

Clinton
County,
Michigan



Year Ended
December 31,
2014

Financial
Statements

CLINTON COUNTY, MICHIGAN

ELECTED OFFICERS

For the Year Ended December 31, 2014

BOARD OF COMMISSIONERS

Robert Showers
Chair

David Pohl
Vice Chair

Kam Washburn
Bruce Delong
Jack Enderle

Adam Stacey
Eileen Heideman

Ryan Wood
Administrator

Tina Ward
Treasurer

Diane Zuker
Clerk / 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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INDEPENDENT AUDITORS' REPORT

June 17, 2015

Board of Commissioners
Clinton County
St. Johns, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of *Clinton County, Michigan*, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Independent Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Road Commission Component Unit, which represent 70 percent, 72 percent, and 86 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Road Commission Component Unit, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of *Clinton County, Michigan*, as of December 31, 2014, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons of the general fund and each major special revenue fund, for the year then ended in conformity with accounting principles general accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2015, on our consideration of Clinton County, Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Rehmann Lobson LLC

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Ryan L. Wood
County Administrator

Craig Longnecker
Deputy Administrator



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Management's Discussion and Analysis

As management of Clinton County, we offer this narrative overview and analysis of the financial activities of the County for the year ended December 31, 2014.

Financial Highlights

- The assets of the County's primary government exceeded its liabilities at the close of the fiscal year by approximately \$84.2 million (net position). Of this amount, approximately \$47.3 million (unrestricted net position) may be used to meet the government's ongoing obligations.
- The government's total net position increased by approximately \$4.1 million, or 5.1 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 \$28.5 million, an increase of approximately \$3.3 million, or 13 percent over the prior year. Of this total, approximately \$9.1 million or 31.8 percent is classified as unassigned and available for spending at the government's discretion. Approximately \$1.5 million is assigned and approximately \$255,000 is considered nonspendable. The remaining \$17.7 million is made up of restricted funds and those committed to specific purposes by the Board of Commissioners.
- At the end of the fiscal year, the unassigned fund balance for the General Fund was approximately \$9.1 million, an amount equal to 40.2 percent of total General Fund expenditures and transfers.
- The County's total net bonded debt (excluding drain notes), including that of the Drainage Districts and Department of Public Works component units, decreased by a net of \$804,000 or 9 percent during the current fiscal year.

Overview of the Financial Statements

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

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

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

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.

Management's Discussion and Analysis

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 21 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Public Improvement, and 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 and each major special revenue fund.

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

Internal service funds account for and allocate costs internally among the County's various functions. The County uses nine internal service funds to account for the following functions: management information services, 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, nonmajor enterprise funds, and internal service funds information.

Management's Discussion and Analysis

Government-wide Financial Analysis

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$48,817,134	\$42,246,211	\$12,752,298	\$14,492,571	\$61,569,432	\$ 56,738,782
Capital assets, net	31,000,484	31,939,260	53,051	34,358	31,053,535	31,973,618
Total assets	79,817,618	74,185,471	12,805,349	14,526,929	92,622,967	88,712,400
Long-term liabilities	6,171,660	7,038,879	2,416	6,878	6,174,076	7,045,757
Other liabilities	2,181,979	1,474,671	18,055	24,205	2,200,034	1,498,876
Total liabilities	8,353,639	8,513,550	20,471	31,083	8,374,110	8,544,633
Net position						
Net investment in capital assets	25,935,484	26,039,260	53,051	34,358	25,988,535	26,073,618
Restricted	10,992,703	13,029,513	-	-	10,992,703	13,029,513
Unrestricted	34,535,792	26,603,148	12,731,827	14,461,488	47,267,619	41,064,636
Total net position	\$71,463,979	\$65,671,921	\$12,784,878	\$14,495,846	\$84,248,857	\$ 80,167,767

As noted previously, net position serves over time as a useful indicator of a government's financial position. In the case of Clinton County, assets exceeded liabilities by approximately \$84.2 million at the close of the fiscal year. This amount compares favorably with the prior year where net position totaled approximately \$80.2 million.

The County's net position includes approximately \$26 million in capital assets comprised of land, buildings, vehicles, and equipment less accumulated depreciation and any outstanding related debt used to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Certain other limitations on the use of net position apply due primarily to legal restrictions. Restrictions on net position total approximately \$11 million. The remaining balance of unrestricted net position (\$47.3 million or 56.1 percent) may be used to meet the government's ongoing obligations.

Unrestricted net position in the business-type activities section decreased after transfers out to accelerate legacy cost funding. Unrestricted net position in the governmental activities section increased primarily because of transfers received to accelerate legacy cost funding.

Management's Discussion and Analysis

	Changes in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues						
Program revenue:						
Charges for services	\$ 6,029,244	\$ 6,256,439	\$ 972,487	\$ 1,220,317	\$ 7,001,731	\$ 7,476,756
Operating grants and contributions	3,225,342	5,272,392	-	-	3,225,342	5,272,392
General revenues:						
Property taxes	14,265,541	14,046,226	-	-	14,265,541	14,046,226
State Revenue Sharing	1,364,176	417,292	-	-	1,364,176	417,292
Investment earnings	84,315	128,828	156,433	7,578	240,748	136,406
911 Surcharge	2,147,729	2,172,903	-	-	2,147,729	2,172,903
Total revenues	27,116,347	28,294,080	1,128,920	1,227,895	28,245,267	29,521,975
Expenses						
General government	9,807,995	9,549,256	-	-	9,807,995	9,549,256
Public safety	9,368,830	9,759,311	-	-	9,368,830	9,759,311
Public works	482,785	426,289	-	-	482,785	426,289
Health and welfare	2,591,799	2,895,219	-	-	2,591,799	2,895,219
Community and Economic Development	451,839	1,169,611	-	-	451,839	1,169,611
Recreation and cultural	513,838	490,279	-	-	513,838	490,279
Other	347,132	379,240	-	-	347,132	379,240
Interest on long-term debt	201,686	232,129	-	-	201,686	232,129
Delinquent tax collection and other business-type activities	-	-	398,273	369,830	398,273	369,830
Total expenses	23,765,904	24,901,334	398,273	369,830	24,164,177	25,271,164
Change in net position before transfers	3,350,443	3,392,746	730,647	858,065	4,081,090	4,250,811
Transfers	2,441,615	2,441,615	(2,441,615)	(2,441,615)	-	-
Change in net position	5,792,058	5,834,361	(1,710,968)	(1,583,550)	4,081,090	4,250,811
Net position, beginning of year	65,671,921	59,837,560	14,495,846	16,079,396	80,167,767	75,916,956
Net position, end of year	\$71,463,979	\$65,671,921	\$12,784,878	\$14,495,846	\$84,248,857	\$ 80,167,767

Governmental Activities

The preceding table shows that the net position of governmental activities increased by approximately \$5.8 million or 8.8 percent during 2014, which is similar to the increase in the prior year. A decrease in total revenue and expenditures is due primarily to grant reductions.

Business-type Activities

Net position of the County's business-type activities decreased by approximately \$1.7 million in 2014. Program revenue was offset by transfers to accelerate legacy cost funding resulting in an overall decrease in net position.

Management's Discussion and Analysis

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 \$28.5 million. This represents an increase in comparison with the prior year.

Approximately \$9.1 million or 31.8 percent of total fund balance is classified as unassigned and available for spending at the government's discretion. Approximately \$1.5 million is assigned and approximately \$255,000 is considered nonspendable. The remaining \$17.7 million is made up of restricted funds and those committed for specific purposes by the Board of Commissioners.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, the total fund balance was approximately \$15.8 million, the unassigned fund balance of the General Fund was approximately \$9.1 million, an amount equal to 40.2 percent of total General Fund expenditures and transfers. This level of General Fund unassigned fund balance is on the high end of 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 Public Improvement Fund is used to address infrastructure needs by financing capital projects. The fund currently has a total fund balance of approximately \$5.7 million. The budget document contains a five year capital improvement plan listing all major projects, their costs, and their priority for implementation. Each year, funds are transferred into the Public Improvement Fund based on plan priorities.

The 911 Central Dispatch Fund has a total fund balance of approximately \$3 million. The fund accounts for the collection of the 911 telephone surcharges. The primary function of Central Dispatch is to handle emergency and non-emergency requests for police, fire, and medical service, determine the dispatch needed, and dispatch the appropriate personnel to the requested location. A healthy fund balance is necessary for cash flow purposes as well as major capital improvements, which are listed in the County's five-year capital improvement plan.

General Fund Budgetary Highlights

The original General Fund budget of \$21 million was revised to \$23.4 million in expenditures and transfers out; however, actual expenditures and transfers totaled only \$22.5 million or 3.7 percent under the revised budget. Actual revenues and transfers in came in at \$23.6 million or slightly higher than the revised budget.

Management's Discussion and Analysis

Capital Asset and Debt Administration

Capital assets. As of December 31, 2014, the County's investment in capital assets, net of accumulated depreciation, totaled approximately \$31.1 million for its governmental and business type activities. This investment in capital assets includes land and improvements, buildings and improvements, construction in progress, vehicles, machinery and equipment.

	Capital Assets (net of depreciation)	
	Primary Government	
	2014	2013
Land and land improvements	\$ 3,116,074	\$ 3,116,074
Buildings and improvements	22,941,130	22,691,807
Furniture, fixtures, and equipment	4,391,870	4,262,945
Vehicles	604,461	562,547
Construction in progress	-	1,340,245
Total	<u>\$31,053,535</u>	<u>\$31,973,618</u>

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

Long-term debt. At the end of the current fiscal year, the County Primary Government and its Drain Commission and Department of Public Works component units had total general obligation bonds outstanding of \$7,741,250 (This amount does not include the debt of the separately audited Road Commission component unit). All of the bonds are backed by the County's full faith and credit.

Clinton County's Bond Indebtedness

	Primary Government		Drainage District and DPW Component Units		Total	
	2014	2013	2014	2013	2014	2013
General obligations bonds	\$ 5,065,000	\$ 5,900,000	\$ 2,676,250	\$ 2,645,250	<u>\$ 7,741,250</u>	<u>\$ 8,545,250</u>

The net decrease in the County's total general obligation bonded debt was approximately \$804,000 or 9 percent during the current fiscal year. The County does not intend to issue any bonds in the near future.

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

Additionally, the Clinton County Drainage District has long-term notes payable totaling \$548,900 at December 31, 2014 for which the County has pledged its full faith and credit. The balance on these notes payable increased by \$156,367 or 40 percent. The County (primary government) also has accrued compensated absences at December 31, 2014 of \$1,109,076.

The County's outstanding general obligation debt is well within its current debt limitation of \$301,605,153 (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.

Management's Discussion and Analysis

Economic Factors and Next Year's Budgets and Rates

The following factors were considered in preparing the County's budget for the 2015 fiscal year:

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

Highlights of the 2015 budget are as follows:

Major Capital Improvements totaling \$2,307,810
Ordinary Capital Improvements totaling \$313,800
Continuation of the personnel hiring freeze
General fund contingency of 1.5%

Requests for Information

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

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

BASIC FINANCIAL STATEMENTS

CLINTON COUNTY, MICHIGAN

Statement of Net Position

December 31, 2014

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 9,245,415	\$ 3,635,396	\$ 12,880,811	\$ 2,298,808
Investments	26,180,327	6,821,098	33,001,425	2,375,323
Receivables	1,384,027	2,225,446	3,609,473	2,606,114
Due from other governmental units	1,088,419	-	1,088,419	1,758,306
Internal balances	512	(512)	-	-
Inventory	6,568	4,312	10,880	814,987
Lease receivable	-	-	-	1,213,827
Net pension and other postemployment benefits asset	10,781,866	-	10,781,866	-
Advance to component unit	130,000	-	130,000	-
Advance to governmental activities	-	66,558	66,558	-
Capital assets, net:				
Capital assets not being depreciated	3,116,074	-	3,116,074	8,652,968
Capital assets being depreciated	27,884,410	53,051	27,937,461	70,091,277
Total assets	79,817,618	12,805,349	92,622,967	89,811,610
Liabilities				
Accounts payable	1,546,726	10,145	1,556,871	163,406
Accrued liabilities	564,195	7,910	572,105	217,544
Due to other governmental units	-	-	-	(29,282)
Deposits payable	4,500	-	4,500	-
Advance from primary government	-	-	-	130,000
Advances from State	-	-	-	204,277
Advances from business-type activities	66,558	-	66,558	-
Net other postemployment benefit obligation	-	-	-	2,150,088
Long-term liabilities:				
Due within one year	1,577,443	2,416	1,579,859	862,461
Due in more than one year	4,594,217	-	4,594,217	2,967,801
Total liabilities	8,353,639	20,471	8,374,110	6,666,295

continued...

