$326,747, and \$114,112 for vacation, sick and longevity, respectively, at December 31, 2011. This amount, \$580,895, 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.

Bonds payable at December 31, 2011, 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 \$125,000 to \$175,000 through November 1, 2013, with interest of 4.0 to 5.75 percent, payable semi-annually.	\$ 325,000
\$450,000 Dewitt Township Water System Bonds dated July 25, 1995, due in annual installments ranging from \$30,000 to \$40,000 through May 1, 2015, with interest ranging from 5.0 to 7.0 percent, payable semi-annually.	145,000
\$3,055,000 Bingham Township Sanitary Sewage Project Bonds dated June 2, 1999, due in annual installment of \$160,000 through May 1, 2019 with interest of 4.25 to 5.0 percent, payable semi-annually.	1,280,000
\$995,000 Watertown Township Sanitary Sewage Project Bonds dated June 29, 2000, due in annual installments of \$60,000 through March 1, 2020, with interest of 5.1 to 7.5 percent, payable semi-annually.	540,000
\$600,000 Bath Township Sanitary Sewer Project Bonds dated January 1, 2001, due in annual installments ranging from \$30,000 to \$45,000 through May 1, 2019, with interest ranging from 4.5 to 5.2 percent, payable semi-annually.	<u>300,000</u>
<b>Total Indirect County Obligations - Water and Sewer Bonds</b>	<b><u>\$ 2,590,000</u></b>

# CLINTON COUNTY, MICHIGAN

## Notes To Financial Statements

### *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 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, 2011, bonds due and payable May 1, 2012 through May 1, 2014, for the Clinton County Water Project Bonds - Bath Township in the amount of \$195,000 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, 2011, per respective Drain projects serviced from the Capital Projects Funds of the Component Unit Drainage Districts are as follows:

\$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.	\$ 100,000
\$875,000 Loesch Drain Bonds dated September 1, 2003, due in annual installments of \$90,000 through June 1, 2013, with interest ranging from 2.3 to 4.3 percent, payable semi-annually.	180,000
\$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.	462,000

# CLINTON COUNTY, MICHIGAN

## Notes To Financial Statements

\$540,000 Creekside Drain Bonds dated August 1, 2006, due in annual installments of \$55,000 through June 1, 2016, with interest of 4.25 percent, payable semi-annually.	\$ 275,000
Various drain notes due in various annual installments and interest rates through 2020.	<u>767,308</u>
<b>Total Indirect County Obligations - Drain Bonds and Notes</b>	<b><u><u>\$ 1,784,308</u></u></b>

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

Year Ended December 31,	Primary Government	
	Principal	Interest
2012	\$ 940,000	\$ 316,789
2013	985,000	281,436
2014	1,025,000	244,374
2015	1,065,000	205,571
2016	1,105,000	164,931
2017 - 2021	<u>3,740,000</u>	<u>249,624</u>
	<u><u>\$ 8,860,000</u></u>	<u><u>\$ 1,462,725</u></u>

Year Ended December 31,	Discretely-presented Component Units			
	Department of Public Works Water and Sewer Bonds		Drainage Districts Drain Bonds and Notes	
	Principal	Interest	Principal	Interest
2012	\$ 435,000	\$ 123,153	\$ 437,847	\$ 60,697
2013	465,000	102,530	442,427	47,805
2014	290,000	80,628	338,383	34,200
2015	295,000	65,425	164,833	22,549
2016	260,000	51,005	164,833	15,504
2017 - 2020	<u>845,000</u>	<u>73,830</u>	<u>235,985</u>	<u>18,454</u>
	<u><u>\$ 2,590,000</u></u>	<u><u>\$ 496,571</u></u>	<u><u>\$ 1,784,308</u></u>	<u><u>\$ 199,209</u></u>

# CLINTON COUNTY, MICHIGAN

## Notes To Financial Statements

### 8. BENEFIT PLANS

#### 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 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: POAM/COAM

Age 55 with 20 or more years of credited service

Age 60 with 10 or more years of credited service

Mandatory Retirement: None

Union: Prosecutors/Telecommunicators

Age 60 with 10 or more years of credited service

Mandatory Retirement: None

Non-union:

Age 55 with 30 or more years of credited service

Age 60 with 10 or more years of credited service

Mandatory Retirement: None

##### *Deferred Retirement:*

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

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

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

# CLINTON COUNTY, MICHIGAN

## Notes To Financial Statements

*Funding policy.* The County is required to contribute to the Retirement Plan at an actuarially determined rate. The 2011 employer rate ranges from flat rate to 21.06% 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 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	\$ 1,461,977
Interest on net pension asset	(43,410)
Adjustment to annual required contribution	<u>146,550</u>
Net pension cost (expense)	1,565,117
Contributions made	<u>(1,964,595)</u>
Increase in net pension asset	(399,478)
Net pension (asset), beginning of year	<u>(819,054)</u>
Net pension (asset), end of year	<u><u>(1,218,532)</u></u>

The annual required contribution was determined as part of an actuarial valuation of the plan as of December 31, 2009, 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 28 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.

Three-Year Trend Information			
Year Ended December 31,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset
2009	\$ 1,370,114	114%	\$ 654,028
2010	1,568,718	111%	819,054
2011	1,565,117	126%	1,218,532



# CLINTON COUNTY, MICHIGAN

## Notes To Financial Statements

*Funded Status and Funding Progress.* As of December 31, 2010, the most recent actuarial valuation date, the Plan was 79 percent funded. The actuarial liability for benefits was \$40,698,282, and the actuarial value of assets was \$32,003,087, resulting in an unfunded actuarial accrued liability (UAAL) of \$8,695,195. The covered payroll (annual payroll of active employees covered by the Plan) was \$8,450,542, and the ratio of the UAAL to the covered payroll was 103 percent.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for 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, clerical union and road union employees hired after January 1, 2010.

Administrative salaried employees hired after January 1, 2007 and office union employees hired after January 1, 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 \$101,092 at December 31, 2011. This balance includes \$1,513 of employer contributions and \$24,967 of employee contributions.

The most recent period for which actuarial data was available was for the year ended December 31, 2010.

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.

# CLINTON COUNTY, MICHIGAN

## Notes To Financial Statements

*Funding policy.* The Road Commission is required to contribute at an actuarially determined rate for the defined benefit plans. Based on the 2009 actuarial valuation, the 2011 rate for general-union/AFLCIO, administrative salary, administrative salary hired after January 1, 2007 and administrative hourly employees was 13.34%, 32.09%, 7.08%, and 7.94%, respectively, of 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. This plan is applicable for administrative employees hired after January 1, 2007 and union employees hired after January 1, 2010. The Hybrid plan does not require an employee contribution on the defined benefit portion. However, the employee may elect to contribute into the defined contribution portion of the plan.

*Annual pension cost.* During the year ended December 31, 2010, the Road Commission contributed \$426,236 and the employee contributed \$65,078. Based on the 2009 actuarial valuation, the Road Commission was required to contribute an estimated \$429,132 for the 2010 fiscal year. Payments were made in accordance with contribution requirements determined by an actuarial valuation of the plan as of December 31, 2009, 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.

Significant actuarial assumptions used include a long-term investment yield rate of 8% and annual salary increases of 4.5% based on an age-related scale to reflect merit, longevity, and promotional salary increases.

Three-Year Trend Information		
Year Ended December 31,	Annual Pension Cost (APC)	Percentage of APC Contributed
2009	\$ 409,865	100%
2010	429,132	100%
2011	445,884	100%

*Funded Status and Funding Progress.* As of December 31, 2010, the most recent actuarial valuation date, the Plan was 73 percent funded. The actuarial liability for benefits was \$16,716,613, and the actuarial value of assets was \$12,131,735, resulting in an unfunded actuarial accrued liability (UAAL) of \$4,584,878. The covered payroll (annual payroll of active employees covered by the Plan) was \$2,260,723, and the ratio of the UAAL to the covered payroll was 203 percent.

# CLINTON COUNTY, MICHIGAN

## Notes To Financial Statements

### 9. DEFINED CONTRIBUTION PLAN

The County's Defined Contribution Plan is a 401-money purchase plan, established by the County and administered by MERS. All Non-Union County employees hired on or after January 1, 2007 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, 2011, amounted to \$78,273 and employee contributions were \$17,011.

