

Clinton
County,
Michigan



Year Ended
December 31,
2016

Financial
Statements

CLINTON COUNTY, MICHIGAN

ELECTED OFFICERS

For the Year Ended December 31, 2016

BOARD OF COMMISSIONERS

Robert Showers
Chair

David Pohl
Vice Chair

Kam Washburn
Bruce Delong
Ken Mitchell

Adam Stacey
Anne Hill

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
Chief Circuit Court Judge

Michael Clarizio
District Court Judge

Randy Tahvonen
Circuit Court Judge

Michelle Rick
Circuit Court Judge

CLINTON COUNTY, MICHIGAN

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INDEPENDENT AUDITORS' REPORT

May 11, 2017

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Board of Commissioners
Clinton County
St. Johns, Michigan 48879

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of *Clinton County, Michigan* (the "County"), as of and for the year ended December 31, 2016, 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, 70 percent, and 94 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, 2016, 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.

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued, under separate cover, our report dated May 11, 2017, 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

MANAGEMENT'S DISCUSSION AND ANALYSIS

Ryan L. Wood
County Administrator

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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, 2016.

Financial Highlights

- The assets and deferred outflows of the County's primary government exceeded its liabilities and deferred inflows at the close of the fiscal year by approximately \$82.0 million (net position). Of this amount, approximately \$39.3 million (unrestricted net position) may be used to meet the government's ongoing obligations.
- The government's total net position increased by approximately \$4.6 million, or 5.9 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 \$28.0 million, an increase of approximately \$168,000, or 0.6 percent more than the prior year. Of this total, approximately \$10.9 million or 39.0 percent is classified as unassigned and available for spending at the government's discretion. Approximately \$2.0 million is assigned and approximately \$255,000 is considered nonspendable. The remaining \$14.8 million is made up of restricted funds and those committed to specific purposes by the Board of Commissioners.
- At the end of the fiscal year, the unassigned fund balance for the General Fund was approximately \$10.9 million, an amount equal to 46.6 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 \$1,564,000 or 49 percent during the current fiscal year.

Overview of the Financial Statements

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

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

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

Management's Discussion and Analysis

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

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

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

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

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

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Public Improvement, and 911 Central Dispatch 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.

Management's Discussion and Analysis

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

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

Government-wide Financial Analysis

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 40,673,361	\$ 40,838,934	\$ 12,164,392	\$ 12,993,226	\$ 52,837,753	\$ 53,832,160
Capital assets, net	32,523,438	30,421,209	62,539	61,859	32,585,977	30,483,068
Total assets	73,196,799	71,260,143	12,226,931	13,055,085	85,423,730	84,315,228
Deferred outflows of resources	3,174,144	3,476,470	-	-	3,174,144	3,476,470
Long-term liabilities	1,090,437	2,162,632	3,802	6,477	1,094,239	2,169,109
Other liabilities	5,405,593	8,204,023	19,194	28,611	5,424,787	8,232,634
Total liabilities	6,496,030	10,366,655	22,996	35,088	6,519,026	10,401,743
Deferred inflows of resources	120,709	-	-	-	120,709	-
Net position						
Net investment in capital assets	32,523,438	29,361,209	62,539	61,859	32,585,977	29,423,068
Restricted	10,120,667	10,795,341	-	-	10,120,667	10,795,341
Unrestricted	27,110,099	24,213,408	12,141,396	12,958,138	39,251,495	37,171,546
Total net position	\$ 69,754,204	\$ 64,369,958	\$ 12,203,935	\$ 13,019,997	\$ 81,958,139	\$ 77,389,955

As noted previously, net position serves over time as a useful indicator of a government's financial position. In the case of Clinton County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by approximately \$82.0 million at the close of the fiscal year.

The County's net position includes approximately \$32.6 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 \$10.1 million. The remaining balance of unrestricted net position (\$39.3 million or 48.0 percent) may be used to meet the government's ongoing obligations.

Management's Discussion and Analysis

	Changes in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues						
Program revenue:						
Charges for services	\$ 5,871,312	\$ 6,354,572	\$ 1,005,893	\$ 1,032,132	\$ 6,877,205	\$ 7,386,704
Operating grants and contributions	3,046,718	3,348,965	-	-	3,046,718	3,348,965
General revenues:						
Property taxes	14,949,572	14,695,211	-	-	14,949,572	14,695,211
State Revenue Sharing	1,702,012	1,800,311	-	-	1,702,012	1,800,311
Investment earnings	171,436	99,992	46,379	31,182	217,815	131,174
911 Surcharge	2,116,837	2,120,214	-	-	2,116,837	2,120,214
Gain on disposal of capital assets	6,316	9,707	-	-	6,316	9,707
Total revenues	27,864,203	28,428,972	1,052,272	1,063,314	28,916,475	29,492,286
Expenses						
General government	9,883,567	9,657,267	-	-	9,883,567	9,657,267
Public safety	10,158,006	9,630,416	-	-	10,158,006	9,630,416
Public works	384,610	389,326	-	-	384,610	389,326
Health and welfare	2,302,241	2,834,549	-	-	2,302,241	2,834,549
Community and Economic Development	399,685	372,758	-	-	399,685	372,758
Recreation and cultural	377,463	335,206	-	-	377,463	335,206
Other	344,174	307,645	-	-	344,174	307,645
Interest on long-term debt	14,211	92,326	-	-	14,211	92,326
Delinquent tax collection and other business-type activities	-	-	484,334	444,195	484,334	444,195
Total expenses	23,863,957	23,619,493	484,334	444,195	24,348,291	24,063,688
Change in net position before transfers	4,000,246	4,809,479	567,938	619,119	4,568,184	5,428,598
Transfers	1,384,000	384,000	(1,384,000)	(384,000)	-	-
Change in net position	5,384,246	5,193,479	(816,062)	235,119	4,568,184	5,428,598
Net position:						
Beginning of year	64,369,958	71,463,979	13,019,997	12,784,878	77,389,955	84,248,857
Restatement	-	(12,287,500)	-	-	-	(12,287,500)
	64,369,958	59,176,479	13,019,997	12,784,878	77,389,955	71,961,357
End of Year	\$ 69,754,204	\$ 64,369,958	\$ 12,203,935	\$ 13,019,997	\$ 81,958,139	\$ 77,389,955

Governmental Activities

The preceding table shows that the net position of governmental activities increased by approximately \$5.4 million or 8.4 percent during 2016. This compares favorably to the 5.2 million 2015 increase before restatement. Transfers made up for a reduction in program revenue during 2016.

Business-type Activities

Net position of the County's business-type activities decreased by approximately \$816,000 in 2016.

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 \$28.0 million. This represents an increase of approximately \$168,000 in comparison with the prior year.

Approximately \$10.9 million or 39.0 percent of total fund balance is classified as unassigned and available for spending at the government's discretion. Approximately \$2.0 million is assigned and approximately \$255,000 is considered nonspendable. The remaining \$14.8 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 \$13.6 million, the unassigned fund balance of the General Fund was approximately \$10.9 million, an amount equal to 46.6 percent of total General Fund expenditures and transfers. This level of General Fund unassigned fund balance is consistent with the Board's desire to maintain services throughout challenging economic cycles.

The fund balance of the County's General Fund increased by approximately \$499,000 during the current fiscal year. This increase is the net result of slightly higher revenues and expenditure savings exceeding use of fund balance. (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 \$8.9 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 \$2.2 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 \$20.9 million was revised to \$24.5 million in expenditures and transfers out; however, actual expenditures and transfers totaled only \$23.4 million or 4.5 percent under the revised budget. Actual revenues and transfers came in at \$23.9 million or slightly higher than the revised budget. Significant changes to the original budget occurred in the category of transfers to other funds and primarily consisted of \$900,000 to the Health Department Debt fund to retire bonds, \$1.3 million to the Public Improvement fund for capital expenditures and \$1.5 million to the Retirement fund to pay down the unfunded liability.

Management's Discussion and Analysis

Capital Asset and Debt Administration

Capital assets. As of December 31, 2016, the County's investment in capital assets, net of accumulated depreciation, totaled approximately \$32.6 million for its governmental and business-type activities. This investment in capital assets includes land and improvements, buildings and improvements, construction in progress, vehicles, machinery and equipment.

	Capital Assets (Net of Depreciation)					
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land and land improvements	\$ 3,116,074	\$ 3,116,074	-	\$ -	\$ 3,116,074	3,116,074
Buildings and improvements	22,109,097	22,082,540	-	-	22,109,097	22,082,540
Furniture, fixtures, and equipment	4,052,629	4,142,602	30,628	20,833	4,083,257	4,163,435
Vehicles	662,158	580,709	31,911	41,026	694,069	621,735
Construction in progress	2,583,480	499,284	-	-	2,583,480	499,284
Total capital assets, net	\$ 32,523,438	\$ 30,421,209	\$ 62,539	\$ 61,859	\$ 32,585,977	\$ 30,483,068

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 \$1,628,250 (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	
	2016	2015	2016	2015	2016	2015
General obligations bonds	\$ -	\$ 1,060,000	\$ 1,628,250	\$ 2,132,250	\$ 1,628,250	\$ 3,192,250

The net decrease in the County's total general obligation bonded debt was approximately \$1.6 million or 49 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 \$1,040,733 at December 31, 2016 for which the County has pledged its full faith and credit. The balance on these notes payable increased by \$23,716 or 2 percent. The County (primary government) also has accrued compensated absences at December 31, 2016 of \$1,094,239.

The County's outstanding general obligation debt is well within its current debt limitation of \$337,721,163 (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 2017 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 2017 budget are as follows:

- Major Capital Improvements totaling \$1,412,450
- Ordinary Capital Improvements totaling \$306,300
- Continuation of the personnel hiring freeze
- General fund contingency of 1.4%

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, 2016

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 8,485,435	\$ 2,295,701	\$ 10,781,136	\$ 2,798,932
Investments	26,687,710	7,773,512	34,461,222	1,250,000
Receivables	2,173,173	2,090,531	4,263,704	4,677,207
Internal balances	328	(328)	-	-
Inventory	9,149	4,976	14,125	805,344
Other postemployment benefits asset	3,187,566	-	3,187,566	-
Advance to component unit	130,000	-	130,000	-
Restricted cash and cash equivalents	-	-	-	25,558
Capital assets not being depreciated	5,699,554	-	5,699,554	8,160,027
Capital assets being depreciated, net	26,823,884	62,539	26,886,423	71,362,149
Total assets	73,196,799	12,226,931	85,423,730	89,079,217
Deferred outflows of resources				
Deferred pension amounts	3,174,144	-	3,174,144	3,028,786
Liabilities				
Accounts payable and accrued liabilities	1,019,935	19,194	1,039,129	268,969
Advance from primary government	-	-	-	130,000
Advances from State	-	-	-	160,065
Other postemployment benefit obligation	-	-	-	496,847
Net pension liability	4,385,658	-	4,385,658	9,206,763
Long-term liabilities:				
Due within one year	832,489	3,802	836,291	1,151,839
Due in more than one year	257,948	-	257,948	2,120,145
Total liabilities	6,496,030	22,996	6,519,026	13,534,628
Deferred inflows of resources				
Deferred pension amounts	120,709	-	120,709	92,810
Net position				
Net investment in capital assets	\$ 32,523,438	\$ 62,539	\$ 32,585,977	\$ 77,573,193
Restricted	10,120,667	-	10,120,667	386,288
Unrestricted	27,110,099	12,141,396	39,251,495	521,084
Total net position	\$ 69,754,204	\$ 12,203,935	\$ 81,958,139	\$ 78,480,565