CLINTON COUNTY, MICHIGAN

Statement of Net Position December 31, 2014

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Net position				
Net investment in capital assets	\$ 25,935,484	\$ 53,051	\$ 25,988,535	\$ 76,719,095
Restricted for:				
Public safety	3,132,945	-	3,132,945	-
Debt service	1,111,584	-	1,111,584	486,650
Employee benefits	4,251,186	-	4,251,186	-
Child care	1,678,890	-	1,678,890	-
Other purposes	818,098	-	818,098	5,939,570
Unrestricted	34,535,792	12,731,827	47,267,619	-
Total net position	\$ 71,463,979	\$ 12,784,878	\$ 84,248,857	\$ 83,145,315

Concluded

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

CLINTON COUNTY, MICHIGAN

Statement of Activities

For the Year Ended December 31, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities:					
General government	\$ 9,807,995	\$ 3,707,584	\$ 1,942,180	\$ -	\$ (4,158,231)
Public safety	9,368,830	1,811,623	230,198	-	(7,327,009)
Public works	482,785	445,239	61	-	(37,485)
Health and welfare	2,591,799	25,445	752,033	-	(1,814,321)
Community and economic development	451,839	25,948	173,494	-	(252,397)
Recreation and cultural	513,838	13,405	124,256	-	(376,177)
Other	347,132	-	3,120	-	(344,012)
Interest on long-term debt	201,686	-	-	-	(201,686)
Total governmental activities	23,765,904	6,029,244	3,225,342	-	(14,511,318)
Business-type activities:					
Delinquent tax	26,220	478,228	-	-	452,008
Other	372,053	494,259	-	-	122,206
Total business-type activities	398,273	972,487	-	-	574,214
Total primary government	\$ 24,164,177	\$ 7,001,731	\$ 3,225,342	\$ -	\$ (13,937,104)
Component units					
Drainage Districts	\$ 1,758,553	\$ 103,467	\$ -	\$ 1,974,632	\$ 319,546
Department of Public Works	68,616	-	68,616	-	-
Road Commission	11,377,581	1,037,925	6,277,655	6,413,845	2,351,844
Total component units	\$ 13,204,750	\$ 1,141,392	\$ 6,346,271	\$ 8,388,477	\$ 2,671,390

continued...

CLINTON COUNTY, MICHIGAN

Statement of Activities (Concluded) For the Year Ended December 31, 2014

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Changes in net position				
Net revenue (expense)	\$ (14,511,318)	\$ 574,214	\$ (13,937,104)	\$ 2,671,390
General revenues:				
Property taxes	14,265,541	-	14,265,541	-
State shared revenue	1,364,176	-	1,364,176	-
Investment earnings	84,315	156,433	240,748	6,854
911 Surcharge	2,147,729	-	2,147,729	-
Gain on disposal of capital assets	-	-	-	73,799
Transfers - internal activities	2,441,615	(2,441,615)	-	-
Total general revenues and transfers	20,303,376	(2,285,182)	18,018,194	80,653
Change in net position	5,792,058	(1,710,968)	4,081,090	2,752,043
Net position, beginning of year	65,671,921	14,495,846	80,167,767	80,393,272
Net position, end of year	\$ 71,463,979	\$ 12,784,878	\$ 84,248,857	\$ 83,145,315

Concluded

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

CLINTON COUNTY, MICHIGAN

Balance Sheet

Governmental Funds

December 31, 2014

	General Fund	Public Improvement	911 Central Dispatch	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ -	\$ 519,120	\$ 648,315	\$ 3,088,368	\$ 4,255,803
Investments	20,445,211	-	2,016,191	877,801	23,339,203
Receivables:					
Taxes:					
Current	823,182	-	-	-	823,182
Delinquent	30,383	-	-	-	30,383
Accounts	3,186	-	439,387	31,593	474,166
Interest	48,963	-	2,724	1,853	53,540
Due from other governments	638,819	132,663	57,481	259,456	1,088,419
Due from other funds	2,239	5,044,612	-	-	5,046,851
Advance to other funds	125,000	-	-	-	125,000
Advance to component unit	130,000	-	-	-	130,000
Total assets	\$ 22,246,983	\$ 5,696,395	\$ 3,164,098	\$ 4,259,071	\$ 35,366,547
Liabilities					
Accounts payable	\$ 316,420	\$ 45,024	\$ 2,406	\$ 68,817	\$ 432,667
Accrued liabilities	441,275	-	38,825	41,199	521,299
Deposits payable	-	-	4,500	-	4,500
Due to other funds	5,124,204	-	4,963	5,798	5,134,965
Advance from other funds	-	-	66,558	90,000	156,558
Total liabilities	5,881,899	45,024	117,252	205,814	6,249,989
Deferred inflows of resources					
Unavailable revenue - property taxes	605,825	-	-	-	605,825
Fund balances					
Nonspendable	255,000	-	-	-	255,000
Restricted	-	-	3,046,846	3,726,214	6,773,060
Committed	6,448,448	4,493,434	-	-	10,941,882
Assigned	-	1,157,937	-	327,043	1,484,980
Unassigned	9,055,811	-	-	-	9,055,811
Total fund balances	15,759,259	5,651,371	3,046,846	4,053,257	28,510,733
Total liabilities, deferred inflows of resources and fund balances	\$ 22,246,983	\$ 5,696,395	\$ 3,164,098	\$ 4,259,071	\$ 35,366,547

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

CLINTON COUNTY, MICHIGAN

Reconciliation

Fund Balances for Governmental Funds
To Net Position of Governmental Activities
December 31, 2014

Fund balances - total governmental funds \$ 28,510,733

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

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

Capital assets not being depreciated	3,116,074
Capital assets being depreciated, net	27,884,410

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

Net pension and other postemployment benefits asset	10,781,866
Unavailable revenue - property taxes	605,825

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 position of governmental activities accounted for in internal service funds	7,703,946
Net capital assets of internal service funds included in total capital assets above	(969,572)
Compensated absences of internal service funds included in total compensated absences below	33,900

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	(5,065,000)
Accrued interest payable	(31,543)
Compensated absences	(1,106,660)

Net position of governmental activities \$ 71,463,979

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

CLINTON COUNTY, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended December 31, 2014

	General Fund	Public Improvement	911 Central Dispatch	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 14,277,413	\$ -	\$ -	\$ -	\$ 14,277,413
Licenses and permits	184,724	-	-	-	184,724
Intergovernmental	2,741,454	121,052	-	1,266,527	4,129,033
Charges for services	4,289,919	-	2,157,329	541,074	6,988,322
Fines and forfeitures	-	-	-	17,760	17,760
Interest and rents	82,754	-	7,270	3,913	93,937
Other	1,370,158	30,000	18,312	6,169	1,424,639
Total revenues	22,946,422	151,052	2,182,911	1,835,443	27,115,828
Expenditures					
Current:					
General government	7,836,662	-	-	1,054,204	8,890,866
Public safety	7,151,943	-	1,559,409	42,091	8,753,443
Public works	58,242	-	-	317,751	375,993
Health and welfare	1,009,621	-	-	1,495,324	2,504,945
Community and economic development	453,201	-	-	-	453,201
Recreation and cultural	133,229	-	-	3,117	136,346
Other	347,132	-	-	-	347,132
Capital outlay	-	961,584	-	-	961,584
Debt service:					
Principal	-	-	-	835,000	835,000
Interest	-	-	-	206,765	206,765
Total expenditures	16,990,030	961,584	1,559,409	3,954,252	23,465,275
Revenue over (under) expenditures	5,956,392	(810,532)	623,502	(2,118,809)	3,650,553
Other financing sources (uses)					
Transfers in	668,433	2,735,240	-	2,414,732	5,818,405
Transfers out	(5,523,365)	-	-	(668,433)	(6,191,798)
Total other financing sources (uses)	(4,854,932)	2,735,240	-	1,746,299	(373,393)
Net change in fund balances	1,101,460	1,924,708	623,502	(372,510)	3,277,160
Fund balances, beginning of year	14,657,799	3,726,663	2,423,344	4,425,767	25,233,573
Fund balances, end of year	\$ 15,759,259	\$ 5,651,371	\$ 3,046,846	\$ 4,053,257	\$ 28,510,733

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

CLINTON COUNTY, MICHIGAN

Reconciliation

Net Changes in Fund Balances of Governmental Funds
To Change in Net Position of Governmental Activities
For the Year Ended December 31, 2014

Net change in fund balances - total governmental funds	\$ 3,277,160
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay	631,995
Depreciation expense	(1,553,009)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but rather are deferred to the following fiscal year.	
Change in unavailable revenue - property taxes	(13,130)
Pension and OPEB contributions are reported as expenditures in governmental funds, but additional contributions increase the net pension asset and other postemployment benefits asset in the statement of net position.	
Change in net pension asset	4,665,829
Change in net other postemployment benefits asset	342,090
Repayment of long-term debt and borrowing of long-term debt is reported as expenditures and other financing sources in governmental funds, but the repayment reduces long-term liabilities and the borrowings increase long-term liabilities in the statement of net position.	
Bond principal retirements	835,000
Internal service funds are used by management to charge the costs of certain activities to individual funds.	
Change in net position of internal service funds	(2,367,288)
Capital assets transactions of internal service funds included in the total above	(338,498)
Depreciation expense of internal service funds included in the total above	270,360
Change in accrued compensated absences of internal service funds included in the total below	4,251
Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:	
Change in accrued interest payable	5,079
Change in accrued compensated absences	32,219
Change in net position of governmental activities	<u>\$ 5,792,058</u>

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

CLINTON COUNTY, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund

For the Year Ended December 31, 2014

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 13,948,635	\$ 14,118,635	\$ 14,277,413	\$ 158,778
Licenses and permits	152,000	172,000	184,724	12,724
Intergovernmental	1,406,974	2,718,834	2,741,454	22,620
Charges for services	3,194,380	4,236,380	4,289,919	53,539
Interest and rents	82,100	82,100	82,754	654
Other	922,992	1,370,471	1,370,158	(313)
Total revenues	19,707,081	22,698,420	22,946,422	248,002
Expenditures				
Current:				
General government	8,091,640	8,303,648	7,836,662	(466,986)
Public safety	7,100,101	7,246,480	7,151,943	(94,537)
Public works	61,600	61,600	58,242	(3,358)
Health and welfare	1,016,576	1,035,419	1,009,621	(25,798)
Community and economic development	435,413	528,931	453,201	(75,730)
Recreation and cultural	135,128	138,929	133,229	(5,700)
Other	717,265	528,481	347,132	(181,349)
Total expenditures	17,557,723	17,843,488	16,990,030	(853,458)
Revenue over (under) expenditures	2,149,358	4,854,932	5,956,392	1,101,460
Other financing sources (uses)				
Transfers in	800,000	668,433	668,433	-
Transfers out	(3,455,358)	(5,523,365)	(5,523,365)	-
Total other financing sources (uses)	(2,655,358)	(4,854,932)	(4,854,932)	-
Net change in fund balance	(506,000)	-	1,101,460	1,101,460
Fund balance, beginning of year	14,657,799	14,657,799	14,657,799	-
Fund balance, end of year	\$ 14,151,799	\$ 14,657,799	\$ 15,759,259	\$ 1,101,460

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

CLINTON COUNTY, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual - Public Improvement Fund For the Year Ended December 31, 2014

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental - Federal/State	\$ -	\$ 121,052	\$ 121,052	\$ -
Other	-	-	30,000	30,000
Total revenues	-	121,052	151,052	30,000
Expenditures				
Capital outlay	112,600	1,109,521	961,584	(147,937)
Revenue over (under) expenditures	(112,600)	(988,469)	(810,532)	177,937
Other financing sources				
Transfers in	735,240	2,735,240	2,735,240	-
Net change in fund balance	622,640	1,746,771	1,924,708	177,937
Fund balance, beginning of year	3,726,663	3,726,663	3,726,663	-
Fund balance, end of year	\$ 4,349,303	\$ 5,473,434	\$ 5,651,371	\$ 177,937

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

CLINTON COUNTY, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual - 911 Central Dispatch For the Year Ended December 31, 2014

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Charges for services	\$ 2,108,600	\$ 2,108,600	\$ 2,157,329	\$ 48,729
Interest and rents	2,500	2,500	7,270	4,770
Other	14,500	14,500	18,312	3,812
Total revenues	2,125,600	2,125,600	2,182,911	57,311
Expenditures				
Public Safety	1,681,688	1,804,733	1,559,409	(245,324)
Net change in fund balances	443,912	320,867	623,502	302,635
Fund balance, beginning of year	2,423,344	2,423,344	2,423,344	-
Fund balance, end of year	\$ 2,867,256	\$ 2,744,211	\$ 3,046,846	\$ 302,635

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

CLINTON COUNTY, MICHIGAN

Statement of Net Position

Proprietary Funds

December 31, 2014

	Business-type Activities			Governmental Activities
	Delinquent Tax Revolving	Nonmajor Enterprise Funds	Total	Internal Service Funds
Assets				
Cash and cash equivalents	\$ 2,844,068	\$ 791,328	\$ 3,635,396	\$ 4,989,612
Investments	6,821,098	-	6,821,098	2,841,124
Accounts receivable	1,446	10,943	12,389	-
Interest receivable	14,522	-	14,522	2,756
Delinquent taxes receivable	2,198,535	-	2,198,535	-
Inventory	-	4,312	4,312	6,568
Due from other funds	-	-	-	92,731
Advances to other funds	66,558	-	66,558	-
Capital assets, being depreciated	8,453	44,598	53,051	969,572
Total assets	11,954,680	851,181	12,805,861	8,902,363
Liabilities				
Accounts payable	5,039	5,106	10,145	1,114,059
Accrued liabilities	241	10,085	10,326	45,253
Advances from other funds	-	-	-	35,000
Due to other funds	-	512	512	4,105
Total liabilities	5,280	15,703	20,983	1,198,417
Net position				
Net investment in capital assets	8,453	44,598	53,051	969,572
Restricted for employee benefits	-	-	-	4,251,186
Unrestricted	11,940,947	790,880	12,731,827	2,483,188
Total net position	\$ 11,949,400	\$ 835,478	\$ 12,784,878	\$ 7,703,946

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

CLINTON COUNTY, MICHIGAN

Statement of Revenues, Expenses, and Changes in Fund Net Position Proprietary Funds For the Year Ended December 31, 2014