### 10. 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 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.

### 11. 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.

# CLINTON COUNTY, MICHIGAN

## Notes To Financial Statements

### 12. 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.

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:

# CLINTON COUNTY, MICHIGAN

## Notes To Financial Statements

Type Of Risk	Maximum Retention per Occurrence
General and Auto Liability	\$ 100,000
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, 2011, was \$50,426,938.

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

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

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

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

### *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.

# CLINTON COUNTY, MICHIGAN

## Notes To Financial Statements

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

### 13. PROPERTY TAXES AND TAXES RECEIVABLE

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

Taxable values are established annually by the local municipalities and are equalized by the County based on State statutes at an estimated percentage of the current market value. Real and personal property in Clinton County for the 2011 levy had a taxable value of \$2,499,781,124 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.

### 14. POSTEMPLOYMENT 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 \$493.31 per month for each eligible employee and out-of-area eligible employee under age 65, and \$345.67 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.

# CLINTON COUNTY, MICHIGAN

## Notes To Financial Statements

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

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

*Funding policy.* The Trust is being funded based on 209 employees and 48 retirees. The County has chosen to fund the Trust based on assumptions of annual cost increases for benefits ranging from 4.5% to 9% 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.

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:

# CLINTON COUNTY, MICHIGAN

## Notes To Financial Statements

Actuarial cost method	Individual entry-age
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 required contribution	\$ 285,666
Interest on net OPEB asset	(76,370)
Adjustment to annual required contribution	229,358
* Additional adjustment to annual required contribution	<u>(619,398)</u>
Annual OPEB cost	(180,744)
Contributions made	<u>(1,127,985)</u>
Increase in net OPEB asset	(1,308,729)
Net OPEB (asset), beginning of year	<u>(471,609)</u>
Net OPEB (asset), end of year	<u><u>\$ (1,780,338)</u></u>

\* This adjustment relates to the change in the annual required contribution from the previous years due to an error in the calculation.

Three-Year Trend Information			
Year Ended December 31,	Annual OPEB Cost (AOC)	Percentage of AOC Contributed	Net OPEB Asset
2009	\$ 680,422	126%	\$ 371,955
2010	713,578	114%	471,609
2011	(180,744)	624%	1,780,338

*Funded Status and Funding Progress.* As of December 31, 2009, the most recent actuarial valuation date, the Plan was 71 percent funded. The actuarial liability for benefits was \$6,968,974, and the actuarial value of assets was \$4,922,083, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,046,891.



## CLINTON COUNTY, MICHIGAN

### Notes To Financial Statements

#### *Component Unit - Road Commission*

The Road Commission agrees to pay the full premium for hospitalization medical coverage for retired road union and office union employees and their spouses, in accordance with the agreements between the Road Commission management and the employee unions affiliated with the American Federation of State, County and Municipal employees, AFL-CIO with the stipulation that they retire under the MERS Retirement Plan with full retirement benefits. 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 United Healthcare supplemental insurance with a \$10/\$40 prescription drug plan. If an office union employee dies with 20 years service time, the spouse is covered.

In addition, 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 McLaren Health Plan with the employer paying 80% of the deductible expense. For administrative retired employees and/or spouses over age 65, coverage includes a United Healthcare supplemental insurance with a \$10/\$40 prescription drug plan with no reimbursement of prescription drugs. If an administrative employee dies with 20 years service time, the spouse is covered. Administrative salaried employees hired after January 1, 2007 and road 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 2011, 45 retirees and/or spouses were eligible for benefits, and \$357,350 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.

*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 and road union staff hired after January 1, 2010 will receive benefits for the retiree only and must pay the premium, in full, for any dependents.

# CLINTON COUNTY, MICHIGAN

## Notes To Financial Statements

The obligation to provide benefits to employees was established by negotiation with collective bargaining units or other actions of the Board of road commissioners. 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.

*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 gains less administrative costs of \$7,636 were incurred during the current year. Future investment and administrative costs will be financed by the trust. As of December 31, 2011, the plan's reserves for benefits were \$405,258.

*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. The Road Commission expects to have an actuarial valuation performed every three years.

*Annual OPEB cost and net OPEB obligation.* For the year ended December 31, 2011, the Road Commission has estimated the cost of providing retiree healthcare benefits using the alternative measurement method permitted by GASB Statement No. 45 for employers in plans with fewer than one hundred total plan members. The alternative measurement method computes the annual required contribution. The valuation computed required contribution and actual funding are summarized as follows:

Annual required contribution	\$ 987,739
Interest on net OPEB asset	<u>105,041</u>
Annual OPEB cost	1,092,780
Contributions made	<u>(424,986)</u>
Increase in net OPEB obligation	667,794
Net OPEB obligation, beginning of year	<u>1,500,581</u>
Net OPEB obligation, end of year	<u><u>\$ 2,168,375</u></u>

Net OPEB Obligation Trend Information			
Year Ended December 31,	Annual OPEB Cost (AOC)	Percentage of AOC Contributed	Net OPEB Obligation
2009	\$ 1,019,314	46%	\$ 1,002,171
2010	1,057,891	53%	1,500,581
2011	1,092,780	39%	2,168,375

# CLINTON COUNTY, MICHIGAN

## Notes To Financial Statements

*Funded Status and Funding Progress.* As of December 31, 2011, the most recent actuarial valuation date, the Plan was 4 percent funded. The actuarial liability for benefits was \$11,559,005, and the actuarial value of assets was \$405,258, resulting in an unfunded actuarial accrued liability (UAAL) of \$11,153,747. The covered payroll (annual payroll of active employees covered by the Plan) was \$2,421,559, and the ratio of the UAAL to the covered payroll was 461 percent.

### 15. 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, 2011, the Federal aid received and expended by the Road Commission was \$1,754,467 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, 2011, the Road Commission received \$0 in 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, 2011, by the Road Commission auditors.

### 16. 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, 2011:

#### Delinquent Tax Revolving Fund

Designated for retiree health insurance	\$ 2,046,891
Designated for MERS unfunded liability	4,577,005
Designated for prepaids to locals	8,000,000

# CLINTON COUNTY, MICHIGAN

## Notes To Financial Statements

### 17. FUND BALANCES - GOVERNMENTAL FUNDS

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

	General Fund	Revenue Sharing Reserve	Public Improvement	911 Center Dispatch	Nonmajor Governmental Funds	Total
Nonspendable:						
Long-term advances	\$ 255,000	\$ -	\$ -	\$ -	\$ -	\$ 255,000
Permanent fund corpus	-	-	-	-	3,850	3,850
	<u>255,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,850</u>	<u>258,850</u>
Restricted for:						
Revenue sharing	-	3,423,997	-	-	-	3,423,997
911 central dispatch	-	-	-	2,659,488	-	2,659,488
Waste management	-	-	-	-	547,139	547,139
Register of deeds	-	-	-	-	164,442	164,442
Corrections training	-	-	-	-	32,395	32,395
Drug forfeiture	-	-	-	-	20,518	20,518
Law library	-	-	-	-	45,961	45,961
Community corrections	-	-	-	-	27,156	27,156
Act 302 training	-	-	-	-	12,758	12,758
Child care	-	-	-	-	1,370,167	1,370,167
Veterans trust	-	-	-	-	1,752	1,752
Audits or tax exemptions	-	-	-	-	8,301	8,301
Debt service	-	-	-	-	1,389,376	1,389,376
Total restricted	<u>-</u>	<u>3,423,997</u>	<u>-</u>	<u>2,659,488</u>	<u>3,619,965</u>	<u>9,703,450</u>
Committed for:						
Family counseling	37,247	-	-	-	-	37,247
Tri-County Metro	75,000	-	-	-	-	75,000
Budget stabilization	200,000	-	-	-	-	200,000
Sick and vacation pay	1,247,982	-	-	-	-	1,247,982
Debt service	5,169,501	-	-	-	-	5,169,501
Park land	-	-	750,000	-	-	750,000
Equipment replacement	-	-	2,482,815	-	-	2,482,815
Total committed	<u>6,729,730</u>	<u>-</u>	<u>3,232,815</u>	<u>-</u>	<u>-</u>	<u>9,962,545</u>
Assigned:						
Soldiers and sailors	96	-	-	-	-	96
Public improvement	-	-	68,600	-	-	68,600
Friend of the court	-	-	-	-	228,596	228,596
Probation enhancement	-	-	-	-	32,088	32,088
Total assigned	<u>96</u>	<u>-</u>	<u>68,600</u>	<u>-</u>	<u>260,684</u>	<u>329,380</u>
Unassigned	<u>5,761,967</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,761,967</u>
<b>Total fund balances, governmental funds</b>	<u>\$12,746,793</u>	<u>\$ 3,423,997</u>	<u>\$ 3,301,415</u>	<u>\$ 2,659,488</u>	<u>\$ 3,884,499</u>	<u>\$26,016,192</u>