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

CLINTON COUNTY, MICHIGAN

Statement of Activities

For the Year Ended December 31, 2016

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	\$ 9,883,567	\$ 4,024,094	\$ 2,026,336	\$ -	\$ (3,833,137)
Public safety	10,158,006	1,341,595	274,979	-	(8,541,432)
Public works	384,610	428,923	-	-	44,313
Health and welfare	2,302,241	53,112	613,786	-	(1,635,343)
Community and economic development	399,685	20,208	91,479	-	(287,998)
Recreation and cultural	377,463	3,380	3,330	-	(370,753)
Other	344,174	-	36,808	-	(307,366)
Interest on long-term debt	14,211	-	-	-	(14,211)
Total governmental activities	23,863,957	5,871,312	3,046,718	-	(14,945,927)
Business-type activities:					
Delinquent tax	13,873	438,692	-	-	424,819
Other	470,461	567,201	-	-	96,740
Total business-type activities	484,334	1,005,893	-	-	521,559
Total primary government	\$ 24,348,291	\$ 6,877,205	\$ 3,046,718	\$ -	\$ (14,424,368)
Component units					
Drainage Districts	\$ 1,241,704	\$ 110,314	\$ -	\$ 678,185	\$ (453,205)
Department of Public Works	42,609	-	42,609	-	-
Road Commission	13,525,374	1,094,105	6,999,971	4,855,147	(576,151)
Total component units	\$ 14,809,687	\$ 1,204,419	\$ 7,042,580	\$ 5,533,332	\$ (1,029,356)

continued...

CLINTON COUNTY, MICHIGAN

Statement of Activities

For the Year Ended December 31, 2016

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Changes in net position				
Net revenue (expense)	\$ (14,945,927)	\$ 521,559	\$ (14,424,368)	\$ (1,029,356)
General revenues:				
Property taxes	14,949,572	-	14,949,572	-
State shared revenue	1,702,012	-	1,702,012	-
Investment earnings	171,436	46,379	217,815	7,924
911 Surcharge	2,116,837	-	2,116,837	-
Gain on disposal of capital assets	6,316	-	6,316	79,182
Transfers - internal activities	1,384,000	(1,384,000)	-	-
Total general revenues and transfers	20,330,173	(1,337,621)	18,992,552	87,106
Change in net position	5,384,246	(816,062)	4,568,184	(942,250)
Net position, beginning of year	64,369,958	13,019,997	77,389,955	79,422,815
Net position, end of year	\$ 69,754,204	\$ 12,203,935	\$ 81,958,139	\$ 78,480,565

concluded

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

CLINTON COUNTY, MICHIGAN

Balance Sheet

Governmental Funds

December 31, 2016

	General Fund	Public Improvement	911 Central Dispatch	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 2,656,427	\$ 2,656,427
Investments	24,424,874	-	-	-	24,424,874
Receivables:					
Taxes:					
Current	760,824	-	-	-	760,824
Delinquent	19,226	-	-	-	19,226
Accounts	11,749	-	441,077	30,287	483,113
Interest	38,412	-	-	-	38,412
Due from other governments	617,930	-	54,784	196,245	868,959
Due from other funds	21,473	9,042,781	1,800,176	685,046	11,549,476
Advance to other funds	125,000	-	-	-	125,000
Advance to component unit	130,000	-	-	-	130,000
Total assets	\$ 26,149,488	\$ 9,042,781	\$ 2,296,037	\$ 3,568,005	\$ 41,056,311
Liabilities					
Accounts payable	\$ 268,378	\$ 184,805	\$ 84,453	\$ 51,545	\$ 589,181
Accrued liabilities	228,465	-	16,064	19,643	264,172
Deposits payable	-	-	4,500	-	4,500
Due to other funds	11,559,477	-	2,068	2,554	11,564,099
Advance from other funds	-	-	-	90,000	90,000
Total liabilities	12,056,320	184,805	107,085	163,742	12,511,952
Deferred inflows of resources					
Unavailable revenue - property taxes	528,653	-	-	-	528,653
Fund balances					
Nonspendable	255,000	-	-	-	255,000
Restricted	-	-	2,188,952	2,997,633	5,186,585
Committed	2,396,210	7,236,958	-	-	9,633,168
Assigned	-	1,621,018	-	406,630	2,027,648
Unassigned	10,913,305	-	-	-	10,913,305
Total fund balances	13,564,515	8,857,976	2,188,952	3,404,263	28,015,706
Total liabilities, deferred inflows of resources and fund balances	\$ 26,149,488	\$ 9,042,781	\$ 2,296,037	\$ 3,568,005	\$ 41,056,311

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, 2016

Fund balances - total governmental funds	\$ 28,015,706
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 in the fund statement.	
Capital assets not being depreciated	5,699,554
Capital assets being depreciated, net	26,823,884
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.	
Other postemployment benefits asset	3,187,566
Unavailable revenue - property taxes	528,653
Certain pension-related amounts, such as the net pension liability and deferred amounts, are not due and payable in the current period or do not represent current financial resources, and therefore are not reported in the funds.	
Net pension liability	(4,385,658)
Deferred inflows related to the net pension liability	(120,709)
Deferred outflows related to the net pension liability	3,174,144
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	9,206,166
Net capital assets of internal service funds included in total capital assets above	(1,323,740)
Compensated absences of internal service funds included in total compensated absences below	39,075
Certain liabilities, such as bonds payable, are not due and payable in the current period, and therefore are not reported in the funds.	
Compensated absences	(1,090,437)
Net position of governmental activities	<u>\$ 69,754,204</u>

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, 2016

	General Fund	Public Improvement	911 Central Dispatch	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 14,966,794	\$ -	\$ -	\$ -	\$ 14,966,794
Licenses and permits	144,379	-	-	43,376	187,755
Intergovernmental	3,038,353	-	-	1,173,106	4,211,459
Charges for services	4,076,524	-	2,126,437	551,974	6,754,935
Fines and forfeitures	-	-	-	26,017	26,017
Interest and rents	178,497	-	5,397	550	184,444
Other	1,501,782	1,698	26,612	4,681	1,534,773
Total revenues	23,906,329	1,698	2,158,446	1,799,704	27,866,177
Expenditures					
Current:					
General government	7,677,462	-	-	1,020,858	8,698,320
Public safety	7,400,224	-	3,037,779	20,716	10,458,719
Public works	58,306	-	-	306,717	365,023
Health and welfare	939,512	-	-	1,270,267	2,209,779
Community and economic development	367,827	-	-	-	367,827
Recreation and cultural	119,981	-	-	3,330	123,311
Other	344,174	-	-	-	344,174
Capital outlay	-	1,845,928	-	-	1,845,928
Debt service:					
Principal	-	-	-	1,060,000	1,060,000
Interest	-	-	-	21,200	21,200
Total expenditures	16,907,486	1,845,928	3,037,779	3,703,088	25,494,281
Revenue over (under) expenditures	6,998,843	(1,844,230)	(879,333)	(1,903,384)	2,371,896
Other financing sources (uses)					
Transfers in	32,013	2,321,819	-	2,005,971	4,359,803
Transfers out	(6,531,443)	-	-	(32,013)	(6,563,456)
Total other financing sources (uses)	(6,499,430)	2,321,819	-	1,973,958	(2,203,653)
Net change in fund balances	499,413	477,589	(879,333)	70,574	168,243
Fund balances, beginning of year	13,065,102	8,380,387	3,068,285	3,333,689	27,847,463
Fund balances, end of year	\$ 13,564,515	\$ 8,857,976	\$ 2,188,952	\$ 3,404,263	\$ 28,015,706

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, 2016

Net change in fund balances - total governmental funds	\$ 168,243
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital assets purchased	3,752,092
Depreciation expense	(1,630,848)
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	(21,902)
Certain expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the funds.	
Change in net pension liability and related deferred amounts	1,666,927
Change in net other postemployment benefits asset	227,457
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	1,060,000
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	439,155
Capital assets transactions of internal service funds included in the capital assets purchased above	(585,497)
Depreciation expense of internal service funds included in the total above	286,590
Change in accrued compensated absences of internal service funds included in the change in accrued compensated absences total below	2,845
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	6,989
Change in accrued compensated absences	12,195
Change in net position of governmental activities	<u>\$ 5,384,246</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, 2016

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 14,290,000	\$ 14,790,000	\$ 14,966,794	\$ 176,794
Licenses and permits	152,000	152,000	144,379	(7,621)
Intergovernmental	2,123,547	3,047,584	3,038,353	(9,231)
Charges for services	3,221,380	4,046,380	4,076,524	30,144
Interest and rents	85,600	135,600	178,497	42,897
Other	1,023,307	1,466,484	1,501,782	35,298
Total revenues	20,895,834	23,638,048	23,906,329	268,281
Expenditures				
Current:				
General government	8,343,884	8,382,624	7,677,462	(705,162)
Public safety	7,354,104	7,554,200	7,400,224	(153,976)
Public works	61,600	61,600	58,306	(3,294)
Health and welfare	956,423	963,724	939,512	(24,212)
Community and economic development	391,100	391,658	367,827	(23,831)
Recreation and cultural	149,368	149,368	119,981	(29,387)
Other	817,912	509,036	344,174	(164,862)
Total expenditures	18,074,391	18,012,210	16,907,486	(1,104,724)
Revenues over (under) expenditures	2,821,443	5,625,838	6,998,843	1,373,005
Other financing sources (uses)				
Transfers in	-	32,013	32,013	-
Transfers out	(2,821,443)	(6,531,443)	(6,531,443)	-
Total other financing sources (uses)	(2,821,443)	(6,499,430)	(6,499,430)	-
Net change in fund balance	-	(873,592)	499,413	1,373,005
Fund balance, beginning of year	13,065,102	13,065,102	13,065,102	-
Fund balance, end of year	\$ 13,065,102	\$ 12,191,510	\$ 13,564,515	\$ 1,373,005

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

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

CLINTON COUNTY, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual - Public Improvement Fund For the Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Other	\$ -	\$ -	\$ 1,698	\$ 1,698
Expenditures				
Capital outlay	196,000	2,521,500	1,845,928	(675,572)
Revenues over (under) expenditures	(196,000)	(2,521,500)	(1,844,230)	677,270
Other financing sources				
Transfers in	1,000,000	2,321,819	2,321,819	-
Net change in fund balance	804,000	(199,681)	477,589	677,270
Fund balance, beginning of year	8,380,387	8,380,387	8,380,387	-
Fund balance, end of year	<u>\$ 9,184,387</u>	<u>\$ 8,180,706</u>	<u>\$ 8,857,976</u>	<u>\$ 677,270</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 - 911 Central Dispatch For the Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Charges for services	\$ 2,058,333	\$ 2,058,333	\$ 2,126,437	\$ 68,104
Interest and rents	2,500	2,500	5,397	2,897
Other	21,000	21,000	26,612	5,612
Total revenues	2,081,833	2,081,833	2,158,446	76,613
Expenditures				
Public Safety	1,623,832	3,646,668	3,037,779	(608,889)
Net change in fund balance	458,001	(1,564,835)	(879,333)	685,502
Fund balance, beginning of year	3,068,285	3,068,285	3,068,285	-
Fund balance, end of year	\$ 3,526,286	\$ 1,503,450	\$ 2,188,952	\$ 685,502