	Business-type Activities			Governmental Activities
	Delinquent Tax Revolving	Nonmajor Enterprise Funds	Total	Internal Service Funds
Operating revenues				
Interest and penalties on delinquent taxes	\$ 478,228	\$ -	\$ 478,228	\$ -
Charges for services	-	350,744	350,744	3,728,504
Sales	-	133,891	133,891	-
Rent	-	8,425	8,425	-
Other	-	1,199	1,199	220,306
Total operating revenues	478,228	494,259	972,487	3,948,810
Operating expenses				
Personnel services and fringes	-	108,698	108,698	8,402,144
Supplies	9,419	152,603	162,022	64,415
Contracted services	4,653	55,401	60,054	79,975
Depreciation	3,519	5,464	8,983	270,360
Other	8,629	49,887	58,516	327,189
Total operating expenses	26,220	372,053	398,273	9,144,083
Operating income (loss)	452,008	122,206	574,214	(5,195,273)
Nonoperating revenues				
Interest revenue	156,433	-	156,433	13,649
Gain (loss) on sale of capital assets	-	-	-	(672)
Total nonoperating revenues	156,433	-	156,433	12,977
Income (loss) before transfers	608,441	122,206	730,647	(5,182,296)
Transfers				
Transfers in	-	16,710	16,710	2,815,008
Transfers out	(2,458,325)	-	(2,458,325)	-
Total transfers	(2,458,325)	16,710	(2,441,615)	2,815,008
Change in net position	(1,849,884)	138,916	(1,710,968)	(2,367,288)
Net position, beginning of year	13,799,284	696,562	14,495,846	10,071,234
Net position, end of year	\$ 11,949,400	\$ 835,478	\$ 12,784,878	\$ 7,703,946

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, 2014

	Business-type Activities			Governmental Activities
	Delinquent Tax Revolving	Nonmajor Enterprise Funds	Total	Internal Service Funds
Cash flows from operating activities				
Receipts from customers and users	\$ 964,094	\$ 504,884	\$ 1,468,978	\$ 3,957,965
Payments to vendors	(27,012)	(263,373)	(290,385)	(407,740)
Payment for personnel services and fringes	-	(110,998)	(110,998)	(7,717,005)
Net cash provided by (used in) operating activities	<u>937,082</u>	<u>130,513</u>	<u>1,067,595</u>	<u>(4,166,780)</u>
Cash flows from capital and related financing activities				
Proceeds from sale of capital assets	-	-	-	17,090
Capital asset purchases	(4,934)	(22,742)	(27,676)	(338,498)
Net cash provided (used) by capital and related financing activities	<u>(4,934)</u>	<u>(22,742)</u>	<u>(27,676)</u>	<u>(321,408)</u>
Cash flows from noncapital financing activities				
Transfers in	-	16,710	16,710	2,815,008
Transfers out	(2,458,325)	-	(2,458,325)	-
Net cash provided (used) by noncapital financing activities	<u>(2,458,325)</u>	<u>16,710</u>	<u>(2,441,615)</u>	<u>2,815,008</u>
Cash flows from investing activities				
Purchase of investments	(6,821,098)	-	(6,821,098)	(2,841,124)
Sale and maturity of investments	3,820,088	-	3,820,088	3,399,471
Interest revenue	156,433	-	156,433	13,649
Net cash provided by (used in) investing activities	<u>(2,844,577)</u>	<u>-</u>	<u>(2,844,577)</u>	<u>571,996</u>
Net increase (decrease) in cash	(4,370,754)	124,481	(4,246,273)	(1,101,184)
Cash and cash equivalents, beginning of year	<u>7,214,822</u>	<u>666,847</u>	<u>7,881,669</u>	<u>6,090,796</u>
Cash and cash equivalents, end of year	<u>\$ 2,844,068</u>	<u>\$ 791,328</u>	<u>\$ 3,635,396</u>	<u>\$ 4,989,612</u>

Continued...

CLINTON COUNTY, MICHIGAN

Statement of Cash Flows (Concluded) Proprietary Funds For the Year Ended December 31, 2014

	Business-type Activities			Governmental Activities
	Delinquent Tax Revolving	Nonmajor Enterprise Funds	Total	Internal Service Funds
Operating income (loss)	\$ 452,008	\$ 122,206	\$ 574,214	\$ (5,195,273)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	3,519	5,464	8,983	270,360
Change in:				
Accounts receivable	420,611	10,628	431,239	10,627
Inventory	-	(1,481)	(1,481)	8,010
Due from other funds	-	-	-	(1,472)
Advance to other funds	65,255	-	65,255	-
Accounts payable	(4,271)	(3,851)	(8,122)	736,383
Accrued liabilities	(40)	(2,450)	(2,490)	4,655
Due to other funds	-	(3)	(3)	(70)
Net cash provided by (used in) operating activities	<u>\$ 937,082</u>	<u>\$ 130,513</u>	<u>\$ 1,067,595</u>	<u>\$ (4,166,780)</u>

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

CLINTON COUNTY, MICHIGAN

Statement of Net Position Fiduciary Funds December 31, 2014

	Post Employment Healthcare	Agency Funds
Assets		
Cash and cash equivalents	\$ 643,145	\$ 752,339
Investments - mutual funds	10,224,095	-
Total assets	<u>10,867,240</u>	<u>\$ 752,339</u>
Liabilities		
Undistributed collections payable	-	\$ 23,335
Due to other governmental units:		
Federal/State	-	274,915
Local	-	224,617
Due to individuals and agencies	-	229,472
Total liabilities	<u>-</u>	<u>\$ 752,339</u>
Net position		
Restricted for other postemployment benefits	<u>\$ 10,867,240</u>	

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

CLINTON COUNTY, MICHIGAN

Statement of Changes in Net Position Fiduciary Fund For the Year Ended December 31, 2014

	Post Employment Healthcare
Additions	
Contributions:	
Employer portion	\$ 568,956
Employee portion	143,719
Net increase in fair value of investments	<u>502,274</u>
Total additions	1,214,949
Deductions	
Retiree benefits	<u>429,726</u>
Change in net position	785,223
Net position, beginning of year	<u>10,082,017</u>
Net position, end of year	<u><u>\$ 10,867,240</u></u>

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

CLINTON COUNTY, MICHIGAN

Statement of Net Position

Component Units
December 31, 2014

	Drainage Districts	Department of Public Works	Road Commission	Total Component Units
Assets				
Cash and cash equivalents	\$ 942,617	\$ -	\$ 1,356,191	\$ 2,298,808
Investments	1,000,000	-	1,375,323	2,375,323
Accrued interest receivable	1,303	-	-	1,303
Accounts receivable	8,564	-	10,572	19,136
Due from other governmental units	-	-	1,758,306	1,758,306
Special assessments receivable	2,585,675	-	-	2,585,675
Inventory	-	-	814,987	814,987
Lease receivable	-	1,213,827	-	1,213,827
Capital assets, net:				
Assets not being depreciated	714,271	-	7,938,697	8,652,968
Assets being depreciated	20,317,863	-	49,773,414	70,091,277
Total assets	25,570,293	1,213,827	63,027,490	89,811,610
Liabilities				
Accounts payable	56,942	-	106,464	163,406
Accrued liabilities	12,248	-	173,634	185,882
Accrued interest payable	17,835	13,827	-	31,662
Due to other governmental units	-	-	(29,282)	(29,282)
Advances from primary government	130,000	-	-	130,000
Advances from State	-	-	204,277	204,277
Net other postemployment benefits obligation	-	-	2,150,088	2,150,088
Long-term liabilities:				
Due within one year	372,483	260,000	229,978	862,461
Due in more than one year	1,652,667	940,000	375,134	2,967,801
Total liabilities	2,242,175	1,213,827	3,210,293	6,666,295
Net position				
Net investment in capital assets	19,006,984	-	57,712,111	76,719,095
Restricted for:				
Other purpose	3,834,484	-	2,105,086	5,939,570
Debt service	486,650	-	-	486,650
Total net position	\$ 23,328,118	\$ -	\$ 59,817,197	\$ 83,145,315

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, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Component units					
Drainage districts	\$ 1,758,553	\$ 103,467	\$ -	\$ 1,974,632	\$ 319,546
Department of public works	68,616	-	68,616	-	-
Road commission	11,377,581	1,037,925	6,277,655	6,413,845	2,351,844
Total component units	13,204,750	1,141,392	6,346,271	8,388,477	2,671,390

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, 2014

	Component Units			
	Drainage Districts	Department of Public Works	Road Commission	Total
Changes in net position				
Net revenue (expense)	\$ 319,546	\$ -	\$ 2,351,844	\$ 2,671,390
General revenues:				
Investment earnings	6,854	-	-	6,854
Gain on disposal of capital assets	-	-	73,799	73,799
Total general revenues	6,854	-	73,799	80,653
Change in net position	326,400	-	2,425,643	2,752,043
Net position, beginning of year	23,001,718	-	57,391,554	80,393,272
Net position, end of year	\$ 23,328,118	\$ -	\$ 59,817,197	\$ 83,145,315

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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, 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, 2014, the County contributed \$391,015 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, 2014, are available at the Department's administrative offices. As of September 30, 2014, the Department had total net position of \$1,536,775.

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 City of Lansing, and the Michigan Department of Transportation. Also included by right are the County Road Commissions and Transit Authorities, making a total of nineteen (19) voting members.

The Commission must adopt a proposed budget at its February meeting and submit the same to the Board of Commissioners of the three (3) Counties it serves and to the Lansing City Council with its request for allocation of funds. Each government unit contributes an equal share of the total annual budget. For the year ended December 31, 2014, the County's contribution to the Commission was \$62,976.

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, 2014, the County's contribution to the Tri-county Office on Aging was \$42,558.

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, 2014, the County's contribution to the Tri-county Community Mental Health was \$243,989.

CMHA-CEI Substance Abuse - Clinton County, in conjunction with nine (9) other Counties, has entered into an agreement that created the CMHA-CEI Substance Abuse, previously 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 CMHA-CEI Substance Abuse were to need additional operating funds, the County would be responsible to contribute a portion based on the percentage of Board membership (currently 6%). As of October 1, 2014, the County entered into an agreement that created Mid-State Health Network (MSHN) replacing the CMHA-CEI Substance Abuse. For the year ended December 31, 2014, the County passed through \$224,689 and was not required to make any additional appropriation.

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

Government - Wide and Fund Financial Statements

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

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

The major governmental funds of the County are:

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

The *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. This fund 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.

Additionally, the County reports the following fund types:

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

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

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

Permanent funds account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the government's programs.

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

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

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

The *Other Postemployment Healthcare Trust Funds* account for activities of the retiree health trust, which accumulate resources for other postemployment benefit payments to qualified employees.

Agency funds are custodial in nature and do not present results of operations or have a measurement focus. These funds are used to account for assets held for other governments in an agency capacity, including tax collections.

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

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

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

Assets, Liabilities, Deferred Inflows of Resources and Net Position or Equity

Cash and Cash Equivalents

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

Investments

Investments during the year consisted of certificates of deposit 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.

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

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 accrued interest payable has been recorded as a lease receivable.

Advances

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

Capital Assets

Primary Government and Component Units (except Road Commission)

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

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

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

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

Component Unit - Road Commission

Capital assets, which include property, plant, equipment, and infrastructure assets (i.e., roads, bridges and traffic signals), 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 except for schedule 'C' equipment which has no minimal cost. 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.

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

	Years
Buildings	25-50 years
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.

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

Long-Term Obligations

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

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

Deferred inflows of resources

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

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, 2014, including related payroll taxes, are recorded in the government-wide financial statements and in proprietary-type funds.

Fund Balance

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

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

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

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.
- 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's pooled cash accounts consist of a common checking accounts.

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 units (with the exception of the Road Commission, which is separately maintained). Each fund's portion of these pooled accounts is included in the cash and cash equivalents caption on the applicable balance sheet or statement of net position.

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.

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

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

	Primary Government	Component Units	Totals
Statement of Net Position			
Cash and cash equivalents	\$ 12,880,811	\$ 2,298,808	\$ 15,179,619
Investments	33,001,425	2,375,323	35,376,748
Statement of Fiduciary Net Position			
Postemployment healthcare fund:			
Cash and cash equivalents	643,145	-	643,145
Investments	10,224,095	-	10,224,095
Agency funds:			
Cash and cash equivalents	752,339	-	752,339
Total	\$ 57,501,815	\$ 4,674,131	\$ 62,175,946
Deposits and investments			
Bank deposits (checking and savings accounts)			\$ 15,423,962
Certificates of deposit:			
Due within one year (original duration)			28,087,191
Due within one to five years (original duration)			4,900,826
Total Certificates of Deposit			32,988,017
Investments:			
U.S. agencies			798,612
Commercial paper			1,050,923
Municipal bonds			1,039,942
Mutual funds			10,224,095
Money market accounts			643,145
Total investments			13,756,717
Cash on hand			7,250
Total			\$ 62,175,946

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

	Total Fair Value	Investment Maturities (in Years)			Ratings
		No Maturity	Less Than 1	1 -5	Standard & Poor's
U.S. Agencies	\$ 798,612	\$ -	\$ -	\$ 798,612	AAA
Commercial Paper	1,050,923	-	1,050,923	-	A1P1
Municipal Bonds	931,350	-	-	931,350	AA-
Municipal Bonds	108,592	-	-	108,592	Aa2
Mutual funds	10,224,095	10,224,095	-	-	N/A
Rated money market funds	643,145	643,145	-	-	A
Total	\$ 13,756,717	\$ 10,867,240	\$ 1,050,923	\$ 1,838,554	

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.

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

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 \$27,102,065 of the County's bank balance of \$48,847,514 was exposed to custodial credit risk because it was uninsured and uncollateralized.