# CLINTON COUNTY, MICHIGAN

## Notes To Financial Statements

### 18. INVESTED IN CAPITAL ASSETS NET OF RELATED DEBT

The composition of net assets invested in capital assets, net of related debt as of December 31, 2011, was as follows:

	Governmental Activities	Business-type Activities	Component Units
Capital assets:			
Capital assets not being depreciated	\$ 2,417,262	\$ -	\$ 7,633,249
Capital assets being depreciated, net	27,155,211	16,960	66,514,266
	<u>29,572,473</u>	<u>16,960</u>	<u>74,147,515</u>
Related debt:			
Current portion of long-term debt	940,000	-	437,847
Noncurrent portion of long-term debt	7,920,000	-	1,346,461
	<u>8,860,000</u>	<u>-</u>	<u>1,784,308</u>
<b>Invested in capital assets, net of capital related debt</b>	<b><u>\$ 20,712,473</u></b>	<b><u>\$ 16,960</u></b>	<b><u>\$ 72,363,207</u></b>

### 19. CAFETERIA PLAN

In April 1990 the County implemented a flexible benefits cafeteria plan established under Section 125 of the Internal Revenue Code. The plan is available to all employees who have completed 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 County's Cafeteria Plan.

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



## REQUIRED SUPPLEMENTARY INFORMATION

# CLINTON COUNTY, MICHIGAN

## Required Supplementary Information - Municipal Employees Retirement System of Michigan

Schedule of Funding Progress and Employer Contributions  
For the Year Ended December 31, 2011

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
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%
2009	29,897,883	38,394,413	8,496,530	78%	8,612,307	99%
2010	32,003,087	40,698,282	8,695,195	79%	8,450,542	103%

SCHEDULE OF EMPLOYER CONTRIBUTIONS		
Year Ended December 31,	Annual Required Contribution	Percentage Contributed
2006	\$ 1,286,232	105%
2007	1,290,212	108%
2008	1,332,543	108%
2009	1,308,712	119%
2010	1,482,435	117%
2011	1,461,977	134%

# CLINTON COUNTY, MICHIGAN

## Required Supplementary Information - Post-Employment Health Care Benefits Trust

Schedule of Funding Progress and Employer Contributions  
For the Year Ended December 31, 2011

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
2009	4,922,083	6,968,974	2,046,891	70.6%	n/a	n/a

SCHEDULE OF EMPLOYER CONTRIBUTIONS		
Year Ended December 31,	Annual Required Contribution	Percentage Contributed
2008	\$ 635,767	132%
2009	652,377	131%
2010	663,232	123%
2011	285,666	395%

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, 2009) follows:

Actuarial cost method	Individual entry-age
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



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## COMBINING AND INDIVIDUAL FUND STATEMENTS

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## GENERAL FUND

# CLINTON COUNTY, MICHIGAN

## Detailed Schedule of Revenue, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund  
For the Year Ended December 31, 2011

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenue</b>				
Taxes:				
Current and delinquent property taxes	\$ 13,712,888	\$ 13,997,888	\$ 14,205,761	\$ 207,873
Mobile home park taxes	10,000	10,000	10,486	486
Other tax revenue	20,000	20,000	41,195	21,195
<b>Total taxes</b>	<b>13,742,888</b>	<b>14,027,888</b>	<b>14,257,442</b>	<b>229,554</b>
Licenses and permits:				
Dog licenses	131,000	131,000	115,806	(15,194)
Other licenses and permits	16,000	16,000	28,922	12,922
Building and planning permits	20,000	20,000	22,585	2,585
Soil erosion	82,416	82,416	38,069	(44,347)
<b>Total licenses and permits</b>	<b>249,416</b>	<b>249,416</b>	<b>205,382</b>	<b>(44,034)</b>
Intergovernmental:				
CRP - Prosecuting attorney	65,000	65,000	92,831	27,831
Juvenile grant - Title I, Part D	-	12,018	12,018	-
Employment service	89,349	89,349	87,028	(2,321)
Support incentive	93,511	93,511	92,682	(829)
Brownfield assessment	-	158,903	158,133	(770)
Work of heart	42,866	44,346	39,718	(4,628)
Housing grant	125,000	3,050	1,471	(1,579)
Liquor license	5,000	5,000	5,781	781
Liquor convention facility	251,526	252,219	252,911	692
Victims' rights	63,059	63,294	60,323	(2,971)
Drivers license restoration	-	-	208	208
Probate court judge salary	94,195	94,195	94,195	-
Circuit court judge	91,448	91,448	91,898	450
District court judge	45,724	45,724	45,274	(450)
Probate court judge	45,724	45,724	54,735	9,011
Juvenile court director	27,317	27,317	27,317	-
District court state aid	25,000	25,000	22,427	(2,573)
Cigarette tax	2,261	4,097	4,862	765
Marine safety	5,000	5,000	3,555	(1,445)
Prosecuting attorney food stamp	-	-	1,181	1,181
Homeland security	-	147,064	144,442	(2,622)
PA 345	42,948	43,842	43,842	-
Court equity	180,000	180,000	203,428	23,428
Road patrol	102,760	102,760	87,341	(15,419)

Continued...

# CLINTON COUNTY, MICHIGAN

## Detailed Schedule of Revenue, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund (Continued)

For the Year Ended December 31, 2011

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenue (concluded)</b>				
Intergovernmental (concluded):				
Highway safety	\$ -	\$ 16,677	\$ 16,676	(1)
Emergency management	31,144	31,144	30,166	(978)
Other	4,000	4,000	26,774	22,774
<b>Total intergovernmental</b>	<b>1,432,832</b>	<b>1,650,682</b>	<b>1,701,217</b>	<b>50,535</b>
Charges for services:				
Sheriff	59,880	59,880	93,756	33,876
Treasurer fees	10,000	10,000	10,869	869
Drain commissioner	1,000	1,000	1,684	684
Friend of the Court service fees	40,000	40,000	40,709	709
District court	1,395,000	1,395,000	1,597,456	202,456
Probation - juvenile	2,000	2,000	726	(1,274)
Clerk	185,000	185,000	162,647	(22,353)
Register of deeds	375,000	375,000	393,602	18,602
Probate court	20,000	20,000	22,126	2,126
Planning department	-	-	64	64
Care of prisoners	1,126,000	1,466,000	1,552,444	86,444
<b>Total charges for services</b>	<b>3,213,880</b>	<b>3,553,880</b>	<b>3,876,083</b>	<b>322,203</b>
Interest and rents:				
Interest	100,000	100,000	70,441	(29,559)
Rents	10,000	10,000	13,110	3,110
<b>Total interest and rents</b>	<b>110,000</b>	<b>110,000</b>	<b>83,551</b>	<b>(26,449)</b>
Other				
Contributions	10,000	10,000	15,948	5,948
Sale of equipment	-	-	500	500
Reimbursements - indirect costs	600,369	600,369	654,546	54,177
Reimbursements - other	330,131	302,738	332,965	30,227
<b>Total other</b>	<b>940,500</b>	<b>913,107</b>	<b>1,003,959</b>	<b>90,852</b>
<b>Total revenue</b>	<b>19,689,516</b>	<b>20,504,973</b>	<b>21,127,634</b>	<b>622,661</b>
<b>Expenditures</b>				
Current:				
General government:				
Board of commissioners	313,099	293,099	263,029	(30,070)
Circuit court	466,280	446,280	441,038	(5,242)
District court	1,029,522	1,029,522	1,016,791	(12,731)
Probate court	1,030,087	930,644	894,222	(36,422)

Continued...