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

CLINTON COUNTY, MICHIGAN

Statement of Net Position

Proprietary Funds

December 31, 2016

	Business-type Activities			Governmental Activities
	Delinquent Tax Revolving	Nonmajor Enterprise Funds	Total	Internal Service Funds
Assets				
Cash and cash equivalents	\$ 1,271,473	\$ 1,024,228	\$ 2,295,701	\$ 5,829,008
Investments	7,773,512	-	7,773,512	2,262,836
Accounts receivable	1,363	9,354	10,717	-
Interest receivable	31,692	-	31,692	2,639
Delinquent taxes receivable	2,048,122	-	2,048,122	-
Inventory	-	4,976	4,976	9,149
Due from other funds	-	-	-	37,227
Capital assets, being depreciated	3,947	58,592	62,539	1,323,740
Total assets	11,130,109	1,097,150	12,227,259	9,464,599
Liabilities				
Accounts payable	5,409	7,534	12,943	157,525
Accrued liabilities	831	5,420	6,251	4,557
Advances from other funds	-	-	-	35,000
Due to other funds	-	328	328	22,276
Long-term liabilities:				
Due within one year	-	3,802	3,802	21,201
Due in more than one year	-	-	-	17,874
Total liabilities	6,240	17,084	23,324	258,433
Net position				
Investment in capital assets	3,947	58,592	62,539	1,323,740
Restricted for employee benefits	-	-	-	4,934,082
Unrestricted	11,119,922	1,021,474	12,141,396	2,948,344
Total net position	\$ 11,123,869	\$ 1,080,066	\$ 12,203,935	\$ 9,206,166

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, 2016

	Business-type Activities			Governmental Activities
	Delinquent Tax Revolving	Nonmajor Enterprise Funds	Total	Internal Service Funds
Operating revenues				
Interest and penalties on delinquent taxes	\$ 438,692	\$ -	\$ 438,692	\$ -
Charges for services	-	424,809	424,809	3,859,854
Sales	-	130,829	130,829	-
Rent	-	10,250	10,250	-
Other	-	1,313	1,313	236,527
Total operating revenues	438,692	567,201	1,005,893	4,096,381
Operating expenses				
Personnel services and fringes	-	184,985	184,985	6,502,948
Supplies	8,345	144,157	152,502	62,627
Contracted services	4,741	62,709	67,450	102,240
Depreciation	494	14,579	15,073	286,590
Other	293	64,031	64,324	310,402
Total operating expenses	13,873	470,461	484,334	7,264,807
Operating income (loss)	424,819	96,740	521,559	(3,168,426)
Nonoperating revenues				
Interest revenue	46,379	-	46,379	13,612
Gain on sale of capital assets	-	-	-	6,316
Total nonoperating revenues	46,379	-	46,379	19,928
Income (loss) before transfers	471,198	96,740	567,938	(3,148,498)
Transfers				
Transfers in	-	16,000	16,000	3,587,653
Transfers out	(1,400,000)	-	(1,400,000)	-
Total transfers	(1,400,000)	16,000	(1,384,000)	3,587,653
Change in net position	(928,802)	112,740	(816,062)	439,155
Net position, beginning of year	12,052,671	967,326	13,019,997	8,767,011
Net position, end of year	\$ 11,123,869	\$ 1,080,066	\$ 12,203,935	\$ 9,206,166

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, 2016

	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	\$ 359,002	\$ 561,945	\$ 920,947	\$ 4,350,664
Payments to vendors	(14,830)	(272,975)	(287,805)	(629,669)
Payment for personnel services and fringes	-	(195,678)	(195,678)	(7,099,305)
Net cash provided by (used in) operating activities	<u>344,172</u>	<u>93,292</u>	<u>437,464</u>	<u>(3,378,310)</u>
Cash flows from capital and related financing activities				
Proceeds from sale of capital assets	-	-	-	25,331
Capital asset purchases	-	(15,753)	(15,753)	(585,497)
Net cash provided by (used in) capital and related financing activities	<u>-</u>	<u>(15,753)</u>	<u>(15,753)</u>	<u>(560,166)</u>
Cash flows from noncapital financing activities				
Transfers in	-	16,000	16,000	3,587,653
Transfers out	(1,400,000)	-	(1,400,000)	-
Net cash provided by (used in) noncapital financing activities	<u>(1,400,000)</u>	<u>16,000</u>	<u>(1,384,000)</u>	<u>3,587,653</u>
Cash flows from investing activities				
Purchase of investments	(7,773,512)	-	(7,773,512)	(2,262,836)
Sale and maturity of investments	7,766,894	-	7,766,894	2,641,417
Interest received	46,379	-	46,379	13,612
Net cash provided by (used in) investing activities	<u>39,761</u>	<u>-</u>	<u>39,761</u>	<u>392,193</u>
Net change in cash and cash equivalents	(1,016,067)	93,539	(922,528)	41,370
Cash and cash equivalents, beginning of year	<u>2,287,540</u>	<u>930,689</u>	<u>3,218,229</u>	<u>5,787,638</u>
Cash and cash equivalents, end of year	<u>\$ 1,271,473</u>	<u>\$ 1,024,228</u>	<u>\$ 2,295,701</u>	<u>\$ 5,829,008</u>

continued...

CLINTON COUNTY, MICHIGAN

Statement of Cash Flows Proprietary Funds For the Year Ended December 31, 2016

	Business-type Activities			Governmental Activities
	Delinquent Tax Revolving	Nonmajor Enterprise Funds	Total	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Operating income (loss)	\$ 424,819	\$ 96,740	\$ 521,559	\$ (3,168,426)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	494	14,579	15,073	286,590
Change in operating assets and liabilities that provided (used) cash:				
Accounts receivable	(79,690)	(4,873)	(84,563)	(436)
Inventory	-	(2,130)	(2,130)	1,142
Due from other funds	-	-	-	254,719
Accounts payable	(1,751)	352	(1,399)	(555,824)
Accrued liabilities	300	(13,668)	(13,368)	(7,822)
Accrued compensated absences	-	2,675	2,675	2,845
Due to other funds	-	(383)	(383)	(191,098)
Net cash provided by (used in) operating activities	\$ 344,172	\$ 93,292	\$ 437,464	\$ (3,378,310)

concluded

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

CLINTON COUNTY, MICHIGAN

Statement of Net Position Fiduciary Funds December 31, 2016

	Post- employment Healthcare	Agency Funds
Assets		
Cash and cash equivalents	\$ 394,469	\$ 890,924
Investments - mutual funds	11,131,891	-
Total assets	<u>11,526,360</u>	<u>\$ 890,924</u>
Liabilities		
Undistributed collections payable	-	\$ 29,660
Due to other governmental units:		
Federal/State	-	432,798
Local	-	225,310
Due to individuals and agencies	-	203,156
Total liabilities	<u>-</u>	<u>\$ 890,924</u>
Net position		
Restricted for other postemployment benefits	<u>\$ 11,526,360</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, 2016

	Post-employment Healthcare
Additions	
Contributions:	
Employer portion	\$ 294,212
Employee portion	137,863
Net increase in fair value of investments	<u>692,324</u>
Total additions	1,124,399
Deductions	
Retiree benefits	<u>396,056</u>
Change in net position	728,343
Net position, beginning of year	<u>10,798,017</u>
Net position, end of year	<u><u>\$ 11,526,360</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, 2016

	Drainage Districts	Department of Public Works	Road Commission	Total Component Units
Assets				
Cash and cash equivalents	\$ 585,838	\$ -	\$ 2,213,094	\$ 2,798,932
Investments	1,250,000	-	-	1,250,000
Accrued interest receivable	3,201	-	-	3,201
Accounts receivable	1,556	-	18,971	20,527
Due from other governmental units	-	-	1,550,028	1,550,028
Special assessments receivable	2,374,888	-	-	2,374,888
Inventory	-	-	805,344	805,344
Lease receivable	-	728,563	-	728,563
Restricted cash and cash equivalents	25,558	-	-	25,558
Assets not being depreciated	134,442	-	8,025,585	8,160,027
Assets being depreciated, net	21,427,389	-	49,934,760	71,362,149
Total assets	25,802,872	728,563	62,547,782	89,079,217
Deferred outflows of resources				
Deferred pension amounts	-	-	3,028,786	3,028,786
Total deferred outflows of resources	-	-	3,028,786	3,028,786
Liabilities				
Accounts payable	50,724	-	22,220	72,944
Accrued liabilities	5,000	-	164,377	169,377
Accrued interest payable	18,085	8,563	-	26,648
Advances from primary government	130,000	-	-	130,000
Advances from State	-	-	160,065	160,065
Net other postemployment benefits obligation	-	-	496,847	496,847
Net pension liability	-	-	9,206,763	9,206,763
Long-term liabilities:				
Due within one year	654,883	220,000	276,956	1,151,839
Due in more than one year	1,294,100	500,000	326,045	2,120,145
Total liabilities	2,152,792	728,563	10,653,273	13,534,628
Deferred inflows of resources				
Deferred inflow change in experience	-	-	92,810	92,810
Net position				
Net investment in capital assets	19,612,848	-	57,960,345	77,573,193
Restricted for:				
Debt service	386,288	-	-	386,288
Unrestricted (deficit)	3,650,944	-	(3,129,860)	521,084
Total net position	\$ 23,650,080	\$ -	\$ 54,830,485	\$ 78,480,565

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, 2016

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue	
		Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Component units					
Drainage districts	\$ 1,241,704	\$ 110,314	\$ -	\$ 678,185	\$ (453,205)
Department of public works	42,609	-	42,609	-	-
Road commission	13,525,374	1,094,105	6,999,971	4,855,147	(576,151)
Total component units	14,809,687	1,204,419	7,042,580	5,533,332	(1,029,356)

continued...

CLINTON COUNTY, MICHIGAN

Statement of Activities

Component Units

For the Year Ended December 31, 2016

	Component Units			
	Drainage Districts	Department of Public Works	Road Commission	Total
Changes in net position				
Net revenue (expense)	\$ (453,205)	\$ -	\$ (576,151)	\$ (1,029,356)
General revenues:				
Investment earnings	7,924	-	-	7,924
Gain on disposal of capital assets	-	-	79,182	79,182
Total general revenues	7,924	-	79,182	87,106
Change in net position	(445,281)	-	(496,969)	(942,250)
Net position, beginning of year	24,095,361	-	55,327,454	79,422,815
Net position, end of year	\$ 23,650,080	\$ -	\$ 54,830,485	\$ 78,480,565

concluded

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

NOTES TO FINANCIAL STATEMENTS

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Financial Reporting Entity

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

Blended Component Unit

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

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.

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

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, 2016, 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, 2016, are available at the Department's administrative offices. As of September 30, 2016, the Department had total net position of \$1,380,866.

Jointly Governed Organizations

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

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

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

The Commission must adopt a proposed budget at its February meeting and submit the same to the Board of Commissioners of the three (3) Counties it serves and to the Lansing City Council with its request for allocation of funds. Each major member unit shall pay a one nineteenth (1/19) share of the total annual allocation budget for each voting membership on the Commission. For the year ended December 31, 2016, the County's contribution to the Commission was \$63,920.