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

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

4. RECEIVABLES

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

	Governmental Activities	Business-type Activities	Component Units
Taxes	\$ 853,565	\$ 2,198,535	\$ -
Special assessments	-	-	2,585,675
Accounts	474,166	12,389	19,136
Interest	56,296	14,522	1,303
Total	<u>\$ 1,384,027</u>	<u>\$ 2,225,446</u>	<u>\$ 2,606,114</u>

The amount not expected to be collected in one year for governmental activities accounts receivable is \$120,557. The component units special assessments not expected to be collected in one year is \$1,792,783.

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, 2014, was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Governmental activities					
Capital assets, not being depreciated:					
Land and improvements	\$ 3,116,074	\$ -	\$ -	\$ -	\$ 3,116,074
Construction in progress	1,340,245	-	-	(1,340,245)	-
	<u>4,456,319</u>	<u>-</u>	<u>-</u>	<u>(1,340,245)</u>	<u>3,116,074</u>
Capital assets, being depreciated:					
Buildings and building improvements	32,129,102	1,856	-	1,062,293	33,193,251
Furniture, fixtures and equipment	9,936,326	422,751	(108,303)	277,952	10,528,726
Vehicles	1,261,410	207,388	(166,015)	-	1,302,783
	<u>43,326,838</u>	<u>631,995</u>	<u>(274,318)</u>	<u>1,340,245</u>	<u>45,024,760</u>
Less accumulated depreciation for:					
Buildings and building improvements	(9,437,295)	(814,826)	-	-	(10,252,121)
Furniture, fixtures and equipment	(5,707,739)	(567,729)	108,303	-	(6,167,165)
Vehicles	(698,863)	(170,454)	148,253	-	(721,064)
	<u>(15,843,897)</u>	<u>(1,553,009)</u>	<u>256,556</u>	<u>-</u>	<u>(17,140,350)</u>
Total capital assets being depreciated, net	<u>27,482,941</u>	<u>(921,014)</u>	<u>(17,762)</u>	<u>1,340,245</u>	<u>27,884,410</u>
Governmental activities capital assets, net	<u>\$ 31,939,260</u>	<u>\$ (921,014)</u>	<u>\$ (17,762)</u>	<u>\$ -</u>	<u>\$ 31,000,484</u>

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

	Beginning Balance	Additions	Disposals	Ending Balance
Business-type activities				
Capital assets being depreciated:				
Furniture, fixtures and equipment	\$ 79,227	\$ 4,934	\$ -	\$ 84,161
Vehicles	30,327	22,742	-	53,069
	<u>109,554</u>	<u>27,676</u>	<u>-</u>	<u>137,230</u>
Less accumulated depreciation for:				
Furniture, fixtures and equipment	(44,869)	(8,983)	-	(53,852)
Vehicles	(30,327)	-	-	(30,327)
	<u>(75,196)</u>	<u>(8,983)</u>	<u>-</u>	<u>(84,179)</u>
Total capital assets being depreciated, net	<u>34,358</u>	<u>18,693</u>	<u>-</u>	<u>53,051</u>
Business-type activities capital assets, net	<u>\$ 34,358</u>	<u>\$ 18,693</u>	<u>\$ -</u>	<u>\$ 53,051</u>

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

Depreciation of governmental activities by function

General government	\$ 490,031
Public safety	559,863
Health and welfare	90,264
Recreation and cultural	142,491
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>270,360</u>
	<u>\$ 1,553,009</u>

Depreciation of business-type activities by function

Delinquent tax	\$ 3,519
Other	<u>5,464</u>
	<u>\$ 8,983</u>

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

Discretely presented component units

Capital asset activity for the Drainage Districts component unit for the year ended December 31, 2014, was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Component Unit - Drainage District				
Capital assets, not being depreciated:				
Construction in progress	\$ -	\$ 714,271	\$ -	\$ 714,271
Capital assets, being depreciated:				
Infrastructure	25,868,092	548,103	(875,000)	25,541,195
Less accumulated depreciation for:				
Infrastructure	(5,000,797)	(336,285)	113,750	(5,223,332)
Total capital assets being depreciated, net	20,867,295	211,818	(761,250)	20,317,863
Drainage District capital assets, net	<u>\$ 20,867,295</u>	<u>\$ 926,089</u>	<u>\$ (761,250)</u>	<u>\$ 21,032,134</u>

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

Capital asset activity for the Road Commission component unit for the year ended December 31, 2014, was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Component Unit - Road Commission				
Capital assets, not being depreciated				
Land	\$ 283,750	\$ -	\$ -	283,750
Infrastructure				
Land/right-of-way	1,315,246	20,000	-	1,335,246
Land improvements	6,177,253	142,448	-	6,319,701
	<u>7,776,249</u>	<u>162,448</u>	<u>-</u>	<u>7,938,697</u>
Capital assets, being depreciated:				
Buildings	1,877,652	42,610	-	1,920,262
Road equipment	6,649,855	518,010	(364,402)	6,803,463
Shop equipment	160,858	3,565	-	164,423
Office equipment	142,899	20,384	-	163,283
Engineer's equipment	23,368	1,112	-	24,480
Yard equipment	70,155	-	-	70,155
Depletable assets	75,448	-	-	75,448
Infrastructure - bridges	31,258,698	772,816	-	32,031,514
Infrastructure - roads	51,451,950	3,795,835	(1,102,263)	54,145,522
Infrastructure - signals	1,099,805	334	(334)	1,099,805
	<u>92,810,688</u>	<u>5,154,666</u>	<u>(1,466,999)</u>	<u>96,498,355</u>
Less accumulated depreciation for:				
Buildings	(1,229,587)	(56,191)	-	(1,285,778)
Road equipment	(5,776,648)	(321,763)	358,899	(5,739,512)
Shop equipment	(110,202)	(9,981)	-	(120,183)
Office equipment	(124,127)	(8,045)	-	(132,172)
Engineer's equipment	(22,860)	(314)	-	(23,174)
Yard equipment	(31,927)	(6,250)	-	(38,177)
Depletable assets	(52,806)	-	-	(52,806)
Infrastructure - bridges	(14,877,172)	(499,297)	-	(15,376,469)
Infrastructure - roads	(21,856,873)	(2,794,427)	1,159,699	(23,491,601)
Infrastructure - signals	(391,855)	(73,214)	-	(465,069)
	<u>(44,474,057)</u>	<u>(3,769,482)</u>	<u>1,518,598</u>	<u>(46,724,941)</u>
Total capital assets				
being depreciated, net	<u>48,336,631</u>	<u>1,385,184</u>	<u>51,599</u>	<u>49,773,414</u>
Road Commission				
capital assets, net	<u>\$ 56,112,880</u>	<u>\$ 1,547,632</u>	<u>\$ 51,599</u>	<u>\$ 57,712,111</u>

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

6. INTERFUND RECEIVABLE, PAYABLES, AND TRANSFERS

The composition of interfund balances as of December 31, 2014, was as follows:

Due to and from primary government funds

	Due from Other Funds	Due to Other Funds
General fund	\$ 2,239	\$ 5,124,204
Public improvement fund	5,044,612	-
911 central dispatch fund	-	4,963
Nonmajor governmental funds	-	5,798
Nonmajor enterprise funds	-	512
Internal service funds	92,731	4,105
	<u>\$ 5,139,582</u>	<u>\$ 5,139,582</u>

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

Long-term advances as of December 31, 2014, are as follows:

Advance from general fund to:	
Nonmajor governmental funds	\$ 90,000
Internal service funds	<u>35,000</u>
Total advances from general fund	<u><u>\$ 125,000</u></u>
Advance from delinquent tax revolving fund to:	
911 central dispatch fund	<u><u>\$ 66,558</u></u>

The advances from the general fund to drainage districts of \$130,000 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 to finance equipment purchases.

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

Interfund transfers as of December 31, 2014, are as follows:

	Transfers out:			Total
	General Fund	Nonmajor Governmental Funds	Delinquent Tax Revolving Fund	
Transfers in:				
General fund	\$ -	\$ 668,433	\$ -	\$ 668,433
Public improvement fund	2,535,240	-	200,000	2,735,240
Nonmajor governmental funds	2,214,732	-	200,000	2,414,732
Nonmajor enterprise funds	16,710	-	-	16,710
Internal service funds	756,683	-	2,058,325	2,815,008
Total	\$ 5,523,365	\$ 668,433	\$ 2,458,325	\$ 8,650,123

Interfund transfers include transfer of unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds, in accordance with budgetary authorizations; and, transfer of revenues from the fund that is required to collect them to the fund that is required or allowed to expend them. The nonmajor governmental fund transfer out to the General Fund was for the revenue sharing payment. The Delinquent tax revolving fund transferred funds out to the internal service fund for additional contribution to pension; the transfer out to nonmajor governmental funds was for the courthouse debt payment; and lastly the transfer out to the public improvement fund was for capital equipment purchases.

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, 2014:

	Balance January 1, 2014	Additions	Deletions	Balance December 31, 2014	Due Within One Year
Primary Government					
Governmental Activities:					
Direct County obligations	\$ 5,900,000	\$ -	\$ (835,000)	\$ 5,065,000	\$ 865,000
Compensated absences	1,138,879	682,813	(715,032)	1,106,660	712,443
	<u>7,038,879</u>	<u>682,813</u>	<u>(1,550,032)</u>	<u>6,171,660</u>	<u>1,577,443</u>
Business-type Activities:					
Compensated absences	6,878	2,416	(6,878)	2,416	2,416
Total primary government	<u>7,045,757</u>	<u>685,229</u>	<u>(1,556,910)</u>	<u>6,174,076</u>	<u>1,579,859</u>
Component Units					
Department of Public Works:					
Water and sewer bonds	1,455,000	-	(255,000)	1,200,000	260,000
Drainage Districts:					
Drain bonds	1,190,250	530,000	(244,000)	1,476,250	284,000
Drain notes	392,533	382,000	(225,633)	548,900	88,483
Total drainage districts	<u>1,582,783</u>	<u>912,000</u>	<u>(469,633)</u>	<u>2,025,150</u>	<u>372,483</u>
Road Commission:					
Compensated absences	567,575	267,515	(229,978)	605,112	229,978
Total component units	<u>3,605,358</u>	<u>1,179,515</u>	<u>(954,611)</u>	<u>3,830,262</u>	<u>862,461</u>
Total reporting entity	<u>\$ 10,651,115</u>	<u>\$ 1,864,744</u>	<u>\$ (2,511,521)</u>	<u>\$ 10,004,338</u>	<u>\$ 2,442,320</u>

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

Primary Government

Direct County Obligations

The Clinton County Board of Commissioners is party to a long-term lease agreement for rental of the Courthouse from the Clinton County Building Authority. This lease agreement stipulates 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 building, the rental will cease, title to the building will be transferred to the County, and any cash balances remaining with the Building Authority will be returned to the County.

Bonds payable at December 31, 2014, are as follows:

\$7,060,000 2006 Building Authority Refunding Bonds, dated March 14, 2006, due in annual installments ranging from \$595,000 to \$830,000 through May 1, 2019, with interest ranging from 3.625 to 3.800 percent, payable semi-annually.	\$ 3,855,000
\$2,200,000 2006 Capital Improvement Bonds, dated April 6, 2006, due in annual installments ranging from \$105,000 to \$195,000 through May 1, 2021, with interest ranging from 3.5 percent to 4.0 percent, payable semi-annually.	<u>1,210,000</u>
Total Direct County Obligations	<u><u>\$ 5,065,000</u></u>

Advance Refunding

On March 14, 2006, the County issued general obligation bonds of \$7,060,000. Proceeds from this bond issue were used to advance refund a portion of the 1999 Building Authority Bonds. The refunded bonds mature as scheduled through 2019. The balance of the defeased debt outstanding at December 31, 2014, was \$4,995,000.

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 for governmental and business-type activities combined, amounted to \$616,323 and \$492,753 for vacation and sick, respectively, at December 31, 2014. Of the \$1,109,076 total liability, \$714,859 has been reported as a current liability and \$394,217 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 \$153,354, \$322,816, and \$128,942 for vacation, sick and longevity, respectively, at December 31, 2014. This amount, \$605,112, has been reported with long-term liabilities.

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, 2014, per respective construction projects serviced from the debt service funds of the Department of Public Works component unit are as follows:

\$450,000 Dewitt Township Water System Bonds dated July 25, 1995, due in annual installments ranging from \$10,000 to \$40,000 through May 1, 2015, with interest ranging from 5.0 to 7.0 percent, payable semi-annually.	\$ 40,000
\$3,055,000 Bingham Township Sanitary Sewage Project Bonds dated May 1, 1999, due in annual installment ranging from \$50,000 to \$160,000 through May 1, 2019 with interest of 4.0 to 5.0 percent, payable semi-annually.	800,000
\$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.	<u>360,000</u>
Total Indirect County Obligations - Water and Sewer Bonds	<u><u>\$ 1,200,000</u></u>

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 bond 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, 2014, there is no remaining defeased debt balance.