# CLINTON COUNTY, MICHIGAN

## Detailed Schedule of Revenue, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund (Continued)

For the Year Ended December 31, 2011

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Expenditures (continued)</b>				
Current (continued):				
General government (concluded):				
Family counseling	\$ 7,000	\$ 7,000	\$ 5,077	\$ (1,923)
Jury board	5,050	5,050	4,292	(758)
Adult probation	4,800	4,800	4,045	(755)
County administrator	469,187	447,060	417,739	(29,321)
Accounting	253,094	253,094	245,158	(7,936)
Elections	121,392	89,392	60,031	(29,361)
Clerk	444,630	453,431	444,994	(8,437)
Equalization	319,224	283,224	268,325	(14,899)
Prosecuting attorney	991,232	991,467	975,195	(16,272)
Register of deeds	278,360	264,672	256,049	(8,623)
County survey and remonumentation	42,948	43,842	43,842	-
Record copying	35,500	15,720	8,730	(6,990)
Treasurer	318,908	344,682	334,208	(10,474)
Cooperative extension	333,132	316,109	297,421	(18,688)
Courthouse and grounds	1,367,872	1,367,872	1,235,110	(132,762)
Drain commissioner	548,797	548,797	510,712	(38,085)
Soil conservation	12,000	30,000	26,366	(3,634)
Other	31,000	36,070	35,704	(366)
<b>Total general government</b>	<b>8,423,114</b>	<b>8,201,827</b>	<b>7,788,078</b>	<b>(413,749)</b>
Public safety:				
Sheriff - general	2,949,474	3,037,364	3,026,481	(10,883)
Highway safety	-	16,677	16,676	(1)
Marine safety	5,000	5,000	3,555	(1,445)
Secondary road patrol	102,760	102,760	97,638	(5,122)
Jail	3,184,500	3,302,399	3,286,181	(16,218)
Emergency services	89,621	236,685	231,219	(5,466)
Animal control	193,016	193,416	189,146	(4,270)
<b>Total public safety</b>	<b>6,524,371</b>	<b>6,894,301</b>	<b>6,850,896</b>	<b>(43,405)</b>
Public works:				
Drains at large	56,500	65,810	65,089	(721)
Department of public works	1,600	1,600	1,010	(590)
<b>Total public works</b>	<b>58,100</b>	<b>67,410</b>	<b>66,099</b>	<b>(1,311)</b>

Continued...

# CLINTON COUNTY, MICHIGAN

## Detailed Schedule of Revenue, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund (Continued)

For the Year Ended December 31, 2011

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Expenditures (continued)</b>				
Current (continued):				
Health and welfare:				
Contagious disease	\$ 8,000	\$ 8,000	\$ 6,964	\$ (1,036)
Tri-county aging consortium	42,230	42,230	41,776	(454)
Building stronger community council	15,500	15,500	15,500	-
Substance abuse appropriation	125,763	126,456	126,456	-
Medical examiner	60,200	46,750	46,749	(1)
District health department	392,611	394,447	394,447	-
Mental health	211,844	211,844	211,844	-
Veterans affairs	50,007	50,007	49,337	(670)
<b>Total health and welfare</b>	<b>906,155</b>	<b>895,234</b>	<b>893,073</b>	<b>(2,161)</b>
Community and economic development:				
MSHDA housing	125,000	3,050	3,050	-
Planning department	230,996	220,996	183,698	(37,298)
Plat board	1,240	1,240	90	(1,150)
Tri-county regional planning commission	61,740	61,740	61,740	-
Economic development	5,000	164,903	164,017	(886)
Employment services	89,349	89,349	87,011	(2,338)
<b>Total community and economic development</b>	<b>513,325</b>	<b>541,278</b>	<b>499,606</b>	<b>(41,672)</b>
Cultural and recreation:				
Parks and recreation	112,078	112,078	100,364	(11,714)
Library board	300	300	231	(69)
Historical commission	300	300	-	(300)
<b>Total cultural and recreation</b>	<b>112,678</b>	<b>112,678</b>	<b>100,595</b>	<b>(12,083)</b>
Other				
Insurance and bonds	355,000	355,000	349,667	(5,333)
Other	552,289	795,249	661,510	(133,739)
<b>Total other</b>	<b>907,289</b>	<b>1,150,249</b>	<b>1,011,177</b>	<b>(139,072)</b>
<b>Total expenditures</b>	<b>17,445,032</b>	<b>17,862,977</b>	<b>17,209,524</b>	<b>(653,453)</b>
Revenue over (under) expenditures	2,244,484	2,641,996	3,918,110	1,276,114

Continued...



# CLINTON COUNTY, MICHIGAN

## ■ **Detailed Schedule of Revenue, Expenditures and Changes in Fund Balance** Budget and Actual - General Fund (Concluded) For the Year Ended December 31, 2011

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Other financing sources (uses)</b>				
Transfers from other funds	\$ 1,446,567	\$ 1,455,231	\$ 1,263,731	\$ (191,500)
Transfers to other funds				
Friend of the court	(393,511)	(393,511)	(393,511)	-
Law library fund	(14,000)	(14,000)	(14,000)	-
Central telephone	(10,000)	(10,000)	(10,000)	-
MIS	(477,375)	(480,225)	(480,225)	-
Building authority funds	(833,925)	(833,925)	(833,925)	-
Public improvement fund	(598,758)	(598,758)	(598,758)	-
County vehicles fund	(123,000)	(517,892)	(517,892)	-
Community corrections fund	(20,000)	(20,000)	(20,000)	-
Child care fund	(952,463)	(709,588)	(709,588)	-
Retirement	(251,309)	(502,618)	(502,618)	-
4-H fair	(16,710)	(16,710)	(16,710)	-
<b>Total other financing sources (uses)</b>	<u>(2,244,484)</u>	<u>(2,641,996)</u>	<u>(2,833,496)</u>	<u>(191,500)</u>
<b>Net change in fund balances</b>	-	-	1,084,614	1,084,614
Fund balances, beginning of year	<u>11,662,179</u>	<u>11,662,179</u>	<u>11,662,179</u>	-
<b>Fund balances, end of year</b>	<u><u>\$ 11,662,179</u></u>	<u><u>\$ 11,662,179</u></u>	<u><u>\$ 12,746,793</u></u>	<u><u>\$ 1,084,614</u></u>

**NONMAJOR GOVERNMENTAL FUNDS**

# CLINTON COUNTY, MICHIGAN

## Combining Balance Sheet Nonmajor Governmental Funds December 31, 2011

	Special Revenue Funds			
	Friend of the Court	Waste Management	Register of Deeds Automation	Corrections Training
<b>Assets</b>				
Cash and cash equivalents	\$ 264,828	\$ 538,483	\$ 167,067	\$ 32,395
Investments	-	-	-	-
Receivables				
Accounts	-	25,359	-	-
Interest	-	-	-	-
Due from other governmental units				
Federal/State	80,528	-	-	-
<b>Total assets</b>	<b>\$ 345,356</b>	<b>\$ 563,842</b>	<b>\$ 167,067</b>	<b>\$ 32,395</b>
<b>Liabilities</b>				
Accounts payable	\$ 3,569	\$ 11,597	\$ 2,625	\$ -
Accrued payroll	20,047	4,457	-	-
Due to other funds	3,144	649	-	-
Deferred revenue	-	-	-	-
Advance from other funds	90,000	-	-	-
<b>Total liabilities</b>	<b>116,760</b>	<b>16,703</b>	<b>2,625</b>	<b>-</b>
<b>Fund balance</b>				
Nonspendable	-	-	-	-
Restricted	-	547,139	164,442	32,395
Assigned	228,596	-	-	-
<b>Total fund balances</b>	<b>228,596</b>	<b>547,139</b>	<b>164,442</b>	<b>32,395</b>
<b>Total liabilities and fund balances</b>	<b>\$ 345,356</b>	<b>\$ 563,842</b>	<b>\$ 167,067</b>	<b>\$ 32,395</b>



Special Revenue Funds					
Drug Forfeiture	Law Library	County Library	Probation Enhancement	Economic Development	Community Corrections
\$ 39,850	\$ 47,451	\$ -	\$ 32,088	\$ -	\$ 9,583
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	19,760
<u>\$ 39,850</u>	<u>\$ 47,451</u>	<u>\$ -</u>	<u>\$ 32,088</u>	<u>\$ -</u>	<u>\$ 29,343</u>
\$ 396	\$ 1,490	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	1,922
-	-	-	-	-	265
18,936	-	-	-	-	-
-	-	-	-	-	-
<u>19,332</u>	<u>1,490</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,187</u>
-	-	-	-	-	-
20,518	45,961	-	-	-	27,156
-	-	-	32,088	-	-
<u>20,518</u>	<u>45,961</u>	<u>-</u>	<u>32,088</u>	<u>-</u>	<u>27,156</u>
<u>\$ 39,850</u>	<u>\$ 47,451</u>	<u>\$ -</u>	<u>\$ 32,088</u>	<u>\$ -</u>	<u>\$ 29,343</u>

Continued...