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, 2016, the County's contribution to the Tri-county Office on Aging was \$43,795.

Capital Area Michigan Works! - Clinton County, in conjunction with three (3) other Counties, has entered into an agreement, which created the Capital Area Michigan Works! The Organization's Board is composed of 12 members, of which two (2) 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, 2016, the County's contribution to the Tri-county Community Mental Health was \$269,917.

Mid-State Health Network - As of October 1, 2014, Clinton County, in conjunction with twenty-one (21) other Counties, has entered into an agreement that created Mid-State Health Network (MSHN). For the year ended December 31, 2016, the County passed through \$121,438 and was not required to make any additional appropriation.

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*.

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

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.

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.

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

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 and 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.

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

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

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.

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

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

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

Cash and Cash Equivalents

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

Investments

Investments during the year consisted of certificates of deposit and other investments with original maturities of greater than 90 days. Investments are recorded at fair market value in accordance with GAAP.

Receivables

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

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.

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

Capital Assets

Primary Government and Component Units (except Road Commission)

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

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

	Years
Building and improvements	20-50 years
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 acquisition cost at the date of donation.

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

	Years
Buildings	25-50 years
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

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

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.

Deferred Outflows of Resources

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

Long-Term Obligations

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

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

Deferred inflows of resources

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

Compensated Absences

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

Vested compensated absences earned as of December 31, 2016, including related payroll taxes, are recorded in the government-wide financial statements and in proprietary-type funds.

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

Fund Balance

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

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.

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.

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

3. DEPOSITS AND INVESTMENTS

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

The County's pooled cash accounts and investments are utilized by the general fund, special revenue funds, 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.

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	\$ 10,781,136	\$ 2,798,932	\$ 13,580,068
Restricted cash and cash equivalents	-	25,558	25,558
Investments	34,461,222	1,250,000	35,711,222
Statement of Fiduciary Net Position			
Postemployment healthcare fund:			
Cash and cash equivalents	394,469	-	394,469
Investments	11,131,891	-	11,131,891
Agency funds:			
Cash and cash equivalents	890,924	-	890,924
Total	\$ 57,659,642	\$ 4,074,490	\$ 61,734,132

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

	Totals
Deposits and investments	
Bank deposits (checking and savings accounts)	<u>\$ 11,536,341</u>
Certificates of deposit:	
Due within one year (original duration)	28,268,884
Due within one to five years (original duration)	<u>750,000</u>
Total certificates of deposit	<u>29,018,884</u>
Investments:	
U.S. agencies	1,869,397
Commercial paper	3,697,144
Municipal bonds	1,125,797
Mutual funds	14,084,850
Money market accounts	<u>394,469</u>
Total investments	<u>21,171,657</u>
Cash on hand	<u>7,250</u>
Total	<u><u>\$ 61,734,132</u></u>

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	\$ 1,869,397	\$ -	\$ -	\$ 1,869,397	AAA
Commercial Paper	3,697,144	-	3,697,144	-	A1P1
Municipal Bonds	936,884	-	500,100	436,784	AA-
Municipal Bonds Unrated	188,913	-	-	188,913	AA1
funds	11,131,891	11,131,891	-	-	N/A
Rated investment funds	2,952,959	2,952,959	-	-	AAAm
Rated money market funds	394,469	394,469	-	-	AAAm
Total	\$ 21,171,657	\$ 14,479,319	\$ 4,197,244	\$ 2,495,094	

Statutory Authority

State statutes authorize the County to invest in:

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

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

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

Bankers acceptances of United States banks.

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

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

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

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

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

Investment and deposit risk

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

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

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned. State law does not require and the County does not have a policy for deposit custodial credit risk. As of year-end \$29,849,981 of the County's bank balance of \$41,176,887 was exposed to custodial credit risk because it was uninsured and uncollateralized.

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

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

Fair value. The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. As of year end, the County's Mutual Fund investments in the amount of \$14,084,850 were considered to be Level 1, and the remaining investments in the amount of \$7,086,807 were considered to be Level 2 (fair value determined based on quoted prices in active markets for similar assets).

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

4. RECEIVABLES

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

	Governmental Activities	Business-type Activities	Component Units
Taxes	\$ 780,050	\$ 2,048,122	\$ -
Special assessments	-	-	2,374,888
Accounts	483,113	10,717	20,527
Interest	41,051	31,692	3,201
Due from other governments	868,959	-	1,550,028
Lease receivable	-	-	728,563
Total	<u>\$ 2,173,173</u>	<u>\$ 2,090,531</u>	<u>\$ 4,677,207</u>

All of the governmental activities and business-type activities receivables are expected to be collected within one year. The component units special assessments and lease receivable not expected to be collected in one year are \$1,522,204 and \$500,000, respectively.

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, 2016, 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	499,284	2,152,545	-	(68,349)	2,583,480
	<u>3,615,358</u>	<u>2,152,545</u>	<u>-</u>	<u>(68,349)</u>	<u>5,699,554</u>
Capital assets, being depreciated:					
Buildings and building improvements	33,193,251	798,163	-	68,349	34,059,763
Furniture, fixtures and equipment	10,221,646	534,397	(164,985)	-	10,591,058
Vehicles	1,373,657	266,987	(93,526)	-	1,547,118
	<u>44,788,554</u>	<u>1,599,547</u>	<u>(258,511)</u>	<u>68,349</u>	<u>46,197,939</u>
Less accumulated depreciation for:					
Buildings and building improvements	(11,110,711)	(839,955)	-	-	(11,950,666)
Furniture, fixtures and equipment	(6,079,044)	(624,370)	164,985	-	(6,538,429)
Vehicles	(792,948)	(166,523)	74,511	-	(884,960)
	<u>(17,982,703)</u>	<u>(1,630,848)</u>	<u>239,496</u>	<u>-</u>	<u>(19,374,055)</u>
Total capital assets being depreciated, net	<u>26,805,851</u>	<u>(31,301)</u>	<u>(19,015)</u>	<u>68,349</u>	<u>26,823,884</u>
Governmental activities capital assets, net	<u>\$ 30,421,209</u>	<u>\$ 2,121,244</u>	<u>\$ (19,015)</u>	<u>\$ -</u>	<u>\$ 32,523,438</u>

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

	Beginning Balance	Additions	Disposals	Ending Balance
Business-type activities				
Capital assets being depreciated:				
Furniture, fixtures and equipment	\$ 84,161	\$ 15,753	\$ -	\$ 99,914
Vehicles	75,901	-	-	75,901
	<u>160,062</u>	<u>15,753</u>	<u>-</u>	<u>175,815</u>
Less accumulated depreciation for:				
Furniture, fixtures and equipment	(63,328)	(5,958)	-	(69,286)
Vehicles	(34,875)	(9,115)	-	(43,990)
	<u>(98,203)</u>	<u>(15,073)</u>	<u>-</u>	<u>(113,276)</u>
Total capital assets being depreciated, net	<u>61,859</u>	<u>680</u>	<u>-</u>	<u>62,539</u>
Business-type activities capital assets, net	<u>\$ 61,859</u>	<u>\$ 680</u>	<u>\$ -</u>	<u>\$ 62,539</u>

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

Depreciation of governmental activities by function	
General government	\$ 463,184
Public safety	648,425
Health and welfare	91,172
Recreation and cultural	141,477
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>286,590</u>
	<u>\$ 1,630,848</u>
Depreciation of business-type activities by function	
Delinquent tax	\$ 494
Other	<u>14,579</u>
	<u>\$ 15,073</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, 2016, was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Component Unit - Drainage District					
Capital assets, not being depreciated:					
Construction in progress	\$ 787,587	\$ 134,442	\$ -	\$ (787,587)	\$ 134,442
Capital assets, being depreciated:					
Infrastructure	26,472,719	66,596	-	787,587	27,326,902
Less accumulated depreciation for:					
Infrastructure	(5,555,368)	(344,145)	-	-	(5,899,513)
Total capital assets being depreciated, net	20,917,351	(277,549)	-	787,587	21,427,389
Drainage District capital assets, net	<u>\$ 21,704,938</u>	<u>\$ (143,107)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,561,831</u>

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

Capital asset activity for the Road Commission component unit for the year ended December 31, 2016, 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	1,345,716	8,000	-	1,353,716
Land improvements	6,357,828	30,291	-	6,388,119
	<u>7,987,294</u>	<u>38,291</u>	<u>-</u>	<u>8,025,585</u>
Capital assets, being depreciated:				
Buildings	1,920,262	68,060	-	1,988,322
Road equipment	6,503,434	1,092,635	(384,552)	7,211,517
Shop equipment	164,423	-	(18,383)	146,040
Office equipment	163,598	14,081	(24,188)	153,491
Engineer's equipment	21,633	-	-	21,633
Yard equipment	70,155	-	-	70,155
Depletable assets	75,448	-	-	75,448
Infrastructure - bridges	33,546,896	23,114	-	33,570,010
Infrastructure - roads	55,444,851	3,098,811	(1,637,069)	56,906,593
Infrastructure - signals	1,100,139	-	-	1,100,139
	<u>99,010,839</u>	<u>4,296,701</u>	<u>(2,064,192)</u>	<u>101,243,348</u>
Less accumulated depreciation for:				
Buildings	(1,342,439)	(57,371)	-	(1,399,810)
Road equipment	(5,769,892)	(720,375)	384,147	(6,106,120)
Shop equipment	(129,828)	(9,515)	18,383	(120,960)
Office equipment	(138,021)	(7,096)	24,188	(120,929)
Engineer's equipment	(16,811)	(2,092)	-	(18,903)
Yard equipment	(44,172)	(5,995)	-	(50,167)
Depletable assets	(52,806)	-	-	(52,806)
Infrastructure - bridges	(15,890,708)	(542,497)	-	(16,433,205)
Infrastructure - roads	(25,013,605)	(3,017,833)	1,637,069	(26,394,369)
Infrastructure - signals	(538,195)	(73,124)	-	(611,319)
	<u>(48,936,477)</u>	<u>(4,435,898)</u>	<u>2,063,787</u>	<u>(51,308,588)</u>
Total capital assets being depreciated, net	<u>50,074,362</u>	<u>(139,197)</u>	<u>(405)</u>	<u>49,934,760</u>
Road Commission capital assets, net	<u>\$ 58,061,656</u>	<u>\$ (100,906)</u>	<u>\$ (405)</u>	<u>\$ 57,960,345</u>

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are comprised of the following:

	Governmental Activities	Business-type Activities	Component Units
Accounts payable	\$ 746,706	\$ 12,943	\$ 72,944
Accrued liabilities	268,729	6,251	169,377
Accrued interest payable	-	-	26,648
Deposits payable	4,500	-	-
Total	\$ 1,019,935	\$ 19,194	\$ 268,969

7. INTERFUND RECEIVABLE, PAYABLES, AND TRANSFERS

The composition of interfund balances as of December 31, 2016, was as follows:

Due to and from primary government funds

	Due from Other Funds	Due to Other Funds
General fund	\$ 21,473	\$ 11,559,477
Public improvement fund	9,042,781	-
911 central dispatch fund	1,800,176	2,068
Nonmajor governmental funds	685,046	2,554
Nonmajor enterprise funds	-	328
Internal service funds	37,227	22,276
	\$ 11,586,703	\$ 11,586,703

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

Long-term advances as of December 31, 2016, are as follows:

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

The above advances were used to finance operations. The advances from the general fund to the drainage district component unit of \$130,000 were for working capital.