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, 2014, per respective Drain projects serviced from the Capital Projects Funds of the Component Unit Drainage Districts are as follows:

\$980,000 Edwards Drain Bonds dated May 1, 2004, due in annual installments ranging from \$50,000 to \$75,000 through June 1, 2019, with interest ranging from 2.75 to 4.70 percent, payable semi-annually. Amount represents the County's 77% portion.	\$ 288,750
\$540,000 Creekside Drain Bonds dated August 1, 2006, due in annual installments ranging from \$50,000 to \$55,000 through June 1, 2016, with interest of 4.25 percent, payable semi-annually.	110,000
\$410,000 Big Horn Drain Bonds dated October 1, 2012, due in annual installments of \$51,250 through June 1, 2020, with interest of 2.08 percent, payable annually.	307,500
\$320,000 Steel & Wallbridge Drain Bonds dated February 1, 2013, due in annual installments of \$80,000 through June 1, 2017, with interest of 1.03 percent, payable annually.	240,000

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

\$530,000 Park Lake Level Drain Bonds dated February 5, 2014, due in annual installments ranging from \$40,000 to \$45,000 through June 1, 2026, with interest of 3.39 percent, payable semi-annually. \$ 530,000

\$1,266,150 Various drain notes due in annual installments ranging from \$5,900 to \$127,000 and interest rates ranging from 2.27 to 5 percent through 2026. 548,900

Total Indirect County Obligations - Drain Bonds and Notes \$ 2,025,150

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

Year Ended December 31,	Primary Government	
	Principal	Interest
2015	\$ 865,000	\$ 175,400
2016	900,000	142,735
2017	935,000	108,485
2018	970,000	72,540
2019	1,010,000	34,770
2020 - 2021	<u>385,000</u>	<u>15,500</u>
	<u><u>\$ 5,065,000</u></u>	<u><u>\$ 549,430</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
2015	\$ 260,000	\$ 56,090	\$ 372,483	\$ 58,077
2016	220,000	43,555	372,483	46,896
2017	220,000	32,150	298,083	36,717
2018	220,000	20,715	202,083	28,658
2019	220,000	9,250	202,083	21,906
2020 - 2026	<u>60,000</u>	<u>1,755</u>	<u>577,935</u>	<u>55,397</u>
	<u><u>\$ 1,200,000</u></u>	<u><u>\$ 163,515</u></u>	<u><u>\$ 2,025,150</u></u>	<u><u>\$ 247,651</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 2014 employer rate ranges from a flat rate to 25.14% 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	\$ 1,369,986
Interest on net pension asset	(269,760)
Adjustment to annual required contribution	<u>227,968</u>
Net pension cost (expense)	1,328,194
Contributions made	<u>(5,994,023)</u>
Increase in net pension asset	(4,665,829)
Net pension (asset), beginning of year	<u>(3,372,003)</u>
Net pension (asset), end of year	<u>\$ (8,037,832)</u>

The annual required contribution was determined as part of an actuarial valuation of the plan as of December 31, 2012, 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 13.0% 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 16, 18, 20 or 26 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
2012	\$ 1,653,482	117%	\$ 1,497,875
2013	1,759,193	207%	3,372,003
2014	1,328,194	451%	8,037,832

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

Funded Status and Funding Progress. As of December 31, 2013, the most recent actuarial valuation date, the Plan was 84 percent funded. The actuarial liability for benefits was \$47,733,119, and the actuarial value of assets was \$40,229,008, resulting in an unfunded actuarial accrued liability (UAAL) of \$7,504,111. The covered payroll (annual payroll of active employees covered by the Plan) was \$7,759,910, and the ratio of the UAAL to the covered payroll was 97 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 and road union employees hired after January 1, 2010, are in a MERS Hybrid Retirement Plan with the Road Commission contributing 1.5% multiplier into 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 six year vesting requirement, a three year FAC, and is payable at age 60.

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. The general-union/AFL/CIO employees hired before January 1, 2011, administrative salary hired before January 1, 2007 and administrative hourly pension plans, have been closed to new hires. The Road Commission is charged a fixed amount for the actuarial determined rate for these employee groups. Based on the 2013 actuarial valuation, the 2014 rates for, administrative salary hired after January 1, 2007 (hybrid plan) and AFL/CIO employees hired after January 1, 2011 (hybrid plan) were 7.96% and 7.15% respectively. Each member is required to contribute 3% (AFL/CIO employees) or 5% (administrative employees) of his or her annual compensation. The Hybrid Plans do 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, 2014, the Road Commission's contributions totaled \$492,722 and the employee contributions totaled \$56,502. Payments were made in accordance with contribution requirements determined by an actuarial valuation of the plan as of December 31, 2013, and 3% employee share. The employer contribution rate has been determined based on the entry age normal funding method. Under this 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's 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 1.0% 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
2011	\$ 483,984	100%
2012	507,960	100%
2013	555,360	100%

Funded Status and Funding Progress. As of December 31, 2013, the most recent actuarial valuation date, the Plan was 67 percent funded. The actuarial liability for benefits was \$18,778,268, and the actuarial value of assets was \$112,561,810, resulting in an unfunded actuarial accrued liability (UAAL) of \$6,216,458. The covered payroll (annual payroll of active employees covered by the Plan) was \$2,024,974, and the ratio of the UAAL to the covered payroll was 307 percent. The road commission is separately audited and can be seen in the required supplementary information on their audited statements.

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, Prosecutors and Telecommunicators hired on or after January 1, 2008 and Command Officers hired on or after January 1, 2014 are 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, 2014, amounted to \$140,238 and employee contributions were \$32,136. The number of active participants in this plan is 48 members.

10. 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 \$498.24 per month for each eligible employee and out-of-area eligible employee under age 65, and \$314.00 per month for each eligible employee and out-of-area eligible employee age 65 or older.

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

Basis of accounting. The Trust's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the 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 Position as net appreciation or depreciation in the fair value of investments.

Funding policy. The Trust is being funded based on 202 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.

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

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 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 45. 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 of December 31, 2013 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	28 years
Actuarial assumptions:	
Investment rating return	7.0 percent
Projected salary increases*	4.3 percent to 17.0 percent
Cost-of-living adjustments	None

*Includes inflation at 4.0 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	\$ 280,766
Interest on net OPEB asset	(168,136)
Adjustment to annual required contribution	<u>114,236</u>
Annual OPEB cost	226,866
Contributions made	<u>(568,956)</u>
Increase in net OPEB asset	(342,090)
Net OPEB (asset), beginning of year	<u>(2,401,944)</u>
Net OPEB (asset), end of year	<u><u>\$ (2,744,034)</u></u>

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

Three-Year Trend Information			
Year Ended December 31,	Annual OPEB Cost (AOC)	Percentage of AOC Contributed	Net OPEB Asset
2012	\$ 539,500	196%	\$ 2,298,728
2013	592,705	117%	2,401,944
2014	226,866	251%	2,744,034

Funded Status and Funding Progress. As of December 31, 2013, the most recent actuarial valuation date, the Plan was 116 percent funded. The actuarial liability for benefits was \$8,718,993, and the value of assets was \$10,081,075, resulting in an overfunded position of \$(1,362,082).

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multi-year 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

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 McLaren Health Plan with the employer paying 81.1% of the deductible expense and co-insurance. For union retired employees and/or spouses over age 65, coverage includes a United Healthcare supplemental insurance with a \$500 deductible and \$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 81.1% of the deductible and co-insurance. For administrative retired employees and/or spouses over age 65, coverage includes a United Healthcare supplemental insurance with a \$500 deductible and \$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 2014, 64 retirees and/or spouses were eligible for benefits, and \$480,503 was recognized for postemployment 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 \$545,000 for contributions made to the Retiree Health Care Trust Fund.

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

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.

The obligation to provide benefits to employees was established by negotiation with collective bargaining units or other actions of the Clinton County Board of Road Commissioners. Per the actuarial valuation as of December 31, 2014 there were 46 retirees eligible for benefits. Significant actuarial assumptions used include a long-term investment yield rate of 6% and annual salary increases of 4.5% 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 Commission's funding policy is to pay all premiums as they come due from the road fund. The amount set aside in the trust may be adjusted by the Board from time to time as it deems appropriate. In 2014, the Road Commission met its Annual Required Contribution (ARC) for the OPEB Liability of \$728,014. Employees are not required to contribute to the plan.

Investment gains and administrative costs of \$86,938 were incurred during the current year. Future investment and administrative costs will be financed by the trust. As of December 31, 2014, the plan's reserves for benefits were \$1,844,719.

Funding progress. For the year ended December 31, 2014, 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 computed required contribution and actual funding are summarized as follows:

Annual required contribution	\$ 728,014
Interest on net OPEB obligation	149,536
Adjustment to annual required contribution	<u>(194,229)</u>
Annual OPEB cost	683,321
Contributions made	<u>(1,025,503)</u>
Decrease in net OPEB obligation	(342,182)
Net OPEB obligation, beginning of year	<u>2,492,270</u>
Net OPEB obligation, end of year	<u>\$ 2,150,088</u>

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

Net OPEB Obligation Trend Information			
Year Ended December 31,	Annual OPEB Cost (AOC)	Percentage of AOC Contributed	Net OPEB Obligation
2012	\$ 793,576	55%	\$ 2,527,483
2013	843,560	104%	2,492,270
2014	683,321	150%	2,150,088

Funded Status and Funding Progress. As of December 31, 2014, the most recent actuarial valuation date, the Plan was 12 percent funded. The actuarial liability for benefits was \$9,378,719, and the actuarial value of assets was \$1,155,781, resulting in an unfunded actuarial accrued liability (UAAL) of \$8,222,938. The road commission is separately audited and can be seen in the required supplementary information on their audited statements.

11. CAFETERIA PLAN

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

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

12. 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.

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

13. CONTINGENT LIABILITIES

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

14. 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 provides benefits of current wages up to a maximum of \$350 per week for applicable sheriff's department employees and assistant prosecutors and up to a maximum of \$250 for all other applicable County employees, for a period not to exceed 52 weeks. The program is administered by an independent administrator that furnishes claims review and processing.

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

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

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

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:

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

The limit of insurance for general and auto liability was \$15,000,000. The property damage blanket limit of insurance at December 31, 2014, was \$55,258,311.

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

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

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

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

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

Component Unit - Road Commission

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

The county road commissions in the State of Michigan established and created a trust fund, known as the Michigan County Road Commission Self-Insurance Pool (MCRCSIP) pursuant to the provisions of Public Act 138 of 1982. The MCRCSIP 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 MCRCSIP 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 MCRCSIP's resources available to pay losses are depleted, the payment of all unpaid losses of the member is the sole obligation of the member.

The road commission, in connection with the normal conduct of its affairs, is involved in various claims, judgements, and litigation. The road commission's insurance carrier estimates that the potential claims against the road commission, not covered by insurance resulting from such litigation, would not materially affect the financial statements of the road commission.

15. PROPERTY TAXES AND TAXES RECEIVABLE

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

Taxable values are established annually by the local municipalities and are equalized by the County based on State statutes at an estimated percentage of the current market value. Real and personal property in Clinton County for the 2014 levy had a taxable value of \$2,470,082,557 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.

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

16. 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, 2014, the Federal grants received and expended by the Road Commission was \$2,370,510 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, 2014, 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, 2014, by the Road Commission auditors.

17. FUND EQUITY DESIGNATIONS

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

The following are the various net position designations as of December 31, 2014:

Delinquent Tax Revolving Fund	
Designated for MERS unfunded liability	\$ 1,728,987
Designated for prepaids to locals	10,000,000

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

18. FUND BALANCES - GOVERNMENTAL FUNDS

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

	General Fund	Public Improvement	911 Central Dispatch	Nonmajor Governmental Funds	Total
Nonspendable:					
Long-term advances	\$ 255,000	\$ -	\$ -	\$ -	\$ 255,000
Restricted for:					
911 central dispatch	-	-	3,046,846	-	3,046,846
Waste management	-	-	-	547,237	547,237
Register of deeds	-	-	-	203,900	203,900
Corrections training	-	-	-	40,476	40,476
Drug forfeiture	-	-	-	35,914	35,914
Law library	-	-	-	50,127	50,127
Act 302 training	-	-	-	9,709	9,709
Child care	-	-	-	1,678,890	1,678,890
Veterans trust	-	-	-	12,177	12,177
Audits or tax exemptions	-	-	-	4,657	4,657
Debt service	-	-	-	1,143,127	1,143,127
Total restricted	-	-	3,046,846	3,726,214	6,773,060
Committed for:					
Family counseling	33,724	-	-	-	33,724
Tri-County Metro	75,000	-	-	-	75,000
Budget stabilization	200,000	-	-	-	200,000
Sick and vacation pay	1,106,660	-	-	-	1,106,660
Debt service	4,533,064	-	-	-	4,533,064
Tax liabilities	500,000	-	-	-	500,000
Equipment replacement	-	4,493,434	-	-	4,493,434
Total committed	6,448,448	4,493,434	-	-	10,941,882
Assigned:					
Public improvement	-	1,157,937	-	-	1,157,937
Friend of the court	-	-	-	287,503	287,503
Probation enhancement	-	-	-	39,540	39,540
Total assigned	-	1,157,937	-	327,043	1,484,980
Unassigned	9,055,811	-	-	-	9,055,811
Total fund balances, governmental funds	\$ 15,759,259	\$ 5,651,371	\$ 3,046,846	\$ 4,053,257	\$ 28,510,733

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

19. NET INVESTMENT IN CAPITAL ASSETS

The composition of net investment in capital assets as of December 31, 2014, was as follows:

	Governmental Activities	Business-type Activities	Component Units
Capital assets:			
Capital assets not being depreciated	\$ 3,116,074	\$ -	\$ 8,652,968
Capital assets being depreciated, net	27,884,410	53,051	70,091,277
	<u>31,000,484</u>	<u>53,051</u>	<u>78,744,245</u>
Related debt:			
Due with in one year	865,000	-	372,483
Due in more than one year	4,200,000	-	1,652,667
	<u>5,065,000</u>	<u>-</u>	<u>2,025,150</u>
Net investment in capital assets	<u>\$ 25,935,484</u>	<u>\$ 53,051</u>	<u>\$ 76,719,095</u>

20. SUBSEQUENT EVENT

In February 2015, the County entered into an agreement with Harris Corporation, RFCO, to amend an outstanding contract, ongoing since May 2011. This amendment increases the contract by \$806,643 for enhancements to the County's 800 MHz EDACS systems by adding one additional site to the existing simulcast system for an amount of \$640,000 and spare equipment totaling \$166,643.