# CLINTON COUNTY, MICHIGAN

## Combining Balance Sheet Nonmajor Governmental Funds December 31, 2011

	Special Revenue Funds			
	Act 302 Training	Child Care	Veterans Trust	Homestead Property Tax Exemption
<b>Assets</b>				
Cash and cash equivalents	\$ 12,758	\$ 1,281,274	\$ 1,752	\$ 8,301
Investments	-	-	-	-
Receivables				
Accounts	-	-	-	-
Interest	-	-	-	-
Due from other governmental units				
Federal/State	-	129,593	-	-
<b>Total assets</b>	<b>\$ 12,758</b>	<b>\$ 1,410,867</b>	<b>\$ 1,752</b>	<b>\$ 8,301</b>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 15,373	\$ -	\$ -
Accrued payroll	-	22,034	-	-
Due to other funds	-	3,293	-	-
Deferred revenue	-	-	-	-
Advance from other funds	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>40,700</b>	<b>-</b>	<b>-</b>
<b>Fund balance</b>				
Nonspendable	-	-	-	-
Restricted	12,758	1,370,167	1,752	8,301
Assigned	-	-	-	-
<b>Total fund balances</b>	<b>12,758</b>	<b>1,370,167</b>	<b>1,752</b>	<b>8,301</b>
<b>Total liabilities and fund balances</b>	<b>\$ 12,758</b>	<b>\$ 1,410,867</b>	<b>\$ 1,752</b>	<b>\$ 8,301</b>

Debt Service Funds			Permanent Fund	Total Nonmajor Governmental Funds
Building Authority - Jail	Building Authority - Courthouse	Health Department	Cemetery Perpetual Care	
\$ 78,825	\$ 150,491	\$ 86,247	\$ 20	\$ 2,751,413
177,331	764,488	126,665	3,850	1,072,334
-	-	-	-	25,359
884	3,813	632	-	5,329
-	-	-	-	229,881
<u>\$ 257,040</u>	<u>\$ 918,792</u>	<u>\$ 213,544</u>	<u>\$ 3,870</u>	<u>\$ 4,084,316</u>
\$ -	\$ -	\$ -	\$ 20	\$ 35,070
-	-	-	-	48,460
-	-	-	-	7,351
-	-	-	-	18,936
-	-	-	-	90,000
-	-	-	20	199,817
-	-	-	3,850	3,850
257,040	918,792	213,544	-	3,619,965
-	-	-	-	260,684
<u>257,040</u>	<u>918,792</u>	<u>213,544</u>	<u>3,850</u>	<u>3,884,499</u>
<u>\$ 257,040</u>	<u>\$ 918,792</u>	<u>\$ 213,544</u>	<u>\$ 3,870</u>	<u>\$ 4,084,316</u>

Concluded

# CLINTON COUNTY, MICHIGAN

## Combining Statement of Revenue, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds For the Year Ended December 31, 2011

	Special Revenue Funds			
	Friend of the Court	Waste Management	Register of Deeds Automation	Corrections Training
<b>Revenue</b>				
Intergovernmental - Federal/State	\$ 509,187	\$ -	\$ -	\$ -
Charges for services	23,134	503,466	64,875	13,530
Fines and forfeits	-	-	-	-
Interest and rents	-	-	399	-
Other	-	769	-	-
<b>Total revenue</b>	<u>532,321</u>	<u>504,235</u>	<u>65,274</u>	<u>13,530</u>
<b>Expenditures</b>				
Current:				
General government	895,132	-	50,369	-
Public safety	-	-	-	7,491
Public works	-	369,086	-	-
Health and welfare	-	-	-	-
Community and economic development	-	-	-	-
Cultural and recreation	-	-	-	-
Debt service	-	-	-	-
<b>Total expenditures</b>	<u>895,132</u>	<u>369,086</u>	<u>50,369</u>	<u>7,491</u>
Revenue over (under) expenditures	<u>(362,811)</u>	<u>135,149</u>	<u>14,905</u>	<u>6,039</u>
<b>Other financing sources (uses)</b>				
Transfers in	<u>393,511</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>30,700</u>	<u>135,149</u>	<u>14,905</u>	<u>6,039</u>
Fund balances, beginning of year	<u>197,896</u>	<u>411,990</u>	<u>149,537</u>	<u>26,356</u>
<b>Fund balances, end of year</b>	<u>\$ 228,596</u>	<u>\$ 547,139</u>	<u>\$ 164,442</u>	<u>\$ 32,395</u>

Special Revenue Funds					
Drug Forfeiture	Law Library	County Library	Probation Enhancement	Economic Development	Community Corrections
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 59,697
-	-	-	-	-	-
7,289	6,500	4,196	5,484	-	-
61	-	-	-	-	-
-	-	-	-	-	-
<u>7,350</u>	<u>6,500</u>	<u>4,196</u>	<u>5,484</u>	<u>-</u>	<u>59,697</u>
-	18,793	-	-	-	-
16,312	-	-	2,490	-	78,463
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	45,116	-
-	-	4,196	-	-	-
-	-	-	-	-	-
<u>16,312</u>	<u>18,793</u>	<u>4,196</u>	<u>2,490</u>	<u>45,116</u>	<u>78,463</u>
<u>(8,962)</u>	<u>(12,293)</u>	<u>-</u>	<u>2,994</u>	<u>(45,116)</u>	<u>(18,766)</u>
-	14,000	-	-	-	20,000
(8,962)	1,707	-	2,994	(45,116)	1,234
<u>29,480</u>	<u>44,254</u>	<u>-</u>	<u>29,094</u>	<u>45,116</u>	<u>25,922</u>
<u>\$ 20,518</u>	<u>\$ 45,961</u>	<u>\$ -</u>	<u>\$ 32,088</u>	<u>\$ -</u>	<u>\$ 27,156</u>

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# CLINTON COUNTY, MICHIGAN

## Combining Statement of Revenue, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds For the Year Ended December 31, 2011

	Speical Revenue Funds			
	Act 302 Training	Child Care	Veterans Trust	Homestead Property Tax Exemption
<b>Revenue</b>				
Intergovernmental - Federal/State	\$ 5,465	\$ 522,943	\$ 19,760	\$ -
Charges for services	-	1,594	-	-
Fines and forfeits	-	-	-	-
Interest and rents	-	-	-	-
Other	-	-	-	2,081
<b>Total revenue</b>	<u>5,465</u>	<u>524,537</u>	<u>19,760</u>	<u>2,081</u>
<b>Expenditures</b>				
Current:				
General government	-	-	-	67
Public safety	4,897	-	-	-
Public works	-	-	-	-
Health and welfare	-	1,209,822	18,593	-
Community and economic development	-	-	-	-
Cultural and recreation	-	-	-	-
Debt service	-	-	-	-
<b>Total expenditures</b>	<u>4,897</u>	<u>1,209,822</u>	<u>18,593</u>	<u>67</u>
Revenue over (under) expenditures	<u>568</u>	<u>(685,285)</u>	<u>1,167</u>	<u>2,014</u>
<b>Other financing sources (uses)</b>				
Transfers in	-	709,588	-	-
<b>Net change in fund balances</b>	<u>568</u>	<u>24,303</u>	<u>1,167</u>	<u>2,014</u>
Fund balances, beginning of year	<u>12,190</u>	<u>1,345,864</u>	<u>585</u>	<u>6,287</u>
<b>Fund balances, end of year</b>	<u>\$ 12,758</u>	<u>\$ 1,370,167</u>	<u>\$ 1,752</u>	<u>\$ 8,301</u>