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

Interfund transfers as of December 31, 2016, are as follows:

Transfers in:	Transfers out:				Total
	General Fund	Health Department	Delinquent Tax Revolving Fund	Internal Service Fund	
General fund	\$ -	\$ 32,013	\$ -	\$ -	\$ 32,013
Public improvement fund	1,921,819	-	400,000	-	2,321,819
Nonmajor governmental funds	2,005,971	-	-	-	2,005,971
Nonmajor enterprise funds	16,000	-	-	-	16,000
Internal service funds	2,587,653	-	1,000,000	-	3,587,653
Total	\$ 6,531,443	\$ 32,013	\$ 1,400,000	\$ -	\$ 7,963,456

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

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

8. LONG-TERM DEBT

Changes in long-term debt

The following is a summary of changes in long-term debt (including current portions) of the County for the year ended December 31, 2016:

	Balance January 1, 2016	Additions	Deletions	Balance December 31, 2016	Due Within One Year
Primary Government					
Governmental Activities:					
Direct County obligations	\$ 1,060,000	\$ -	\$ (1,060,000)	\$ -	\$ -
Compensated absences	1,102,632	824,645	(836,840)	1,090,437	832,489
	<u>2,162,632</u>	<u>824,645</u>	<u>(1,896,840)</u>	<u>1,090,437</u>	<u>832,489</u>
Business-type Activities:					
Compensated absences	6,477	3,802	(6,477)	3,802	3,802
	<u>6,477</u>	<u>3,802</u>	<u>(6,477)</u>	<u>3,802</u>	<u>3,802</u>
Total primary government	<u>2,169,109</u>	<u>828,447</u>	<u>(1,903,317)</u>	<u>1,094,239</u>	<u>836,291</u>
Component Units					
Department of Public Works:					
Water and sewer bonds	940,000	-	(220,000)	720,000	220,000
	<u>940,000</u>	<u>-</u>	<u>(220,000)</u>	<u>720,000</u>	<u>220,000</u>
Drainage Districts:					
Drain bonds	1,192,250	-	(284,000)	908,250	234,000
Drain notes	1,017,017	235,000	(211,284)	1,040,733	420,883
	<u>1,017,017</u>	<u>235,000</u>	<u>(211,284)</u>	<u>1,040,733</u>	<u>420,883</u>
Total drainage districts	<u>2,209,267</u>	<u>235,000</u>	<u>(495,284)</u>	<u>1,948,983</u>	<u>654,883</u>
Road Commission:					
Compensated absences	629,304	8,572	(34,875)	603,001	276,956
	<u>629,304</u>	<u>8,572</u>	<u>(34,875)</u>	<u>603,001</u>	<u>276,956</u>
Total component units	<u>3,778,571</u>	<u>243,572</u>	<u>(750,159)</u>	<u>3,271,984</u>	<u>1,151,839</u>
Total reporting entity	<u>\$ 5,947,680</u>	<u>\$ 1,072,019</u>	<u>\$ (2,653,476)</u>	<u>\$ 4,366,223</u>	<u>\$ 1,988,130</u>

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

Primary Government

Direct County Obligations

The bonds are issued pursuant to ACT 34, Public Acts of Michigan, 2001, as amended, and a resolution of the County Board of Commissioners for the purpose of paying costs to acquire and construct an office building to serve as the District Health Department office and any related site improvements and furnishing therefor. The bonds will pledge the limited tax full faith and credit of the County for payment of the principal and interest thereon, and will be payable as a first budget obligation from the general fund of the County, and from ad valorem taxes, which may be levied against all taxable property in the County, subject to applicable constitutional and statutory tax rate limitations.

The remaining debt was paid in full during fiscal 2016.

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, 2016, was \$3,135,000.

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 \$621,202 and \$473,037 for vacation and sick, respectively, at December 31, 2016. Of the \$1,094,239 total liability, \$836,291 has been reported as a current liability and \$257,948 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 \$134,854, \$87,631, and \$54,471 for vacation, sick and longevity, respectively, at December 31, 2016. This amount, \$603,001, 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, 2016, per respective construction projects serviced from the debt service funds of the Department of Public Works component unit are as follows:

\$3,055,000 Bingham Township Sanitary Sewage Project Bonds dated May 1, 1999, due in annual installment ranging from \$50,000 to \$160,000 through May 1, 2019 with interest of 4.0 to 5.0 percent, payable semi-annually.	\$ 480,000
\$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>240,000</u>
Total Indirect County Obligations - Water and Sewer Bonds	<u>\$ 720,000</u>

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.

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

Bonds and notes payable and amounts due to other local governments at December 31, 2016, 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.	\$ 173,250
\$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.	205,000
\$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.	80,000
\$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.	450,000
\$2,057,750 Various drain notes due in annual installments ranging from \$7,000 to \$75,000 and interest rates ranging from 0.99 to 5.00 percent through 2027.	<u>1,040,733</u>
Total Indirect County Obligations - Drain Bonds and Notes	<u><u>\$ 1,948,983</u></u>

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

Year Ended December 31,	Discretely-presented Component Units			
	Department of Public Works Water and Sewer Bonds		Drainage Districts Drain Bonds and Notes	
	Principal	Interest	Principal	Interest
2017	\$ 220,000	\$ 32,150	\$ 654,883	\$ 48,873
2018	220,000	20,715	249,183	34,860
2019	220,000	9,250	249,183	27,185
2020	60,000	1,755	191,433	20,850
2021	-	-	128,500	15,846
2022 - 2026	-	-	455,200	34,855
2027	-	-	20,601	419
	<u>\$ 720,000</u>	<u>\$ 63,870</u>	<u>\$ 1,948,983</u>	<u>\$ 182,888</u>

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

9. BENEFIT PLANS

Employee Retirement System - Defined Benefit Plan

Primary Government and Component Units (except Road Commission)

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

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

Normal Retirement:

Union: 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

Employees Covered by Benefit Terms. At December 31, 2016, plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	149
Inactive employees entitled to but not yet receiving benefits	36
Active employees	<u>137</u>
Total membership	<u><u>322</u></u>

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

Union	
COAM	\$3,082
Prosecutors	255
Telecommunicators	2,227
FOP Deputies	20,760
FOP Corrections	13,906
Non-union	26,354

Net Pension Liability. The County's net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015.

Actuarial Assumptions. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

Although no specific price inflation assumptions are needed for the valuation, the 2.5% long-term wage inflation assumption would be consistent with a price inflation of 3%-4%.

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

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of the most recent actuarial experience study of 2009-2013.

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Global equity	57.50%	5.02%	2.89%
Global fixed income	20.00%	2.18%	0.44%
Real Assets	12.50%	4.23%	0.53%
Diversifying strategies	<u>10.00%</u>	6.56%	0.64%
	<u>100.00%</u>		
Inflation			3.50%
Administrative expenses netted above			<u>0.25%</u>
Investment rate of return			<u>8.25%</u>

Discount Rate. The discount rate used to measure the total pension liability is 8.25% for 2016. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

Changes in Net Pension Liability

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

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2015	\$ 50,866,945	\$ 44,391,325	\$ 6,475,620
Changes for the year:			
Service cost	827,694	-	827,694
Interest	4,130,095	-	4,130,095
Differences between expected and actual experience	(160,945)	-	(160,945)
Changes in assumptions	2,215,818	-	2,215,818
Employer contributions	-	3,739,046	(3,739,046)
Employee contributions	-	174,338	(174,338)
Net investment income (loss)	-	5,087,840	(5,087,840)
Benefit payments, including refunds of employee contributions	(2,438,076)	(2,438,076)	-
Administrative expense	-	(100,336)	100,336
Other changes	(201,736)	-	(201,736)
Net changes	<u>4,372,850</u>	<u>6,462,812</u>	<u>(2,089,962)</u>
Balances at December 31, 2016	<u>\$ 55,239,795</u>	<u>\$ 50,854,137</u>	<u>\$ 4,385,658</u>

Changes in Assumptions

Based on the 2009-2013 Experience Study the following assumptions were changed starting with the December 31, 2015 valuation: (1) mortality table was adjusted to reflect longer lifetimes, (2) assumed annual rate of return of investment return, net of all expenses, was lowered from 8% to 7.75% (3) asset smoothing period was changed from 10 years to 5 years.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the County, calculated using the discount rate of 8.25%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1% lower (7.25%) or 1% higher (9.25%) than the current rate:

	1% Decrease (7.25%)	Current Discount Rate (8.25%)	1% Increase (9.25%)
County's net pension liability	\$ 10,760,871	\$ 4,385,658	\$ (1,008,183)

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

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended December 31, 2016, the County recognized pension expense of \$2,072,119. The County reported deferred outflows and inflows of resources related to pensions from the following source:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ -	\$ 120,709	\$ (120,709)
Changes in assumptions	1,661,863	-	1,661,863
Net difference between projected and actual earnings on pension plan investments	<u>1,512,281</u>	<u>-</u>	<u>1,512,281</u>
Total	<u><u>\$ 3,174,144</u></u>	<u><u>\$ 120,709</u></u>	<u><u>\$ 3,053,435</u></u>

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

Year Ended December 31,	Amount
2017	\$ 1,109,069
2018	1,109,069
2019	1,109,064
2020	<u>(273,767)</u>
	<u><u>\$ 3,053,435</u></u>

Payable to the Pension Plan. At December 31, 2016, the County reported a payable of \$93,455 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2016.

Component Unit - Road Commission

Plan Description. The Road Commission participates in the Municipal Employees Retirement System (MERS) of Michigan. MERS is an agent multiple-employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine member Retirement Board. MERS is a nonprofit organization that was granted independence from the State of Michigan pursuant to Public Act 220 of 1996, effective August 15, 1996. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS Web site at <http://www.mersofmich.com> or in writing to MERS at 1134 Municipal Way, Lansing, Michigan 48917. Further information regarding the Plan is presented in the separately issued Road Commission report.

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

10. DEFINED CONTRIBUTION PLAN

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

Employer contributions to the Plan for the year ended December 31, 2016, amounted to \$227,304 and employee contributions were \$59,813. The number of active participants in this plan is 72 members.

11. POSTEMPLOYMENT HEALTHCARE BENEFITS

Primary Government and Component Units (except Road Commission)

Plan description. The County provides certain healthcare benefits, including prescription drug benefits for employees who have retired. Substantially all of the County's employees may become eligible for those benefits when they reach twenty (20) years of service and 60 years of age. Under this program the County pays \$514.32 per month for each eligible employee and out-of-area eligible employee under age 65, and \$317.40 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 healthcare benefits under County policy. On establishment of the Trust the County made a transfer of assets in the amount of \$1,842,539 to cover costs of current retirees' health benefits and also those of employees eligible to retire within one year.