REQUIRED SUPPLEMENTARY INFORMATION

CLINTON COUNTY, MICHIGAN

Required Supplementary Information

Municipal Employees Retirement System of Michigan
 Schedules of Funding Progress and Employer Contributions
 For the Year Ended December 31, 2014

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
2011	\$ 34,174,620	\$ 43,290,899	\$ 9,116,279	79%	\$ 8,269,714	110%
2012	36,040,907	44,890,984	8,850,077	80%	8,001,319	111%
2013	40,229,008	47,733,119	7,504,111	84%	7,759,910	97%

Schedule of Employer Contributions		
Year Ended December 31,	Annual Required Contribution	Percentage Contributed
2012	\$ 1,504,911	128%
2013	1,574,997	231%
2014	1,369,986	438%

CLINTON COUNTY, MICHIGAN

Required Supplementary Information
 Postemployment Health Care Benefits Trust
 Schedules of Funding Progress and Employer Contributions
 For the Year Ended December 31, 2014

Schedule of Funding Progress						
Actuarial Valuation Date December 31,	Value Of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
2009	\$ 4,922,083	\$ 6,968,974	\$ 2,046,891	71%	n/a	n/a
2011	6,804,955	8,227,779	1,422,824	83%	n/a	n/a
2013	10,081,075	8,718,993	(1,362,082)	116%	n/a	n/a

Schedule of Employer Contributions		
Year Ended December 31,	Annual Required Contribution	Percentage Contributed
2012	\$ 298,521	354%
2013	270,355	257%
2014	280,766	203%

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

GENERAL FUND

CLINTON COUNTY, MICHIGAN

Detailed Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund

For the Year Ended December 31, 2014

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes:				
Current and delinquent property taxes	\$ 13,918,635	\$ 14,088,635	\$ 14,236,176	\$ 147,541
Mobile home park taxes	10,000	10,000	10,020	20
Other tax revenue	20,000	20,000	31,217	11,217
Total taxes	13,948,635	14,118,635	14,277,413	158,778
Licenses and permits:				
Dog licenses	106,000	106,000	109,089	3,089
Other licenses and permits	26,000	46,000	49,755	3,755
Building and planning permits	20,000	20,000	25,880	5,880
Total licenses and permits	152,000	172,000	184,724	12,724
Intergovernmental:				
CRP - Prosecuting attorney	75,000	75,000	89,731	14,731
Juvenile grant - Title I, Part D	-	10,349	10,345	(4)
Employment service	90,752	90,752	69,572	(21,180)
Support incentive	80,000	90,000	94,073	4,073
Brownfield assessment	-	91,990	82,929	(9,061)
Swift & sure sanctions probation program	-	130,679	128,335	(2,344)
Liquor license	5,000	5,000	6,464	1,464
Liquor convention facility	412,351	449,378	449,378	-
State revenue sharing	-	915,000	914,798	(202)
Victims' rights	63,059	63,059	62,979	(80)
Drivers license restoration	-	-	1,040	1,040
Probate court judge salary	94,195	94,195	94,195	-
Circuit court judge	91,448	91,448	91,448	-
District court judge	45,724	45,724	45,724	-
Probate court judge	45,724	45,724	54,802	9,078
Juvenile court director	27,317	27,317	27,317	-
District court state aid	20,000	20,000	25,762	5,762
Marine safety	3,000	3,000	2,691	(309)
Prosecuting attorney food stamp	-	-	312	312
Homeland security	20,000	87,443	76,088	(11,355)
PA 345	46,274	65,646	65,646	-
Court equity	175,000	195,000	198,462	3,462
Road patrol	77,130	77,130	85,488	8,358

Continued...

CLINTON COUNTY, MICHIGAN

Detailed Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual - General Fund (Continued) For the Year Ended December 31, 2014

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues (concluded)				
Intergovernmental (concluded):				
Emergency management	\$ 30,000	\$ 30,000	\$ 39,081	\$ 9,081
Other	5,000	15,000	24,794	9,794
Total intergovernmental	<u>1,406,974</u>	<u>2,718,834</u>	<u>2,741,454</u>	<u>22,620</u>
Charges for services:				
Sheriff	53,880	63,880	69,157	5,277
Treasurer fees	8,500	8,500	15,261	6,761
Drain commissioner	1,000	1,000	3,467	2,467
Friend of the Court service fees	40,000	40,000	41,384	1,384
District court	1,400,000	1,825,000	1,839,994	14,994
Probation - juvenile	-	-	123	123
Clerk	165,000	202,000	204,575	2,575
Register of deeds	380,000	500,000	503,647	3,647
Probate court	20,000	20,000	23,972	3,972
Care of prisoners	1,126,000	1,576,000	1,588,339	12,339
Total charges for services	<u>3,194,380</u>	<u>4,236,380</u>	<u>4,289,919</u>	<u>53,539</u>
Interest and rents:				
Interest	60,000	60,000	59,484	(516)
Rents	22,100	22,100	23,270	1,170
Total interest and rents	<u>82,100</u>	<u>82,100</u>	<u>82,754</u>	<u>654</u>
Other:				
Contributions	10,000	10,000	15,863	5,863
Reimbursements - indirect costs	600,000	745,000	745,978	978
Reimbursements - other	312,992	615,471	608,317	(7,154)
Total other	<u>922,992</u>	<u>1,370,471</u>	<u>1,370,158</u>	<u>(313)</u>
Total revenues	<u>19,707,081</u>	<u>22,698,420</u>	<u>22,946,422</u>	<u>248,002</u>
Expenditures				
Current:				
General government:				
Board of commissioners	311,684	311,684	288,517	(23,167)
Circuit court	408,277	560,505	554,803	(5,702)
District court	1,041,536	1,048,169	1,025,896	(22,273)
Probate court	915,080	910,954	883,766	(27,188)

Continued...

CLINTON COUNTY, MICHIGAN

Detailed Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund (Continued)

For the Year Ended December 31, 2014

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (continued)				
Current (continued):				
General government (concluded):				
Family counseling	\$ 14,000	\$ 14,000	\$ 3,908	\$ (10,092)
Jury board	5,050	5,050	4,668	(382)
Adult probation	4,800	4,800	3,983	(817)
County administrator	515,234	488,778	481,320	(7,458)
Accounting	261,247	262,932	252,605	(10,327)
Elections	113,334	113,334	105,870	(7,464)
Clerk	465,306	478,679	467,773	(10,906)
Equalization	246,010	269,678	251,421	(18,257)
Prosecuting attorney	976,160	983,420	976,500	(6,920)
Register of deeds	212,107	213,216	177,228	(35,988)
County survey and remonumentation	46,274	65,646	65,646	-
Record copying	20,000	20,000	5,490	(14,510)
Treasurer	349,387	351,940	345,517	(6,423)
Cooperative extension	220,329	226,539	223,965	(2,574)
Courthouse and grounds	1,486,658	1,489,485	1,243,312	(246,173)
Drain commissioner	442,167	445,719	435,354	(10,365)
Soil conservation	12,000	12,000	12,000	-
Other	25,000	27,120	27,120	-
Total general government	8,091,640	8,303,648	7,836,662	(466,986)
Public safety:				
Sheriff - general	3,322,740	3,349,933	3,346,990	(2,943)
Marine safety	3,000	3,000	2,691	(309)
Secondary road patrol	108,920	108,920	107,610	(1,310)
Metro squad	-	16,316	16,315	(1)
Jail	3,353,454	3,386,919	3,330,543	(56,376)
Emergency services	111,984	180,170	167,371	(12,799)
Animal control	200,003	201,222	180,423	(20,799)
Total public safety	7,100,101	7,246,480	7,151,943	(94,537)
Public works:				
Drains at large	60,000	60,000	57,701	(2,299)
Department of public works	1,600	1,600	541	(1,059)
Total public works	61,600	61,600	58,242	(3,358)

Continued...

CLINTON COUNTY, MICHIGAN

Detailed Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund (Continued)

For the Year Ended December 31, 2014

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (continued)				
Current (continued):				
Health and welfare:				
Contagious disease	\$ 8,000	\$ 8,000	\$ 335	\$ (7,665)
Tri-county aging consortium	42,230	42,558	42,558	-
Building stronger community council	15,500	15,500	15,500	-
Substance abuse appropriation	206,176	224,690	224,689	(1)
Medical examiner	60,200	60,200	48,672	(11,528)
District health department	391,015	391,015	391,015	-
Mental health	243,989	243,990	243,989	(1)
Veterans affairs	44,466	44,466	40,886	(3,580)
Soldiers and Sailors	5,000	5,000	1,977	(3,023)
Total health and welfare	1,016,576	1,035,419	1,009,621	(25,798)
Community and economic development:				
Planning department	222,945	224,473	179,454	(45,019)
Plat board	1,240	1,240	508	(732)
Tri-county regional planning commission	62,976	62,976	62,976	-
Economic development	57,500	149,490	140,429	(9,061)
Employment services	90,752	90,752	69,834	(20,918)
Total community and economic development	435,413	528,931	453,201	(75,730)
Recreation and cultural:				
Parks and recreation	134,528	137,685	132,285	(5,400)
Library board	300	300	-	(300)
Historical commission	300	944	944	-
Total recreation and cultural	135,128	138,929	133,229	(5,700)
Other:				
Insurance and bonds	320,000	320,000	291,058	(28,942)
Other	397,265	208,481	56,074	(152,407)
Total other	717,265	528,481	347,132	(181,349)
Total expenditures	17,557,723	17,843,488	16,990,030	(853,458)
Revenue over (under) expenditures	2,149,358	4,854,932	5,956,392	1,101,460

Continued...

CLINTON COUNTY, MICHIGAN

Detailed Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual - General Fund (Concluded) For the Year Ended December 31, 2014

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Other financing sources (uses)				
Transfers from other funds	\$ 800,000	\$ 668,433	\$ 668,433	\$ -
Transfers to other funds				
Friend of the court	(400,000)	(400,000)	(400,000)	-
Law library fund	(14,000)	(14,000)	(14,000)	-
Central telephone	(10,000)	(10,000)	(10,000)	-
MIS	(521,483)	(521,483)	(521,483)	-
Building authority funds	(841,766)	(841,766)	(841,766)	-
Public improvement fund	(535,240)	(2,535,240)	(2,535,240)	-
County vehicles fund	(125,200)	(225,200)	(225,200)	-
Community corrections fund	(34,340)	(2,347)	(2,347)	-
Child care fund	(956,619)	(956,619)	(956,619)	-
4-H fair	(16,710)	(16,710)	(16,710)	-
Total other financing sources (uses)	(2,655,358)	(4,854,932)	(4,854,932)	-
Net change in fund balances	(506,000)	-	1,101,460	1,101,460
Fund balance, beginning of year	14,657,799	14,657,799	14,657,799	-
Fund balance, end of year	\$ 14,151,799	\$ 14,657,799	\$ 15,759,259	\$ 1,101,460

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NONMAJOR GOVERNMENTAL FUNDS

CLINTON COUNTY, MICHIGAN

Combining Balance Sheet Nonmajor Governmental Funds December 31, 2014

	Special Revenue Funds			
	Friend of the Court	Waste Management	Register of Deeds Automation	Corrections Training
Assets				
Cash and cash equivalents	\$ 307,335	\$ 530,375	\$ 203,900	\$ 40,476
Investments	-	-	-	-
Receivables:				
Accounts	-	31,593	-	-
Interest	-	-	-	-
Due from other governmental units	102,636	-	-	-
Total assets	\$ 409,971	\$ 561,968	\$ 203,900	\$ 40,476
Liabilities				
Accounts payable	\$ 2,738	\$ 8,752	\$ -	\$ -
Accrued liabilities	25,974	5,329	-	-
Due to other funds	3,756	650	-	-
Advance from other funds	90,000	-	-	-
Total liabilities	122,468	14,731	-	-
Fund balances				
Restricted	-	547,237	203,900	40,476
Assigned	287,503	-	-	-
Total fund balances	287,503	547,237	203,900	40,476
Total liabilities and fund balances	\$ 409,971	\$ 561,968	\$ 203,900	\$ 40,476



Special Revenue Funds					
Drug Forfeiture	Law Library	County Library	Probation Enhancement	Community Corrections	Act 302 Training
\$ 36,865	\$ 50,364	\$ -	\$ 39,540	\$ -	\$ 9,709
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 36,865</u>	<u>\$ 50,364</u>	<u>\$ -</u>	<u>\$ 39,540</u>	<u>\$ -</u>	<u>\$ 9,709</u>
\$ 951	\$ 237	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>951</u>	<u>237</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
35,914	50,127	-	-	-	9,709
-	-	-	39,540	-	-
<u>35,914</u>	<u>50,127</u>	<u>-</u>	<u>39,540</u>	<u>-</u>	<u>9,709</u>
<u>\$ 36,865</u>	<u>\$ 50,364</u>	<u>\$ -</u>	<u>\$ 39,540</u>	<u>\$ -</u>	<u>\$ 9,709</u>

Continued...