Debt Service Funds			Permanent Fund	Total Nonmajor Governmental Funds
Building Authority - Jail	Building Authority - Courthouse	Health Department	Cemetery Perpetual Care	
\$ -	\$ -	\$ -	\$ -	\$ 1,117,052
-	-	-	-	606,599
-	-	-	-	23,469
1,134	4,242	849	-	6,685
-	-	-	-	2,850
<u>1,134</u>	<u>4,242</u>	<u>849</u>	<u>-</u>	<u>1,756,655</u>
416	494	372	-	965,643
-	-	-	-	109,653
-	-	-	-	369,086
-	-	-	-	1,228,415
-	-	-	-	45,116
-	-	-	-	4,196
<u>216,651</u>	<u>841,424</u>	<u>192,500</u>	<u>-</u>	<u>1,250,575</u>
<u>217,067</u>	<u>841,918</u>	<u>192,872</u>	<u>-</u>	<u>3,972,684</u>
<u>(215,933)</u>	<u>(837,676)</u>	<u>(192,023)</u>	<u>-</u>	<u>(2,216,029)</u>
<u>216,652</u>	<u>841,425</u>	<u>192,500</u>	<u>-</u>	<u>2,387,676</u>
719	3,749	477	-	171,647
<u>256,321</u>	<u>915,043</u>	<u>213,067</u>	<u>3,850</u>	<u>3,712,852</u>
<u>\$ 257,040</u>	<u>\$ 918,792</u>	<u>\$ 213,544</u>	<u>\$ 3,850</u>	<u>\$ 3,884,499</u>

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## NONMAJOR ENTERPRISE FUNDS

# CLINTON COUNTY, MICHIGAN

## Combining Statement of Net Assets Nonmajor Enterprise Funds December 31, 2011

	Jail Commissary	Building Department	County Extension Community Center	Total
<b>Assets</b>				
Cash and cash equivalents	\$ 43,509	\$ 334,414	\$ 24,616	\$ 402,539
Accounts receivable	-	10,332	-	10,332
Inventory	7,236	-	-	7,236
Capital assets, net	-	2,884	-	2,884
<b>Total assets</b>	<b>\$ 50,745</b>	<b>\$ 347,630</b>	<b>\$ 24,616</b>	<b>\$ 422,991</b>
<b>Liabilities</b>				
Accounts payable	\$ 3,469	\$ 422	\$ 1,863	\$ 5,754
Accrued liabilities	-	10,567	1,300	11,867
Due to other funds	-	419	-	419
<b>Total liabilities</b>	<b>3,469</b>	<b>11,408</b>	<b>3,163</b>	<b>18,040</b>
<b>Net assets</b>				
Invested in capital assets	-	2,884	-	2,884
Unrestricted	47,276	333,338	21,453	402,067
<b>Total net assets</b>	<b>\$ 47,276</b>	<b>\$ 336,222</b>	<b>\$ 21,453</b>	<b>\$ 404,951</b>

# CLINTON COUNTY, MICHIGAN

## Combining Statement of Revenues, Expenses, and Changes in Net Assets Nonmajor Enterprise Funds For the Year Ended December 31, 2011

	Jail Commissary	Building Department	County Extension Community Center	Total
<b>Operating revenues</b>				
Sales	\$ 104,147	\$ -	\$ -	\$ 104,147
Rent	-	-	9,510	9,510
Building and trade permits	-	195,839	-	195,839
Other	-	-	1,223	1,223
<b>Total operating revenues</b>	<b>104,147</b>	<b>195,839</b>	<b>10,733</b>	<b>310,719</b>
<b>Operating expenses</b>				
Personal services and fringes	-	88,856	-	88,856
Operating supplies	89,177	3,826	23,594	116,597
Contracted services	-	37,434	-	37,434
Depreciation	-	3,769	-	3,769
Other	-	16,517	-	16,517
<b>Total operating expenses</b>	<b>89,177</b>	<b>150,402</b>	<b>23,594</b>	<b>263,173</b>
<b>Operating income (loss)</b>	<b>14,970</b>	<b>45,437</b>	<b>(12,861)</b>	<b>47,546</b>
<b>Transfers</b>				
Transfers in	-	-	16,710	16,710
<b>Change in net assets</b>	<b>14,970</b>	<b>45,437</b>	<b>3,849</b>	<b>64,256</b>
<b>Net assets, beginning of year</b>	<b>32,306</b>	<b>290,785</b>	<b>17,604</b>	<b>340,695</b>
<b>Net assets, end of year</b>	<b>\$ 47,276</b>	<b>\$ 336,222</b>	<b>\$ 21,453</b>	<b>\$ 404,951</b>

# CLINTON COUNTY, MICHIGAN

## Combining Statement of Cash Flows Nonmajor Enterprise Funds For the Year Ended December 31, 2011

	Jail Commissary	Building Department	County Extension Community Center	Total
<b>Cash flows from operating activities</b>				
Receipts from customers and users	\$ 104,147	\$ 196,917	\$ 10,733	\$ 311,797
Payments to vendors	(91,290)	(145,994)	(24,249)	(261,533)
<b>Net cash provided by (used in) operating activities</b>	<u>12,857</u>	<u>50,923</u>	<u>(13,516)</u>	<u>50,264</u>
<b>Cash flows from noncapital financing activities</b>				
Transfers in	-	-	16,710	16,710
<b>Net increase in cash</b>	12,857	50,923	3,194	66,974
Cash and cash equivalents, beginning of year	30,652	283,491	21,422	335,565
<b>Cash and cash equivalents, end of year</b>	<u>\$ 43,509</u>	<u>\$ 334,414</u>	<u>\$ 24,616</u>	<u>\$ 402,539</u>
<b>Cash flows from operating activities</b>				
Operating income (loss)	\$ 14,970	\$ 45,437	\$ (12,861)	\$ 47,546
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	-	3,769	-	3,769
Change in:				
Accounts receivable	-	1,074	-	1,074
Inventory	(1,914)	-	-	(1,914)
Accounts payable	(199)	(197)	(355)	(751)
Accrued liabilities	-	836	(300)	536
Due to other funds	-	4	-	4
<b>Net cash provided by (used in) operating activities</b>	<u>\$ 12,857</u>	<u>\$ 50,923</u>	<u>\$ (13,516)</u>	<u>\$ 50,264</u>

## INTERNAL SERVICE FUNDS



# CLINTON COUNTY, MICHIGAN

## ■ Combining Statement of Net Assets Internal Service Funds December 31, 2011

	Central Stores	Central Telephone	MIS	Drain Equipment Revolving
<b>Assets</b>				
Cash and cash equivalents	\$ 21,425	\$ 394,528	\$ 825,999	\$ 151,534
Investments	-	-	-	-
Accounts receivable	62	14	-	-
Interest receivable	-	-	-	-
Inventory	5,223	-	-	-
Due from other funds	-	-	-	-
Capital assets, net	-	2,936	403,206	53,857
<b>Total assets</b>	<b>26,710</b>	<b>397,478</b>	<b>1,229,205</b>	<b>205,391</b>
<b>Liabilities</b>				
Accounts payable	380	301	19,114	2,432
Accrued liabilities	-	-	33,217	-
Advances from other funds	25,000	-	-	10,000
Due to other funds	-	-	1,224	13,740
<b>Total liabilities</b>	<b>25,380</b>	<b>301</b>	<b>53,555</b>	<b>26,172</b>
<b>Net assets</b>				
Invested in capital assets	\$ -	\$ 2,936	\$ 403,206	\$ 53,857
Restricted for employee benefits	-	-	-	-
Unrestricted	1,330	394,241	772,444	125,362
<b>Total net assets</b>	<b>\$ 1,330</b>	<b>\$ 397,177</b>	<b>\$ 1,175,650</b>	<b>\$ 179,219</b>