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

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

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

Funding policy. The Trust is being funded based on 226 employees and 61 retirees. The County has chosen to fund the Trust based on assumptions of annual cost increases for benefits ranging from 4% to 9% and a 6.5% return on investments.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to financial statements, present multiyear trend information about whether the 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, 2015 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	26 years
Actuarial assumptions:	
Investment rating return	6.5 percent
Projected salary increases*	4.3 percent to 17.0 percent
Cost-of-living adjustments	None

*Includes inflation at 4.0 percent

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

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	\$ 113,821
Interest on net OPEB asset	(207,208)
Adjustment to annual required contribution	<u>160,142</u>
Annual OPEB cost	66,755
Contributions made	<u>(294,212)</u>
Increase in net OPEB asset	(227,457)
Net OPEB (asset), beginning of year	<u>(2,960,109)</u>
Net OPEB (asset), end of year	<u>\$ (3,187,566)</u>

Three-Year Trend Information			
Year Ended December 31,	Annual OPEB Cost (AOC)	Percentage of AOC Contributed	Net OPEB Asset
2014	\$ 226,866	251%	\$ 2,744,034
2015	60,468	457%	2,960,109
2016	66,755	441%	3,187,566

Funded Status and Funding Progress. As of December 31, 2015, the most recent actuarial valuation date, the Plan was 113 percent funded. The actuarial liability for benefits was \$9,519,525, and the value of assets was \$10,795,446, resulting in an overfunded position of \$1,275,921.

Component Unit - Road Commission

The Road Commission administers a single-employer defined benefit healthcare plan reported as the Retiree Health Care Trust Fund and a health care savings plan. The Road Commission provides post-employment healthcare insurance benefits to certain retired union and administrative employees through the Road Commission's group health insurance plan which covers both active and retired members. Benefit provisions are established through negotiations between the Road Commission and the union in accordance with the labor contract and personnel policy for non-union employees. Further information regarding the Plan is presented in the separately issued Road Commission report.

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

12. CAFETERIA PLAN

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

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

13. 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.

14. 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.

15. RISK MANAGEMENT

Primary Government and Component Units (except Road Commission)

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

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

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

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

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

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

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

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

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

The limit of insurance for general and auto liability was \$15,000,000. The property damage blanket limit of insurance at December 31, 2016, was \$55,905,788.

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

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

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

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

Component Unit - Road Commission

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

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.

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

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.

16. 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 2016 levy had a taxable value of \$2,591,231,739 on which ad valorem taxes levied for County general operating purposes was 5.7953 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.

17. 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, 2016, the Federal grants received and expended by the Road Commission was \$1,567,242 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, 2016, 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 \$750,000 or more. A single audit was not required to be performed for the calendar year ended December 31, 2016, by the Road Commission auditors.

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

18. FUND EQUITY DESIGNATIONS

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

The following are the various net position designations as of December 31, 2016:

Delinquent Tax Revolving Fund	
Designated for MERS unfunded liability	\$ 1,048,230
Designated for prepaids to locals	10,000,000

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

19. 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	-	-	2,188,952	-	2,188,952
Waste management	-	-	-	754,924	754,924
Register of deeds	-	-	-	199,893	199,893
Corrections training	-	-	-	49,779	49,779
Drug forfeiture	-	-	-	29,643	29,643
Law library	-	-	-	57,515	57,515
Act 302 training	-	-	-	8,824	8,824
Child care	-	-	-	1,839,805	1,839,805
Veterans trust	-	-	-	2,032	2,032
Audits or tax exemptions	-	-	-	7,410	7,410
Concealed pistol licensing	-	-	-	47,808	47,808
Total restricted	-	-	2,188,952	2,997,633	5,186,585
Committed for:					
Family counseling	37,709	-	-	-	37,709
Tri-County Metro	75,000	-	-	-	75,000
Budget stabilization	200,000	-	-	-	200,000
Sick and vacation pay	1,090,437	-	-	-	1,090,437
Tax liabilities	993,064	-	-	-	993,064
Major public improvement projects	-	1,633,515	-	-	1,633,515
Equipment replacement	-	5,603,443	-	-	5,603,443
Total committed	2,396,210	7,236,958	-	-	9,633,168
Assigned for:					
Public improvement	-	1,621,018	-	-	1,621,018
Friend of the court	-	-	-	362,911	362,911
Probation enhancement	-	-	-	43,719	43,719
Total assigned	-	1,621,018	-	406,630	2,027,648
Unassigned	10,913,305	-	-	-	10,913,305
Total fund balances, governmental funds	\$ 13,564,515	\$ 8,857,976	\$ 2,188,952	\$ 3,404,263	\$ 28,015,706

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

20. NET POSITION

Restricted Net Position

The composition of the County's restricted net position as of December 31, 2016, was as follows:

	Governmental Activities	Component Units
Restricted for:		
Public safety	2,277,198	
Debt service	-	386,288
Employee benefits	4,934,082	-
Child care	1,839,805	-
Waste management	754,924	-
Register of deeds	199,893	-
Law library	57,515	-
Veterans trust	2,032	-
Audits or tax exemptions	7,410	-
Concealed pistol licensing	47,808	-
	<u>10,120,667</u>	<u>386,288</u>

Net Investment in Capital Assets

The composition of net investment in capital assets as of December 31, 2016, was as follows:

	Governmental Activities	Business-type Activities	Component Units
Capital assets:			
Capital assets not being depreciated	\$ 5,699,554	\$ -	\$ 8,160,027
Capital assets being depreciated, net	<u>26,823,884</u>	<u>62,539</u>	<u>71,362,149</u>
	<u>32,523,438</u>	<u>62,539</u>	<u>79,522,176</u>
Related debt:			
Due with in one year	-	-	654,883
Due in more than one year	-	-	1,294,100
	-	-	<u>1,948,983</u>
Net investment in capital assets	<u>\$ 32,523,438</u>	<u>\$ 62,539</u>	<u>\$ 77,573,193</u>

21. CONSTRUCTION COMMITMENTS

The County has four active construction projects as of December 31, 2016. The projects are for the 911 tower project, mobile data communication system, renovation of the Greenhaven youth facility, and demolition of a church and parsonage. At year-end, the County's remaining commitment with contractors for all of these projects was \$887,309.



REQUIRED SUPPLEMENTARY INFORMATION

CLINTON COUNTY, MICHIGAN

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

Schedule of Changes in County's Net Pension Liability and Related Ratios

	Year Ended December 31	
	2016	2015
Total pension liability		
Service cost	\$ 827,694	\$ 850,699
Interest	4,130,095	3,942,181
Differences between expected and actual experience	(160,945)	-
Changes of assumptions	2,215,818	-
Benefit payments, including refunds of employee contributions	(2,438,076)	(2,313,661)
Other changes	(201,736)	(127,763)
Net change in total pension liability	4,372,850	2,351,456
Total pension liability, beginning of year	50,866,945	48,515,489
Total pension liability, end of year	55,239,795	50,866,945
Plan fiduciary net position		
Employer contributions	3,739,046	3,022,230
Employee contributions	174,338	175,506
Net investment income (loss)	5,087,840	(661,205)
Benefit payments, including refunds of employee contributions	(2,438,076)	(2,313,661)
Administrative expense	(100,336)	(97,366)
Net change in plan fiduciary net position	6,462,812	125,504
Plan fiduciary net position, beginning of year	44,391,325	44,265,821
Plan fiduciary net position, end of year	50,854,137	44,391,325
County's net pension liability	\$ 4,385,658	\$ 6,475,620
Plan fiduciary net position as a percentage of total pension liability	92.1%	87.3%
Covered-employee payroll	\$ 7,060,695	\$ 7,291,660
County's net pension liability as a percentage of covered-employee payroll	62.1%	88.8%

Notes:

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

CLINTON COUNTY, MICHIGAN

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

Schedule of the Net Pension Liability

Year Ended December 31,	Total Pension Liability	Plan Net Position	Net Pension Liability	Plan Net Position as Percentage of Total Pension Liability	Covered-Employee Payroll	Net Pension Liability as Percentage of Covered Payroll
2016	\$ 55,239,795	\$ 50,854,137	\$ 4,385,658	92.1%	\$ 7,060,695	62.1%
2015	50,866,945	44,391,325	6,475,620	87.3%	7,291,660	88.8%

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

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

CLINTON COUNTY, MICHIGAN

Required Supplementary Information

MERS Agent Multiple-Employer Defined Benefit Pension Plan

Schedule of Contributions

Year Ending December 31,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as Percentage of Covered-Employee Payroll
2016	\$ 799,008	\$ 3,739,046	\$ (2,940,038)	\$ 7,422,039	50.4%
2015	1,238,244	3,022,230	(1,783,986)	7,376,096	41.0%

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

Notes to Schedule of Contributions

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	Level percent of payroll, open
Remaining amortization period	23 years
Asset valuation method	10 year smoothed
Inflation	2.50%
Salary increases	3.75% in the long-term
Investment rate of return	7.75%, net of investment and administrative expense including inflation
Retirement age	Age-based table of rates that are specific to the type of eligibility condition. The Normal Retirement rates were first used for the December 31, 2015 actuarial valuations. The Early Retirement
Mortality	Mortality rates used were based on the RP-2014 Group Annuity Mortality Table of a 50% Male and 50% Female blend.

Changes in Assumptions

Based on the 2009-2013 Experience Study the following assumptions were changed starting with the December 31, 2015 valuation: (1) mortality table was adjusted to reflect longer lifetimes, (2) assumed annual rate of return of investment return, net of all expenses, was lowered from 8% to 7.75% (3) asset smoothing period was changed from 10 years to 5 years.

CLINTON COUNTY, MICHIGAN

Required Supplementary Information
Postemployment Healthcare Benefits Trust
Schedules of Funding Progress and Employer Contributions
For the Year Ended December 31, 2016

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
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
2015	10,795,446	9,519,525	(1,275,921)	113%	n/a	n/a

Schedule of Employer Contributions		
Year Ended December 31,	Annual Required Contribution	Percentage Contributed
2014	\$ 280,766	203%
2015	107,617	257%
2016	113,821	258%

**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, 2016

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes:				
Current and delinquent property taxes	\$ 14,260,000	\$ 14,760,000	\$ 14,924,289	\$ 164,289
Mobile home park taxes	10,000	10,000	12,591	2,591
Other tax revenue	20,000	20,000	29,914	9,914
Total taxes	14,290,000	14,790,000	14,966,794	176,794
Licenses and permits:				
Dog licenses	106,000	106,000	114,669	8,669
Other licenses and permits	26,000	26,000	9,630	(16,370)
Building and planning permits	20,000	20,000	20,080	80
Total licenses and permits	152,000	152,000	144,379	(7,621)
Intergovernmental:				
CRP - Prosecuting attorney	75,000	75,000	92,802	17,802
Juvenile grant - Title I, Part D	-	7,391	7,391	-
Employment service	68,910	69,468	70,172	704
Support incentive	80,000	80,000	93,031	13,031
Swift & sure sanctions probation program	230,000	230,000	142,721	(87,279)
Liquor license	5,000	5,000	6,904	1,904
Liquor convention facility	234,273	242,875	242,875	-
State revenue sharing	650,000	1,300,000	1,338,182	38,182
Local community stabilization share appropriation	-	120,000	120,955	955
Victims' rights	69,151	69,851	62,727	(7,124)
Drivers license restoration	-	-	104	104
Probate court judge salary	94,195	94,195	94,195	-
Circuit court judge	91,448	91,448	91,448	-
District court judge	45,724	45,724	45,724	-
Probate court judge	45,724	45,724	54,795	9,071
Juvenile court director	27,317	27,317	27,317	-
District court state aid	20,000	20,000	25,115	5,115
Marine safety	2,700	5,330	5,330	-
Prosecuting attorney food stamp	-	-	213	213
Homeland security	20,416	136,302	120,964	(15,338)
PA 345	63,988	43,245	43,245	-
Court equity	175,000	195,000	197,751	2,751
Road patrol	79,701	79,701	77,399	(2,302)

continued...