CLINTON COUNTY, MICHIGAN

Combining Balance Sheet Nonmajor Governmental Funds December 31, 2014

	Special Revenue Funds			
	Revenue Sharing Reserve	Child Care	Veterans Trust	Homestead Property Tax Exemption
Assets				
Cash and cash equivalents	\$ -	\$ 1,588,097	\$ 13,577	\$ 4,657
Investments	-	-	-	-
Receivables:				
Accounts	-	-	-	-
Interest	-	-	-	-
Due from other governmental units	-	156,820	-	-
Total assets	<u>\$ -</u>	<u>\$ 1,744,917</u>	<u>\$ 13,577</u>	<u>\$ 4,657</u>
Liabilities				
Accounts payable	\$ -	\$ 54,739	\$ 1,400	\$ -
Accrued liabilities	-	9,896	-	-
Due to other funds	-	1,392	-	-
Advance from other funds	-	-	-	-
Total liabilities	<u>-</u>	<u>66,027</u>	<u>1,400</u>	<u>-</u>
Fund balance				
Restricted	-	1,678,890	12,177	4,657
Assigned	-	-	-	-
Total fund balances	<u>-</u>	<u>1,678,890</u>	<u>12,177</u>	<u>4,657</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 1,744,917</u>	<u>\$ 13,577</u>	<u>\$ 4,657</u>



Debt Service Funds		
Building Authority - Courthouse	Health Department	Total Nonmajor Governmental Funds
\$ 150,468	\$ 113,005	\$ 3,088,368
776,751	101,050	877,801
-	-	31,593
1,640	213	1,853
-	-	259,456
<u>\$ 928,859</u>	<u>\$ 214,268</u>	<u>\$ 4,259,071</u>
\$ -	\$ -	\$ 68,817
-	-	41,199
-	-	5,798
-	-	90,000
-	-	205,814
928,859	214,268	3,726,214
-	-	327,043
<u>928,859</u>	<u>214,268</u>	<u>4,053,257</u>
<u>\$ 928,859</u>	<u>\$ 214,268</u>	<u>\$ 4,259,071</u>

Concluded

CLINTON COUNTY, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds For the Year Ended December 31, 2014

	Special Revenue Funds			
	Friend of the Court	Waste Management	Register of Deeds Automation	Corrections Training
Revenues				
Intergovernmental - Federal/State	\$ 538,935	\$ -	\$ -	\$ -
Charges for services	20,073	440,566	64,830	10,260
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	583	-
Other	-	4,734	-	177
Total revenues	559,008	445,300	65,413	10,437
Expenditures				
Current:				
General government	954,237	-	77,659	-
Public safety	-	-	-	10,008
Public works	-	317,751	-	-
Health and welfare	-	-	-	-
Recreation and cultural	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	954,237	317,751	77,659	10,008
Revenue over (under) expenditures	(395,229)	127,549	(12,246)	429
Other financing sources (uses)				
Transfers in	400,000	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	400,000	-	-	-
Net change in fund balances	4,771	127,549	(12,246)	429
Fund balances, beginning of year	282,732	419,688	216,146	40,047
Fund balances, end of year	\$ 287,503	\$ 547,237	\$ 203,900	\$ 40,476



Special Revenue Funds					
Drug Forfeiture	Law Library	County Library	Probation Enhancement	Community Corrections	Act 302 Training
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,559
-	-	-	-	-	-
5,111	6,500	3,117	3,032	-	-
56	-	-	-	-	-
-	-	-	-	-	-
<u>5,167</u>	<u>6,500</u>	<u>3,117</u>	<u>3,032</u>	<u>-</u>	<u>5,559</u>
-	19,215	-	-	-	-
11,502	-	-	900	14,174	5,507
-	-	-	-	-	-
-	-	-	-	-	-
-	-	3,117	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>11,502</u>	<u>19,215</u>	<u>3,117</u>	<u>900</u>	<u>14,174</u>	<u>5,507</u>
<u>(6,335)</u>	<u>(12,715)</u>	<u>-</u>	<u>2,132</u>	<u>(14,174)</u>	<u>52</u>
-	14,000	-	-	2,347	-
-	-	-	-	-	-
-	14,000	-	-	2,347	-
(6,335)	1,285	-	2,132	(11,827)	52
<u>42,249</u>	<u>48,842</u>	<u>-</u>	<u>37,408</u>	<u>11,827</u>	<u>9,657</u>
<u>\$ 35,914</u>	<u>\$ 50,127</u>	<u>\$ -</u>	<u>\$ 39,540</u>	<u>\$ -</u>	<u>\$ 9,709</u>

Continued...

CLINTON COUNTY, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds For the Year Ended December 31, 2014

	Special Revenue Funds			
	Revenue Sharing Reserve	Child Care	Veterans Trust	Homestead Property Tax Exemption
Revenues				
Intergovernmental - Federal/State	\$ -	\$ 686,317	\$ 35,716	\$ -
Charges for services	-	5,345	-	-
Fines and forfeitures	-	-	-	-
Interest and rents	902	-	-	-
Other	-	-	-	1,258
Total revenues	902	691,662	35,716	1,258
Expenditures				
Current:				
General government	-	-	-	1,591
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	1,471,355	23,969	-
Recreation and cultural	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	1,471,355	23,969	1,591
Revenue over (under) expenditures	902	(779,693)	11,747	(333)
Other financing sources (uses)				
Transfers in	-	956,619	-	-
Transfers out	(668,433)	-	-	-
Total other financing sources (uses)	(668,433)	956,619	-	-
Net change in fund balances	(667,531)	176,926	11,747	(333)
Fund balances, beginning of year	667,531	1,501,964	430	4,990
Fund balances, end of year	\$ -	\$ 1,678,890	\$ 12,177	\$ 4,657



Debt Service Funds		
Building Authority - Courthouse	Health Department	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 1,266,527
-	-	541,074
-	-	17,760
2,046	326	3,913
-	-	6,169
<u>2,046</u>	<u>326</u>	<u>1,835,443</u>
751	751	1,054,204
-	-	42,091
-	-	317,751
-	-	1,495,324
-	-	3,117
690,000	145,000	835,000
155,465	51,300	206,765
<u>846,216</u>	<u>197,051</u>	<u>3,954,252</u>
<u>(844,170)</u>	<u>(196,725)</u>	<u>(2,118,809)</u>
845,466	196,300	2,414,732
-	-	(668,433)
<u>845,466</u>	<u>196,300</u>	<u>1,746,299</u>
1,296	(425)	(372,510)
<u>927,563</u>	<u>214,693</u>	<u>4,425,767</u>
<u>\$ 928,859</u>	<u>\$ 214,268</u>	<u>\$ 4,053,257</u>

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NONMAJOR ENTERPRISE FUNDS

CLINTON COUNTY, MICHIGAN

Combining Statement of Net Position

Nonmajor Enterprise Funds

December 31, 2014

	Jail Commissary	Building Department	County Extension Community Center	Total
Assets				
Cash and cash equivalents	\$ 65,620	\$ 682,929	\$ 42,779	\$ 791,328
Accounts receivable	2,291	8,652	-	10,943
Inventory	4,312	-	-	4,312
Capital assets, being depreciated	-	44,598	-	44,598
Total assets	72,223	736,179	42,779	851,181
Liabilities				
Accounts payable	3,881	780	445	5,106
Accrued liabilities	-	8,935	1,150	10,085
Due to other funds	-	512	-	512
Total liabilities	3,881	10,227	1,595	15,703
Net position				
Net investment in capital assets	-	44,598	-	44,598
Unrestricted	68,342	681,354	41,184	790,880
Total net position	\$ 68,342	\$ 725,952	\$ 41,184	\$ 835,478

CLINTON COUNTY, MICHIGAN

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position Nonmajor Enterprise Funds For the Year Ended December 31, 2014

	Jail Commissary	Building Department	County Extension Community Center	Total
Operating revenues				
Charges for services	\$ -	\$ 350,744	\$ -	\$ 350,744
Sales	133,891	-	-	133,891
Rent	-	-	8,425	8,425
Other	-	10	1,189	1,199
Total operating revenues	133,891	350,754	9,614	494,259
Operating expenses				
Personnel services and fringes	-	108,698	-	108,698
Supplies	121,932	7,488	23,183	152,603
Contracted services	-	55,401	-	55,401
Depreciation	-	5,464	-	5,464
Other	-	49,887	-	49,887
Total operating expenses	121,932	226,938	23,183	372,053
Operating income (loss)	11,959	123,816	(13,569)	122,206
Transfers				
Transfers in	-	-	16,710	16,710
Change in net position	11,959	123,816	3,141	138,916
Net position, beginning of year	56,383	602,136	38,043	696,562
Net position, end of year	\$ 68,342	\$ 725,952	\$ 41,184	\$ 835,478

CLINTON COUNTY, MICHIGAN

Combining Statement of Cash Flows Nonmajor Enterprise Funds For the Year Ended December 31, 2014

	Jail Commissary	Building Department	County Extension Community Center	Total
Cash flows from operating activities				
Receipts from customers and users	\$ 131,600	\$ 363,670	\$ 9,614	\$ 504,884
Payments to vendors	(127,613)	(112,605)	(23,155)	(263,373)
Payment for personnel services and fringes	-	(110,998)	-	(110,998)
Net cash provided by (used in) operating activities	3,987	140,067	(13,541)	130,513
Cash flows from capital and related financing activities				
Capital asset purchases	-	(22,742)	-	(22,742)
Cash flows from noncapital financing activities				
Transfers in	-	-	16,710	16,710
Net increase in cash and cash equivalents	3,987	117,325	3,169	124,481
Cash and cash equivalents, beginning of year	61,633	565,604	39,610	666,847
Cash and cash equivalents, end of year	\$ 65,620	\$ 682,929	\$ 42,779	\$ 791,328
Cash flows from operating activities				
Operating income (loss)	\$ 11,959	\$ 123,816	\$ (13,569)	\$ 122,206
Adjustments to reconcile operating operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	-	5,464	-	5,464
Change in:				
Accounts receivable	(2,291)	12,919	-	10,628
Inventory	(1,481)	-	-	(1,481)
Accounts payable	(4,200)	171	178	(3,851)
Accrued liabilities	-	(2,300)	(150)	(2,450)
Due to other funds	-	(3)	-	(3)
Net cash provided by (used in) operating activities	\$ 3,987	\$ 140,067	\$ (13,541)	\$ 130,513

INTERNAL SERVICE FUNDS

CLINTON COUNTY, MICHIGAN

Combining Statement of Net Position

Internal Service Funds

December 31, 2014

	Central Stores	Central Telephone	MIS	Drain Equipment Revolving
Assets				
Cash and cash equivalents	\$ 20,142	\$ 200,048	\$ 1,256,613	\$ 173,084
Investments	-	-	-	-
Interest receivable	-	-	-	-
Inventory	6,568	-	-	-
Due from other funds	-	-	-	-
Capital assets, being depreciated	-	162,146	315,310	39,097
Total assets	26,710	362,194	1,571,923	212,181
Liabilities				
Accounts payable	-	2,154	63,514	1,083
Accrued liabilities	-	-	44,565	-
Advances from other funds	25,000	-	-	10,000
Due to other funds	-	-	1,668	2,239
Total liabilities	25,000	2,154	109,747	13,322
Net position				
Net investment in capital assets	-	162,146	315,310	39,097
Restricted for employee benefits	-	-	-	-
Unrestricted	1,710	197,894	1,146,866	159,762
Total net position	\$ 1,710	\$ 360,040	\$ 1,462,176	\$ 198,859

County Vehicles	Employee Retirement	Insurance	Unemployment	Workers Compensation	Total
\$ 976,956	\$ 272,417	\$ 1,615,292	\$ 202,389	\$ 272,671	\$ 4,989,612
-	2,002,522	500,517	133,833	204,252	2,841,124
-	1,522	789	282	163	2,756
-	-	-	-	-	6,568
-	73,496	14,144	927	4,164	92,731
453,019	-	-	-	-	969,572
<u>1,429,975</u>	<u>2,349,957</u>	<u>2,130,742</u>	<u>337,431</u>	<u>481,250</u>	<u>8,902,363</u>
-	1,001,584	20,459	25,265	-	1,114,059
-	-	688	-	-	45,253
-	-	-	-	-	35,000
-	-	198	-	-	4,105
-	<u>1,001,584</u>	<u>21,345</u>	<u>25,265</u>	-	<u>1,198,417</u>
453,019	-	-	-	-	969,572
-	1,348,373	2,109,397	312,166	481,250	4,251,186
976,956	-	-	-	-	2,483,188
<u>\$ 1,429,975</u>	<u>\$ 1,348,373</u>	<u>\$ 2,109,397</u>	<u>\$ 312,166</u>	<u>\$ 481,250</u>	<u>\$ 7,703,946</u>

CLINTON COUNTY, MICHIGAN

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position Internal Service Funds For the Year Ended December 31, 2014

	Central Stores	Central Telephone	MIS	Drain Equipment Revolving
Operating revenues				
Charges for services	\$ 61,207	\$ 40,656	\$ 7,422	\$ 28,840
Other	-	-	-	35,062
Total operating revenues	61,207	40,656	7,422	63,902
Operating expenses				
Personnel services and fringes	-	-	291,846	-
Supplies	60,827	-	3,588	-
Contracted services	-	-	79,975	-
Depreciation	-	21,039	100,297	13,661
Other	-	55,887	166,527	41,784
Total operating expenses	60,827	76,926	642,233	55,445
Operating income (loss)	380	(36,270)	(634,811)	8,457
Nonoperating revenues				
Interest revenue	-	-	-	-
Gain (loss) on sale of capital assets	-	-	-	-
Total nonoperating revenues	-	-	-	-
Income (loss) before transfers	380	(36,270)	(634,811)	8,457
Transfers				
Transfers in	-	10,000	521,483	-
Change in net position	380	(26,270)	(113,328)	8,457
Net position, beginning of year	1,330	386,310	1,575,504	190,402
Net position, end of year	\$ 1,710	\$ 360,040	\$ 1,462,176	\$ 198,859