County Vehicles	Employee Retirement	Insurance	Unemployment	Workers Compensation	Total
\$ 615,666	\$ 141,826	\$ 1,626,219	\$ 154,737	\$ 233,491	\$ 4,165,425
-	3,068,835	-	131,720	201,527	3,402,082
-	-	-	-	58,661	58,737
-	2,371	-	657	835	3,863
-	-	-	-	-	5,223
-	50,046	22,070	1,066	3,192	76,374
400,398	-	-	-	-	860,397
<u>1,016,064</u>	<u>3,263,078</u>	<u>1,648,289</u>	<u>288,180</u>	<u>497,706</u>	<u>8,572,101</u>
-	-	18,514	-	-	40,741
-	-	7,429	-	-	40,646
-	-	-	-	-	35,000
-	-	262	-	-	15,226
-	-	<u>26,205</u>	-	-	<u>131,613</u>
\$ 400,398	\$ -	\$ -	\$ -	\$ -	\$ 860,397
-	3,263,078	1,622,084	288,180	497,706	5,671,048
615,666	-	-	-	-	1,909,043
<u>\$ 1,016,064</u>	<u>\$ 3,263,078</u>	<u>\$ 1,622,084</u>	<u>\$ 288,180</u>	<u>\$ 497,706</u>	<u>\$ 8,440,488</u>

# CLINTON COUNTY, MICHIGAN

## ■ Combining Statement of Revenues, Expenses, and Changes in Net Assets Internal Service Funds For the Year Ended December 31, 2011

	Central Stores	Central Telephone	MIS	Drain Equipment Revolving
<b>Operating revenues</b>				
Charges for services	\$ 68,700	\$ 51,691	\$ 11,898	\$ 40,516
Intergovernmental - Federal/State	-	-	-	-
Other	-	-	-	47,522
<b>Total operating revenues</b>	<b>68,700</b>	<b>51,691</b>	<b>11,898</b>	<b>88,038</b>
<b>Operating expenses</b>				
Personal services and fringes	-	-	239,573	-
Supplies	68,700	-	5,450	-
Contracted services	-	-	60,295	-
Depreciation	-	9,414	178,124	19,074
Other	-	38,566	134,413	75,992
<b>Total operating expenses</b>	<b>68,700</b>	<b>47,980</b>	<b>617,855</b>	<b>95,066</b>
Operating income (loss)	-	3,711	(605,957)	(7,028)
<b>Nonoperating revenues</b>				
Interest revenue	-	-	-	-
Loss on sale of capital assets	-	-	-	(1,122)
Gain on sale of capital assets	-	-	-	-
<b>Total nonoperating revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,122)</b>
Income before transfers	-	3,711	(605,957)	(8,150)
<b>Transfers</b>				
Transfers in	-	10,000	480,225	-
<b>Change in net assets</b>	<b>-</b>	<b>13,711</b>	<b>(125,732)</b>	<b>(8,150)</b>
Net assets, beginning of year	1,330	383,466	1,301,382	187,369
<b>Net assets, end of year</b>	<b>\$ 1,330</b>	<b>\$ 397,177</b>	<b>\$ 1,175,650</b>	<b>\$ 179,219</b>

County Vehicles	Employee Retirement	Insurance	Unemployment	Workers Compensation	Total
\$ -	\$ 1,539,044	\$ 2,019,740	\$ -	\$ -	\$ 3,731,589
-	-	190	-	-	190
18,000	-	-	27,574	144,717	237,813
18,000	1,539,044	2,019,930	27,574	144,717	3,969,592
-	2,062,054	1,903,207	12,824	159,536	4,377,194
-	-	-	-	-	74,150
-	-	-	-	-	60,295
139,108	-	-	-	-	345,720
24,655	-	6,230	-	-	279,856
163,763	2,062,054	1,909,437	12,824	159,536	5,137,215
(145,763)	(523,010)	110,493	14,750	(14,819)	(1,167,623)
-	13,710	6,235	1,127	1,558	22,630
-	-	-	-	-	(1,122)
11,750	-	-	-	-	11,750
11,750	13,710	6,235	1,127	1,558	33,258
(134,013)	(509,300)	116,728	15,877	(13,261)	(1,134,365)
517,892	502,618	-	-	-	1,510,735
383,879	(6,682)	116,728	15,877	(13,261)	376,370
632,185	3,269,760	1,505,356	272,303	510,967	8,064,118
\$ 1,016,064	\$ 3,263,078	\$ 1,622,084	\$ 288,180	\$ 497,706	\$ 8,440,488

# CLINTON COUNTY, MICHIGAN

## Combining Statement of Cash Flows Internal Service Funds For the Year Ended December 31, 2011

	Central Stores	Central Telephone	MIS	Drain Equipment Revolving
<b>Cash flows from operating activities</b>				
Receipts from customers and users	\$ 68,649	\$ 51,697	\$ 15,886	\$ 88,038
Payments to vendors	(65,589)	(38,688)	(199,488)	(73,516)
Salary and benefit payments	-	-	(239,573)	-
<b>Net cash provided by (used in) operating activities</b>	<b>3,060</b>	<b>13,009</b>	<b>(423,175)</b>	<b>14,522</b>
<b>Cash flows from capital and related financing activities</b>				
Proceeds from sale of capital assets	-	-	-	6,500
Capital purchases	-	-	(68,820)	(16,752)
<b>Net cash provided (used) by capital and related financing activities</b>	<b>-</b>	<b>-</b>	<b>(68,820)</b>	<b>(10,252)</b>
<b>Cash flows from noncapital financing activities</b>				
Transfers in	-	10,000	480,225	-
<b>Cash flows from investing activities</b>				
Purchase of investments	-	-	-	-
Maturity of investments	-	-	-	-
Interest revenue	-	-	-	-
<b>Net cash provided by investing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net increase (decrease) in cash</b>	<b>3,060</b>	<b>23,009</b>	<b>(11,770)</b>	<b>4,270</b>
Cash and cash equivalents, beginning of year	18,365	371,519	837,769	147,264
<b>Cash and cash equivalents, end of year</b>	<b>\$ 21,425</b>	<b>\$ 394,528</b>	<b>\$ 825,999</b>	<b>\$ 151,534</b>
<b>Cash flows from operating activities</b>				
Operating income (loss)	\$ -	\$ 3,711	\$ (605,957)	\$ (7,028)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	-	9,414	178,124	19,074
Change in:				
Accounts receivable	(51)	6	3,988	-
Inventory	3,111	-	-	-
Due from other funds	-	-	-	-
Due from other governmental units	-	-	-	-
Accounts payable	-	(122)	(631)	(6,221)
Accrued liabilities	-	-	1,329	-
Due to other funds	-	-	(28)	8,697
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 3,060</b>	<b>\$ 13,009</b>	<b>\$ (423,175)</b>	<b>\$ 14,522</b>

County Vehicles	Employee Retirement	Insurance	Unemployment	Workers Compensation	Total
\$ 18,000	\$ 1,538,910	\$ 2,020,325	\$ 28,250	\$ 151,024	\$ 3,980,779
(24,655)	-	(6,433)	-	-	(408,369)
-	(2,062,054)	(1,903,207)	(12,824)	(159,536)	(4,377,194)
(6,655)	(523,144)	110,685	15,426	(8,512)	(804,784)
11,750	-	-	-	-	18,250
(189,477)	-	-	-	-	(275,049)
(177,727)	-	-	-	-	(256,799)
517,892	502,618	-	-	-	1,510,735
-	(3,068,835)	-	(131,720)	(201,527)	(3,402,082)
-	3,056,392	-	130,226	201,226	3,387,844
-	13,710	6,235	1,127	1,558	22,630
-	1,267	6,235	(367)	1,257	8,392
333,510	(19,259)	116,920	15,059	(7,255)	457,544
282,156	161,085	1,509,299	139,678	240,746	3,707,881
\$ 615,666	\$ 141,826	\$ 1,626,219	\$ 154,737	\$ 233,491	\$ 4,165,425
\$ (145,763)	\$ (523,010)	\$ 110,493	\$ 14,750	\$ (14,819)	\$ (1,167,623)
139,108	-	-	-	-	345,720
-	(450)	-	697	6,510	10,700
-	-	-	-	-	3,111
-	316	209	(21)	(203)	301
-	-	186	-	-	186
-	-	(4,090)	-	-	(11,064)
-	-	4,804	-	-	6,133
-	-	(917)	-	-	7,752
\$ (6,655)	\$ (523,144)	\$ 110,685	\$ 15,426	\$ (8,512)	\$ (804,784)

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## AGENCY FUNDS



# CLINTON COUNTY, MICHIGAN

## Combining Statement of Fiduciary Assets and Liabilities

Agency Funds  
December 31, 2011

	Trust and Agency	Library	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 323,779	\$ 198,522	\$ 522,301
<b>Liabilities</b>			
Undistributed collections payable	\$ 35,052	\$ -	\$ 35,052
Due to other governmental units			
Federal/State	133,826	-	133,826
Local	-	198,522	198,522
Due to individuals and agencies	154,901	-	154,901
<b>Total liabilities</b>	<b>\$ 323,779</b>	<b>\$ 198,522</b>	<b>\$ 522,301</b>