CLINTON COUNTY, MICHIGAN

Detailed Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund
For the Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues (concluded)				
Intergovernmental (concluded):				
Highway safety	\$ -	\$ 19,013	\$ 19,011	\$ (2)
Emergency management	30,000	30,000	29,561	(439)
Other	15,000	15,000	28,421	13,421
Total intergovernmental	<u>2,123,547</u>	<u>3,047,584</u>	<u>3,038,353</u>	<u>(9,231)</u>
Charges for services:				
Sheriff	55,880	55,880	66,638	10,758
Treasurer fees	8,500	8,500	24,256	15,756
Drain commissioner	1,000	1,000	3,618	2,618
Friend of the court service fees	40,000	40,000	37,317	(2,683)
District court	1,425,000	2,040,000	1,995,094	(44,906)
Probation - juvenile	-	-	75	75
Clerk	135,000	140,000	139,474	(526)
Register of deeds	445,000	645,000	682,043	37,043
Probate court	20,000	25,000	26,166	1,166
Care of prisoners	1,091,000	1,091,000	1,101,843	10,843
Total charges for services	<u>3,221,380</u>	<u>4,046,380</u>	<u>4,076,524</u>	<u>30,144</u>
Interest and rents:				
Interest	60,000	110,000	151,877	41,877
Rents	25,600	25,600	26,620	1,020
Total interest and rents	<u>85,600</u>	<u>135,600</u>	<u>178,497</u>	<u>42,897</u>
Other:				
Contributions	10,000	10,000	9,105	(895)
Reimbursements - indirect costs	700,000	718,000	752,345	34,345
Reimbursements - other	313,307	738,484	740,332	1,848
Total other	<u>1,023,307</u>	<u>1,466,484</u>	<u>1,501,782</u>	<u>35,298</u>
Total revenues	<u>20,895,834</u>	<u>23,638,048</u>	<u>23,906,329</u>	<u>268,281</u>
Expenditures				
Current:				
General government:				
Board of commissioners	339,686	339,686	298,415	(41,271)
Circuit court	684,594	688,927	598,506	(90,421)
District court	1,087,828	1,087,828	1,068,397	(19,431)
Probate court	883,476	890,867	804,415	(86,452)

continued...

CLINTON COUNTY, MICHIGAN

Detailed Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund

For the Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (continued)				
Current (continued):				
General government (concluded):				
Family counseling	\$ 8,000	\$ 8,000	\$ 4,748	\$ (3,252)
Jury board	5,550	5,550	4,531	(1,019)
Adult probation	4,800	4,800	3,053	(1,747)
County administrator	506,172	475,271	471,346	(3,925)
Accounting	280,109	280,109	270,560	(9,549)
Elections	113,734	190,734	176,272	(14,462)
Clerk	465,128	465,128	447,011	(18,117)
Equalization	260,134	260,134	258,587	(1,547)
Prosecuting attorney	943,595	944,295	909,160	(35,135)
Register of deeds	197,505	197,505	146,212	(51,293)
County survey and remonumentation	63,988	43,245	43,245	-
Record copying	11,500	11,500	5,283	(6,217)
Treasurer	351,988	351,988	318,129	(33,859)
Cooperative extension	230,113	231,073	228,226	(2,847)
Courthouse and grounds	1,407,483	1,407,483	1,155,748	(251,735)
Drain commissioner	453,501	453,501	428,958	(24,543)
Soil conservation	20,000	20,000	12,000	(8,000)
Other	25,000	25,000	24,660	(340)
Total general government	<u>8,343,884</u>	<u>8,382,624</u>	<u>7,677,462</u>	<u>(705,162)</u>
Public safety:				
Sheriff - general	3,406,157	3,463,119	3,463,119	-
Highway safety	-	19,013	19,011	(2)
Marine safety	2,700	5,330	5,330	-
Secondary road patrol	112,607	112,607	89,056	(23,551)
Metro squad	-	5,605	5,605	-
Jail	3,535,092	3,535,092	3,434,069	(101,023)
Community corrections	6,000	6,000	4,000	(2,000)
Emergency services	129,880	245,766	227,012	(18,754)
Animal control	161,668	161,668	153,022	(8,646)
Total public safety	<u>7,354,104</u>	<u>7,554,200</u>	<u>7,400,224</u>	<u>(153,976)</u>
Public works:				
Drains at large	60,000	60,000	57,927	(2,073)
Department of public works	1,600	1,600	379	(1,221)
Total public works	<u>61,600</u>	<u>61,600</u>	<u>58,306</u>	<u>(3,294)</u>

continued...

CLINTON COUNTY, MICHIGAN

Detailed Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund
For the Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (continued)				
Current (continued):				
Health and welfare:				
Contagious disease	\$ 8,000	\$ 8,000	\$ 623	\$ (7,377)
Tri-county aging consortium	43,967	43,967	43,795	(172)
Building stronger community council	17,000	17,000	17,000	-
Substance abuse appropriation	117,137	121,438	121,438	-
Medical examiner	60,199	60,199	53,577	(6,622)
District health department	391,015	391,015	391,015	-
Mental health	268,501	271,501	269,917	(1,584)
Veterans affairs	45,604	45,604	41,721	(3,883)
Soldiers and Sailors	5,000	5,000	426	(4,574)
Total health and welfare	<u>956,423</u>	<u>963,724</u>	<u>939,512</u>	<u>(24,212)</u>
Community and economic development:				
Planning department	192,030	192,030	169,422	(22,608)
Plat board	1,240	1,240	292	(948)
Tri-county regional planning commission	63,920	63,920	63,920	-
Economic development	65,000	65,000	65,000	-
Employment services	68,910	69,468	69,193	(275)
Total community and economic development	<u>391,100</u>	<u>391,658</u>	<u>367,827</u>	<u>(23,831)</u>
Recreation and cultural:				
Parks and recreation	147,568	147,568	119,981	(27,587)
Library board	300	300	-	(300)
Historical commission	1,500	1,500	-	(1,500)
Total recreation and cultural	<u>149,368</u>	<u>149,368</u>	<u>119,981</u>	<u>(29,387)</u>
Other:				
Insurance and bonds	305,000	338,587	338,587	-
Other	512,912	170,449	5,587	(164,862)
Total other	<u>817,912</u>	<u>509,036</u>	<u>344,174</u>	<u>(164,862)</u>
Total expenditures	<u>18,074,391</u>	<u>18,012,210</u>	<u>16,907,486</u>	<u>(1,104,724)</u>
Revenues over (under) expenditures	<u>2,821,443</u>	<u>5,625,838</u>	<u>6,998,843</u>	<u>1,373,005</u>

continued...

CLINTON COUNTY, MICHIGAN

Detailed Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual - General Fund For the Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Other financing sources (uses)				
Transfers from other funds	\$ -	\$ 32,013	\$ 32,013	\$ -
Transfers to other funds				
Friend of the court	(420,000)	(420,000)	(420,000)	-
Law library fund	(14,000)	(14,000)	(14,000)	-
Central telephone	-	-	-	-
MIS	(599,472)	(887,653)	(887,653)	-
Building authority funds	-	(900,000)	(900,000)	-
Public improvement fund	(600,000)	(1,921,819)	(1,921,819)	-
County vehicles fund	(200,000)	(200,000)	(200,000)	-
Child care fund	(971,971)	(671,971)	(671,971)	-
Retirement	-	(1,500,000)	(1,500,000)	-
4-H fair	(16,000)	(16,000)	(16,000)	-
Total other financing sources (uses)	<u>(2,821,443)</u>	<u>(6,499,430)</u>	<u>(6,499,430)</u>	<u>-</u>
Net change in fund balance	-	(873,592)	499,413	1,373,005
Fund balance, beginning of year	<u>13,065,102</u>	<u>13,065,102</u>	<u>13,065,102</u>	<u>-</u>
Fund balance, end of year	<u>\$ 13,065,102</u>	<u>\$ 12,191,510</u>	<u>\$ 13,564,515</u>	<u>\$ 1,373,005</u>

concluded

NONMAJOR GOVERNMENTAL FUNDS

CLINTON COUNTY, MICHIGAN

Combining Balance Sheet Nonmajor Governmental Funds December 31, 2016

	Special Revenue Funds			
	Friend of the Court	Waste Management	Register of Deeds Automation	Corrections Training
Assets				
Cash and cash equivalents	\$ 402,220	\$ 733,486	\$ 199,913	\$ 49,779
Receivables:				
Accounts	-	30,287	-	-
Due from other funds	-	-	-	-
Due from other governmental units	65,259	-	-	-
Total assets	\$ 467,479	\$ 763,773	\$ 199,913	\$ 49,779
Liabilities				
Accounts payable	\$ 2,619	\$ 6,251	\$ 20	\$ -
Accrued liabilities	10,511	2,322	-	-
Due to other funds	1,438	276	-	-
Advance from other funds	90,000	-	-	-
Total liabilities	104,568	8,849	20	-
Fund balances				
Restricted	-	754,924	199,893	49,779
Assigned	362,911	-	-	-
Total fund balances	362,911	754,924	199,893	49,779
Total liabilities and fund balances	\$ 467,479	\$ 763,773	\$ 199,913	\$ 49,779



Special Revenue Funds				
Drug Forfeiture	Law Library	County Library	Probation Enhancement	Act 302 Training
\$ 31,739	\$ 57,515	\$ -	\$ 43,719	\$ 8,865
-	-	-	-	-
-	-	-	-	-
842	-	-	-	-
<u>\$ 32,581</u>	<u>\$ 57,515</u>	<u>\$ -</u>	<u>\$ 43,719</u>	<u>\$ 8,865</u>
\$ 2,938	\$ -	\$ -	\$ -	\$ 41
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>2,938</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41</u>
29,643	57,515	-	-	8,824
-	-	-	43,719	-
<u>29,643</u>	<u>57,515</u>	<u>-</u>	<u>43,719</u>	<u>8,824</u>
<u>\$ 32,581</u>	<u>\$ 57,515</u>	<u>\$ -</u>	<u>\$ 43,719</u>	<u>\$ 8,865</u>

continued...