County Vehicles	Employee Retirement	Insurance	Unemployment	Workers Compensation	Total
\$ -	\$ 1,714,096	\$ 1,876,283	\$ -	\$ -	\$ 3,728,504
-	-	-	18,508	166,736	220,306
-	1,714,096	1,876,283	18,508	166,736	3,948,810
-	6,343,154	1,614,572	25,265	127,307	8,402,144
-	-	-	-	-	64,415
-	-	-	-	-	79,975
135,363	-	-	-	-	270,360
39,714	-	23,277	-	-	327,189
175,077	6,343,154	1,637,849	25,265	127,307	9,144,083
(175,077)	(4,629,058)	238,434	(6,757)	39,429	(5,195,273)
-	9,170	2,549	809	1,121	13,649
(672)	-	-	-	-	(672)
(672)	9,170	2,549	809	1,121	12,977
(175,749)	(4,619,888)	240,983	(5,948)	40,550	(5,182,296)
225,200	2,058,325	-	-	-	2,815,008
49,451	(2,561,563)	240,983	(5,948)	40,550	(2,367,288)
1,380,524	3,909,936	1,868,414	318,114	440,700	10,071,234
\$ 1,429,975	\$ 1,348,373	\$ 2,109,397	\$ 312,166	\$ 481,250	\$ 7,703,946

CLINTON COUNTY, MICHIGAN

Combining Statement of Cash Flows Internal Service Funds For the Year Ended December 31, 2014

	Central Stores	Central Telephone	MIS	Drain Equipment Revolving
Cash flows from operating activities				
Receipts from customers and users	\$ 61,207	\$ 40,656	\$ 18,485	\$ 63,902
Payments to vendors	(52,817)	(56,380)	(195,046)	(42,384)
Payments for personnel services and fringes	-	-	(291,846)	-
Net cash provided by (used in) operating activities	8,390	(15,724)	(468,407)	21,518
Cash flows from capital and related financing activities				
Proceeds from sale of capital assets	-	-	-	-
Capital asset purchases	-	-	(131,110)	(24,554)
Net cash provided by (used in) by capital and related financing activities	-	-	(131,110)	(24,554)
Cash flows from noncapital financing activities				
Transfers in	-	10,000	521,483	-
Cash flows from investing activities				
Purchase of investments	-	-	-	-
Sales and maturity of investments	-	-	-	-
Interest received	-	-	-	-
Net cash provided by (used in) investing activities	-	-	-	-
Net increase (decrease) in cash and cash equivalents	8,390	(5,724)	(78,034)	(3,036)
Cash and cash equivalents, beginning of year	11,752	205,772	1,334,647	176,120
Cash and cash equivalents, end of year	\$ 20,142	\$ 200,048	\$ 1,256,613	\$ 173,084
Cash flows from operating activities				
Operating income (loss)	\$ 380	\$ (36,270)	\$ (634,811)	\$ 8,457
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	-	21,039	100,297	13,661
Change in:				
Accounts receivable	-	-	11,063	-
Inventory	8,010	-	-	-
Due from other funds	-	-	-	-
Accounts payable	-	(493)	50,001	(817)
Accrued liabilities	-	-	5,097	-
Due to other funds	-	-	(54)	217
Net cash provided by (used in) operating activities	\$ 8,390	\$ (15,724)	\$ (468,407)	\$ 21,518

County Vehicles	Employee Retirement	Insurance	Unemployment	Workers Compensation	Total
\$ -	\$ 1,702,041	\$ 1,886,920	\$ 18,656	\$ 166,098	\$ 3,957,965
(39,714)	-	(21,399)	-	-	(407,740)
-	(5,676,762)	(1,614,572)	(6,518)	(127,307)	(7,717,005)
<u>(39,714)</u>	<u>(3,974,721)</u>	<u>250,949</u>	<u>12,138</u>	<u>38,791</u>	<u>(4,166,780)</u>
17,090	-	-	-	-	17,090
(182,834)	-	-	-	-	(338,498)
<u>(165,744)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(321,408)</u>
<u>225,200</u>	<u>2,058,325</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,815,008</u>
-	(2,002,522)	(500,517)	(133,833)	(204,252)	(2,841,124)
-	3,062,441	-	133,235	203,795	3,399,471
-	9,170	2,549	809	1,121	13,649
<u>-</u>	<u>1,069,089</u>	<u>(497,968)</u>	<u>211</u>	<u>664</u>	<u>571,996</u>
19,742	(847,307)	(247,019)	12,349	39,455	(1,101,184)
<u>957,214</u>	<u>1,119,724</u>	<u>1,862,311</u>	<u>190,040</u>	<u>233,216</u>	<u>6,090,796</u>
<u>\$ 976,956</u>	<u>\$ 272,417</u>	<u>\$ 1,615,292</u>	<u>\$ 202,389</u>	<u>\$ 272,671</u>	<u>\$ 4,989,612</u>
\$ (175,077)	\$ (4,629,058)	\$ 238,434	\$ (6,757)	\$ 39,429	\$ (5,195,273)
135,363	-	-	-	-	270,360
-	249	(789)	267	(163)	10,627
-	-	-	-	-	8,010
-	(12,304)	11,426	(119)	(475)	(1,472)
-	666,392	2,553	18,747	-	736,383
-	-	(442)	-	-	4,655
-	-	(233)	-	-	(70)
<u>\$ (39,714)</u>	<u>\$ (3,974,721)</u>	<u>\$ 250,949</u>	<u>\$ 12,138</u>	<u>\$ 38,791</u>	<u>\$ (4,166,780)</u>

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AGENCY FUNDS

CLINTON COUNTY, MICHIGAN

Combining Statement of Fiduciary Assets and Liabilities Agency Funds December 31, 2014

	Trust and Agency	Library	Total
Assets			
Cash and cash equivalents	\$ 527,722	\$ 224,617	\$ 752,339
Liabilities			
Undistributed collections payable	\$ 23,335	\$ -	\$ 23,335
Due to other governmental units:			
Federal/State	274,915	-	274,915
Local	-	224,617	224,617
Due to individuals and agencies	229,472	-	229,472
Total liabilities	\$ 527,722	\$ 224,617	\$ 752,339

COMPONENT UNITS

CLINTON COUNTY, MICHIGAN

Combining Balance Sheet

Drainage Districts Component Unit

December 31, 2014

	Debt Service	Capital Projects			Total
	Drain Debt Retirement	Regular Drain	Revolving Drain	Revolving Drain Maintenance	
Assets					
Cash and cash equivalents	\$ 230,999	\$ 645,993	\$ 34,069	\$ 31,556	\$ 942,617
Investments	-	1,000,000	-	-	1,000,000
Accrued interest receivable	-	1,303	-	-	1,303
Accounts receivable	2,616	5,948	-	-	8,564
Special assessments receivable	2,070,901	514,774	-	-	2,585,675
Due from other funds	-	-	102,133	9,830	111,963
Total assets	\$ 2,304,516	\$ 2,168,018	\$ 136,202	\$ 41,386	\$ 4,650,122
Liabilities					
Accounts payable	\$ -	\$ 50,740	\$ 6,202	\$ -	\$ 56,942
Accrued liabilities	7,248	5,000	-	-	12,248
Due to other funds	-	111,963	-	-	111,963
Advances from primary government	-	-	130,000	-	130,000
Total liabilities	7,248	167,703	136,202	-	311,153
Deferred inflows of resources					
Unavailable revenue - special assessments	1,792,783	-	-	-	1,792,783
Fund balances					
Restricted for debt service	504,485	-	-	-	504,485
Assigned for capital expenditures	-	2,000,315	-	41,386	2,041,701
Total fund balances	504,485	2,000,315	-	41,386	2,546,186
Total liabilities, deferred inflows of resources and fund balances	\$ 2,304,516	\$ 2,168,018	\$ 136,202	\$ 41,386	\$ 4,650,122

CLINTON COUNTY, MICHIGAN

Reconciliation

Fund Balances for Governmental Funds
to Net Position of Governmental Activities - Drainage Districts Component Unit
December 31, 2014

Fund balances - Drainage Districts component unit	\$ 2,546,186
Amounts reported for <i>governmental activities</i> in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.	
Capital assets not being depreciated	714,271
Capital assets being depreciated, net	20,317,863
Long-term receivables are not available to pay for current period expenditures and therefore are offset with deferred inflows of resources in the fund statements.	
Unavailable revenue - special assessments	1,792,783
Certain liabilities, such as bonds payable, are not due and payable in the current period, and therefore are not reported in the funds.	
Accrued interest payable	(17,835)
Bonds and notes payable	(2,025,150)
Net position of governmental activities - Drainage Districts component unit	<u>\$ 23,328,118</u>

CLINTON COUNTY, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Drainage Districts Component Unit For the Year Ended December 31, 2014

	Debt Service	Capital Project			Total
	Drain Debt Retirement	Regular Drain	Revolving Drain	Revolving Drain Maintenance	
Revenues					
Charges for services	\$ -	\$ 54,591	\$ -	\$ -	\$ 54,591
Interest	343	6,235	-	276	6,854
Special assessments	311,388	846,339	-	-	1,157,727
Miscellaneous	-	48,876	-	-	48,876
Total revenues	311,731	956,041	-	276	1,268,048
Expenditures					
Capital outlay	-	1,714,444	-	-	1,714,444
Debt service:					
Principal	469,633	-	-	-	469,633
Interest and fiscal charges	64,268	-	-	-	64,268
Total expenditures	533,901	1,714,444	-	-	2,248,345
Revenues over (under) expenditures	(222,170)	(758,403)	-	276	(980,297)
Other financing sources (uses)					
Transfer in	262,354	-	-	-	262,354
Transfer out	-	(262,354)	-	-	(262,354)
Bond and note proceeds	-	912,000	-	-	912,000
Total other financing sources (uses)	262,354	649,646	-	-	912,000
Change in fund balances	40,184	(108,757)	-	276	(68,297)
Fund balances, beginning of year	464,301	2,109,072	-	41,110	2,614,483
Fund balances, end of year	\$ 504,485	\$ 2,000,315	\$ -	\$ 41,386	\$ 2,546,186

CLINTON COUNTY, MICHIGAN

Reconciliation

Net Changes in Fund Balances of Governmental Funds
to Change in Net Position of Governmental Activities - Drainage Districts Component Unit
For the Year Ended December 31, 2014

Net change in fund balances - Drainage Districts component unit \$ (68,297)

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	1,262,374
Loss on sale of capital assets	(761,250)
Depreciation expense	(336,285)

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

Change in unavailable revenue - special assessments	673,676
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Repayment of long-term debt and borrowing of long-term debt is reported as expenditures and other financing sources in governmental funds, but the repayment reduces long-term liabilities and the borrowings increase long-term liabilities in the statement of net position.

In the current year, these amounts consist of:

Long-term debt proceeds	(912,000)
Bond principal retirement	469,633

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

These activities consist of:

Change in accrued interest payable	(1,451)
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Change in net position of governmental activities - Drainage Districts component unit \$ 326,400

CLINTON COUNTY, MICHIGAN

Combining Balance Sheet

Department of Public Works Component Unit

December 31, 2014

	Debt Service					Total
	Bath Township #4	Dewitt Charter Township #13	Bingham Township #14	Watertown Charter #15	Bath Township #16	
Assets						
Lease receivable	\$ -	\$ 40,409	\$ 806,567	\$ 366,851	\$ -	\$ 1,213,827
Deferred inflows of resources						
Unavailable revenue - lease receivables	-	40,409	806,567	366,851	-	1,213,827
Fund balance						
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

CLINTON COUNTY, MICHIGAN

Reconciliation

Fund Balance of Governmental Funds to the Net Position
of Governmental Activities - Department of Public Works Component Unit
December 31, 2014

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

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

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

Deferred lease receivables 1,213,827

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 (13,827)

Bonds payable (1,200,000)

Net position of governmental activities \$ -

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, 2014**

	Debt Service					Total
	Bath Township #4	Dewitt Charter Township #13	Bingham Township #14	Watertown Charter #15	Bath Township #16	
Revenue						
Intergovernmental - local	\$ -	\$ 38,865	\$ 204,470	\$ 83,025	\$ -	\$ 326,360
Expenditures						
Debt service:						
Principal	-	35,000	160,000	60,000	-	255,000
Interest and fiscal charges	-	3,865	44,470	23,025	-	71,360
Total expenditures	-	38,865	204,470	83,025	-	326,360
Change in fund balances	-	-	-	-	-	-
Fund balances, beginning of year	-	-	-	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

CLINTON COUNTY, MICHIGAN

Reconciliation

Net Changes in Fund Balances of Governmental Funds to Change in Net Position
of Governmental Activities - Department of Public Works Component Unit
For the Year Ended December 31, 2014

Net change in fund balances - Department of Public Works component unit	\$ -
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:	
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but rather are deferred to the following fiscal year.	
Net change in deferred lease receivables	(257,744)
Repayment of long-term debt and borrowing of long-term debt is reported as expenditures and other financing sources in governmental funds, but the repayment reduces long-term liabilities and the borrowings increase long-term liabilities in the statement of net position. In the current year, these amounts consist of:	
Bond principal retirement	255,000
Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as revenues or expenditures in governmental funds. These activities consist of:	
Decrease in accrued interest payable	<u>2,744</u>
Change in net position of governmental activities - Department of Public Works component unit	<u>\$ -</u>