## COMPONENT UNITS

# CLINTON COUNTY, MICHIGAN

## Combining Balance Sheet Drainage Districts Component Unit December 31, 2011

	Debt Service	Capital Projects			Total
	Drain Debt Retirement	Regular Drain	Revolving Drain	Revolving Drain Maintenance	
<b>Assets</b>					
Cash and cash equivalents	\$ 477,676	\$ 1,066,662	\$ 37,982	\$ 23,501	\$ 1,605,821
Investments	-	500,000	-	-	500,000
Accrued interest receivable	-	879	-	-	879
Accounts receivable	-	2,660	-	-	2,660
Cash - restricted	-	195,369	-	-	195,369
Special assessments receivable	1,528,498	641,672	-	-	2,170,170
Due from other funds	-	-	92,018	16,957	108,975
<b>Total assets</b>	<b>\$ 2,006,174</b>	<b>\$ 2,407,242</b>	<b>\$ 130,000</b>	<b>\$ 40,458</b>	<b>\$ 4,583,874</b>
<b>Liabilities</b>					
Accounts payable	\$ -	\$ 2,629	\$ -	\$ -	\$ 2,629
Accrued liabilities	-	5,000	-	-	5,000
Due to other funds	-	108,975	-	-	108,975
Advances from primary government	-	-	130,000	-	130,000
Deferred revenue	1,313,144	-	-	-	1,313,144
<b>Total liabilities</b>	<b>1,313,144</b>	<b>116,604</b>	<b>130,000</b>	<b>-</b>	<b>1,559,748</b>
<b>Fund balances</b>					
Restricted for debt service	693,030	-	-	-	693,030
Assigned					
Designated for capital expenditures	-	2,290,638	-	40,458	2,331,096
<b>Total fund balances</b>	<b>693,030</b>	<b>2,290,638</b>	<b>-</b>	<b>40,458</b>	<b>3,024,126</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,006,174</b>	<b>\$ 2,407,242</b>	<b>\$ 130,000</b>	<b>\$ 40,458</b>	<b>\$ 4,583,874</b>

# CLINTON COUNTY, MICHIGAN

## ■ Reconciliation

Net Changes in Fund Balances of Governmental Funds  
To the Statement of Net Assets - Drainage Districts  
December 31, 2011

Fund balances - total governmental funds	\$ 3,024,126
Amounts reported for <i>governmental activities</i> 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	25,036,793
Accumulated depreciation is	(4,349,055)
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:	
Deferred revenue	1,313,144
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	(15,344)
Bonds payable	(1,784,308)
Net assets of governmental activities	<u>\$ 23,225,356</u>

# CLINTON COUNTY, MICHIGAN

## Combining Statement of Revenue, Expenditures and Changes in Fund Balances Drainage Districts Component Unit For the Year Ended December 31, 2011

	Debt Service	Capital Project			Total
	Drain Debt Retirement	Regular Drain	Revolving Drain	Revolving Drain Maintenance	
<b>Revenue</b>					
Charges for services	\$ -	\$ 14,112	\$ -	\$ -	\$ 14,112
Interest	299	7,478	-	603	8,380
Other					
Special assessments	269,528	753,204	-	-	1,022,732
Miscellaneous	-	64,775	-	-	64,775
<b>Total revenue</b>	<b>269,827</b>	<b>839,569</b>	<b>-</b>	<b>603</b>	<b>1,109,999</b>
<b>Expenditures</b>					
Capital outlay	-	773,626	-	-	773,626
Debt service					
Principal	609,850	-	-	-	609,850
Interest and fiscal charges	83,591	-	-	-	83,591
<b>Total expenditures</b>	<b>693,441</b>	<b>773,626</b>	<b>-</b>	<b>-</b>	<b>1,467,067</b>
Revenue over (under) expenditures	(423,614)	65,943	-	603	(357,068)
<b>Other financing sources (uses)</b>					
Transfer in from component units	142,259	148,638	-	-	290,897
Transfer out to component units	(148,638)	(142,259)	-	-	(290,897)
Bond and note proceeds	-	440,650	-	-	440,650
<b>Total other financing sources (uses)</b>	<b>(6,379)</b>	<b>447,029</b>	<b>-</b>	<b>-</b>	<b>440,650</b>
<b>Change in fund balances</b>	<b>(429,993)</b>	<b>512,972</b>	<b>-</b>	<b>603</b>	<b>83,582</b>
Fund balances, beginning of year	1,123,023	1,777,666	-	39,855	2,940,544
<b>Fund balances, end of year</b>	<b>\$ 693,030</b>	<b>\$ 2,290,638</b>	<b>\$ -</b>	<b>\$ 40,458</b>	<b>\$ 3,024,126</b>

# CLINTON COUNTY, MICHIGAN

## Reconciliation

Net Changes in Fund Balances of Governmental Funds  
 To Change in the Statement of Activities - Drainage Districts  
 For the Year Ended December 31, 2011

Net change in fund balances - total governmental funds \$ 83,582

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	179,248
Depreciation expense	(323,148)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	12,267
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Repayment of long-term debt and borrowing of long-term debt is reported as expenditures and other financing sources in governmental funds, but the repayment reduces long-term liabilities and the borrowings increase long-term liabilities in the statement of net assets.

In the current year, these amounts consist of:

Long-term debt proceeds	(440,650)
Bond principal retirement	565,124

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:

Increase in accrued interest payable	<u>(115)</u>
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Change in net assets of governmental activities	<u><u>\$ 76,308</u></u>
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# CLINTON COUNTY, MICHIGAN

**Combining Balance Sheet**  
 Department of Public Works Component Unit  
 December 31, 2011

	Debt Service			
	Bath Township #4	Dewitt Charter Township #13	Bingham Township #10	Bingham Township #14
Assets				
Assets	\$ -	\$ -	\$ -	\$ -
Fund balance				
Unassigned	\$ -	\$ -	\$ -	\$ -



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



# CLINTON COUNTY, MICHIGAN

## ■ Reconciliation

Net Changes in Fund Balances of Governmental Funds  
To the Statement of Net Assets - Department of Public Works  
December 31, 2011

Total fund balances - total governmental funds \$ -

Amounts reported for *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 2,616,601

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 (26,601)

Bonds payable (2,590,000)

Net assets of governmental activities \$ -

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# CLINTON COUNTY, MICHIGAN

**Combining Statement of Revenue, Expenditures  
 and Changes in Fund Balances**  
 Department of Public Works Component Unit  
 For the Year Ended December 31, 2011

	Debt Service			
	Bath Township #4	Dewitt Charter Township #13	Bingham Township #10	Bingham Township #14
<b>Revenue</b>				
Intergovernmental - local	\$ 145,588	\$ 40,170	\$ -	\$ 226,940
<b>Expenditures</b>				
Debt service				
Principal	125,000	30,000	-	160,000
Interest and fiscal charges	20,588	10,170	-	66,940
<b>Total expenditures</b>	<u>145,588</u>	<u>40,170</u>	<u>-</u>	<u>226,940</u>
<b>Change in fund balances</b>	-	-	-	-
Fund balances, beginning of year	-	-	-	-
<b>Fund balances, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



Debt Service		Capital Projects	
Watertown Charter #15	Bath Township #16	Township Projects	Total
\$ 92,397	\$ 45,980	\$ -	\$ 551,075
60,000	30,000	-	405,000
32,397	15,980	-	146,075
92,397	45,980	-	551,075
-	-	-	-
-	-	-	-
\$ -	\$ -	\$ -	\$ -

# CLINTON COUNTY, MICHIGAN

## ■ Reconciliation

Net Changes in Fund Balances of Governmental Funds  
To Change in the Statement of Activities - Department of Public Works  
For the Year Ended December 31, 2011

Net change in fund balances - total governmental funds	\$	-
Amounts reported for <i>governmental activities</i> 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		405,000
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		4,025
Decrease in lease receivables		(409,025)
		<hr/>
Change in net assets of governmental activities	\$	<hr/> <hr/> -