CLINTON COUNTY, MICHIGAN

Combining Balance Sheet Nonmajor Governmental Funds December 31, 2016

	Special Revenue Funds			
	Child Care	Veterans Trust	Homestead Property Tax Exemption	Concealed Pistol Licensing
Assets				
Cash and cash equivalents	\$ 1,070,443	\$ 3,530	\$ 7,410	\$ 47,808
Receivables:				
Accounts	-	-	-	-
Due from other funds	685,046	-	-	-
Due from other governmental units	130,144	-	-	-
Total assets	\$ 1,885,633	\$ 3,530	\$ 7,410	\$ 47,808
Liabilities				
Accounts payable	\$ 38,178	\$ 1,498	\$ -	\$ -
Accrued liabilities	6,810	-	-	-
Due to other funds	840	-	-	-
Advance from other funds	-	-	-	-
Total liabilities	45,828	1,498	-	-
Fund balance				
Restricted	1,839,805	2,032	7,410	47,808
Assigned	-	-	-	-
Total fund balances	1,839,805	2,032	7,410	47,808
Total liabilities and fund balances	\$ 1,885,633	\$ 3,530	\$ 7,410	\$ 47,808



Debt Service Fund		Total Nonmajor Governmental Funds
Health Department		
\$ -	\$	2,656,427
-		30,287
-		685,046
-		196,245
<u>\$ -</u>	<u>\$</u>	<u>3,568,005</u>
\$ -	\$	51,545
-		19,643
-		2,554
-		90,000
<u>-</u>	<u></u>	<u>163,742</u>
-		2,997,633
-		406,630
<u>-</u>	<u></u>	<u>3,404,263</u>
<u>\$ -</u>	<u>\$</u>	<u>3,568,005</u>

concluded

CLINTON COUNTY, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds For the Year Ended December 31, 2016

	Special Revenue Funds			
	Friend of the Court	Waste Management	Register of Deeds Automation	Corrections Training
Revenues				
Intergovernmental - Federal/State	\$ 551,118	\$ -	\$ -	\$ -
Charges for services	22,294	428,923	64,755	6,490
Fines and forfeitures	-	-	-	-
License and permits	-	-	-	-
Interest and rents	-	-	421	-
Other	-	-	-	-
Total revenues	573,412	428,923	65,176	6,490
Expenditures				
Current:				
General government	924,307	-	63,156	-
Public safety	-	-	-	1,612
Public works	-	306,717	-	-
Health and welfare	-	-	-	-
Recreation and cultural	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	924,307	306,717	63,156	1,612
Revenues over (under) expenditures	(350,895)	122,206	2,020	4,878
Other financing sources (uses)				
Transfers in	420,000	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	420,000	-	-	-
Net change in fund balances	69,105	122,206	2,020	4,878
Fund balances, beginning of year	293,806	632,718	197,873	44,901
Fund balances, end of year	\$ 362,911	\$ 754,924	\$ 199,893	\$ 49,779



Special Revenue Funds				
Drug Forfeiture	Law Library	County Library	Probation Enhancement	Act 302 Training
\$ 2,318	\$ -	\$ -	\$ -	\$ 5,884
-	-	-	-	-
11,861	6,500	3,330	4,326	-
-	-	-	-	-
46	-	-	-	-
-	-	-	-	-
<u>14,225</u>	<u>6,500</u>	<u>3,330</u>	<u>4,326</u>	<u>5,884</u>
-	14,865	-	-	-
14,634	-	-	-	4,470
-	-	-	-	-
-	-	3,330	-	-
-	-	-	-	-
-	-	-	-	-
<u>14,634</u>	<u>14,865</u>	<u>3,330</u>	<u>-</u>	<u>4,470</u>
<u>(409)</u>	<u>(8,365)</u>	<u>-</u>	<u>4,326</u>	<u>1,414</u>
-	14,000	-	-	-
-	-	-	-	-
-	14,000	-	-	-
(409)	5,635	-	4,326	1,414
<u>30,052</u>	<u>51,880</u>	<u>-</u>	<u>39,393</u>	<u>7,410</u>
<u>\$ 29,643</u>	<u>\$ 57,515</u>	<u>\$ -</u>	<u>\$ 43,719</u>	<u>\$ 8,824</u>

continued...

CLINTON COUNTY, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds For the Year Ended December 31, 2016

	Special Revenue Funds			
	Child Care	Veterans Trust	Homestead Property Tax Exemption	Concealed Pistol Licensing
Revenues				
Intergovernmental - Federal/State	\$ 597,899	\$ 15,887	\$ -	\$ -
Charges for services	29,512	-	-	-
Fines and forfeitures	-	-	-	-
License and permits	-	-	-	43,376
Interest and rents	-	-	-	-
Other	-	-	4,681	-
Total revenues	627,411	15,887	4,681	43,376
Expenditures				
Current:				
General government	-	-	1,480	16,300
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	1,254,820	15,447	-	-
Recreation and cultural	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	1,254,820	15,447	1,480	16,300
Revenues over (under) expenditures	(627,409)	440	3,201	27,076
Other financing sources				
Transfers in	671,971	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	671,971	-	-	-
Net change in fund balances	44,562	440	3,201	27,076
Fund balances, beginning of year	1,795,243	1,592	4,209	20,732
Fund balances, end of year	\$ 1,839,805	\$ 2,032	\$ 7,410	\$ 47,808



Debt Service Fund		Total Nonmajor Governmental Funds
Health Department		
\$ -	\$	1,173,106
-		551,974
-		26,017
-		43,376
83		550
-		4,681
<u>83</u>		<u>1,799,704</u>
750		1,020,858
-		20,716
-		306,717
-		1,270,267
-		3,330
1,060,000		1,060,000
21,200		21,200
<u>1,081,950</u>		<u>3,703,088</u>
<u>(1,081,867)</u>		<u>(1,903,384)</u>
900,000		2,005,971
(32,013)		(32,013)
<u>867,987</u>		<u>1,973,958</u>
(213,880)		70,574
<u>213,880</u>		<u>3,333,689</u>
<u>\$ -</u>	<u>\$</u>	<u>3,404,263</u>

concluded

NONMAJOR ENTERPRISE FUNDS

CLINTON COUNTY, MICHIGAN

Combining Statement of Net Position Nonmajor Enterprise Funds December 31, 2016

	Jail Commissary	Building Department	County Extension Community Center	Total
Assets				
Cash and cash equivalents	\$ 102,317	\$ 871,689	\$ 50,222	\$ 1,024,228
Accounts receivable	-	9,354	-	9,354
Inventory	4,976	-	-	4,976
Capital assets, being depreciated	-	58,592	-	58,592
Total assets	107,293	939,635	50,222	1,097,150
Liabilities				
Accounts payable	5,751	492	1,291	7,534
Accrued liabilities	-	7,772	1,450	9,222
Due to other funds	-	328	-	328
Total liabilities	5,751	8,592	2,741	17,084
Net position				
Net investment in capital assets	-	58,592	-	58,592
Unrestricted	101,542	872,451	47,481	1,021,474
Total net position	\$ 101,542	\$ 931,043	\$ 47,481	\$ 1,080,066

CLINTON COUNTY, MICHIGAN

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position Nonmajor Enterprise Funds For the Year Ended December 31, 2016

	Jail Commissary	Building Department	County Extension Community Center	Total
Operating revenues				
Charges for services	\$ -	\$ 424,809	\$ -	\$ 424,809
Sales	130,829	-	-	130,829
Rent	-	-	10,250	10,250
Other	-	13	1,300	1,313
Total operating revenues	130,829	424,822	11,550	567,201
Operating expenses				
Personnel services and fringes	-	184,985	-	184,985
Supplies	112,747	7,366	24,044	144,157
Contracted services	-	62,709	-	62,709
Depreciation	-	14,579	-	14,579
Other	-	64,031	-	64,031
Total operating expenses	112,747	333,670	24,044	470,461
Operating income (loss)	18,082	91,152	(12,494)	96,740
Transfers				
Transfers in	-	-	16,000	16,000
Change in net position	18,082	91,152	3,506	112,740
Net position, beginning of year	83,460	839,891	43,975	967,326
Net position, end of year	\$ 101,542	\$ 931,043	\$ 47,481	\$ 1,080,066

CLINTON COUNTY, MICHIGAN

Combining Statement of Cash Flows Nonmajor Enterprise Funds For the Year Ended December 31, 2016

	Jail Commissary	Building Department	County Extension Community Center	Total
Cash flows from operating activities				
Receipts from customers and users	\$ 130,829	\$ 419,566	\$ 11,550	\$ 561,945
Payments to vendors	(115,661)	(134,091)	(23,223)	(272,975)
Payment for personnel services and fringes	-	(195,678)	-	(195,678)
Net cash provided by (used in) operating activities	15,168	89,797	(11,673)	93,292
Cash flows from capital and related financing activities				
Capital asset purchases	-	(15,753)	-	(15,753)
Cash flows from noncapital financing activities				
Transfers in	-	-	16,000	16,000
Net increase in cash and cash equivalents	15,168	74,044	4,327	93,539
Cash and cash equivalents, beginning of year	87,149	797,645	45,895	930,689
Cash and cash equivalents, end of year	\$ 102,317	\$ 871,689	\$ 50,222	\$ 1,024,228
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Operating income (loss)	\$ 18,082	\$ 91,152	\$ (12,494)	\$ 96,740
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	-	14,579	-	14,579
Change in operating assets and liabilities that provided (used) cash:				
Accounts receivable	-	(4,873)	-	(4,873)
Inventory	(2,130)	-	-	(2,130)
Accounts payable	(784)	15	1,121	352
Accrued liabilities	-	(10,693)	(300)	(10,993)
Due to other funds	-	(383)	-	(383)
Net cash provided by (used in) operating activities	\$ 15,168	\$ 89,797	\$ (11,673)	\$ 93,292

INTERNAL SERVICE FUNDS

CLINTON COUNTY, MICHIGAN

Combining Statement of Net Position

Internal Service Funds

December 31, 2016

	Central Stores	Central Telephone	MIS	Drain Equipment Revolving
Assets				
Cash and cash equivalents	\$ 17,531	\$ 221,022	\$ 1,893,432	\$ 69,754
Investments	-	-	-	-
Interest receivable	-	-	-	-
Inventory	9,149	-	-	-
Due from other funds	-	-	-	-
Capital assets, being depreciated	-	120,068	591,580	114,830
Total assets	26,680	341,090	2,485,012	184,584
Liabilities				
Accounts payable	-	2,000	38,572	3,970
Accrued liabilities	-	-	4,553	-
Advances from other funds	25,000	-	-	10,000
Due to other funds	-	-	655	21,473
Long-term liabilities:				
Due within one year	-	-	20,155	-
Due in more than one year	-	-	17,874	-
	25,000	2,000	81,809	35,443
Net position				
Net investment in capital assets	-	120,068	591,580	114,830
Restricted for employee benefits	-	-	-	-
Unrestricted	1,680	219,022	1,811,623	34,311
Total net position	\$ 1,680	\$ 339,090	\$ 2,403,203	\$ 149,141



County Vehicles	Employee Retirement	Insurance	Unemployment	Workers Compensation	Total
\$ 885,292	\$ 1,175,026	\$ 1,148,737	\$ 148,473	\$ 269,741	\$ 5,829,008
-	1,254,652	1,008,184	-	-	2,262,836
-	1,837	802	-	-	2,639
-	-	-	-	-	9,149
-	27,104	7,108	482	2,533	37,227
497,262	-	-	-	-	1,323,740
<u>1,382,554</u>	<u>2,458,619</u>	<u>2,164,831</u>	<u>148,955</u>	<u>272,274</u>	<u>9,464,599</u>
3,584	93,455	1,464	14,480	-	157,525
-	-	4	-	-	4,557
-	-	-	-	-	35,000
-	-	148	-	-	22,276
-	-	1,046	-	-	21,201
-	-	-	-	-	17,874
<u>3,584</u>	<u>93,455</u>	<u>2,662</u>	<u>14,480</u>	<u>-</u>	<u>258,433</u>
497,262	-	-	-	-	1,323,740
-	2,365,164	2,162,169	134,475	272,274	4,934,082
881,708	-	-	-	-	2,948,344
<u>\$ 1,378,970</u>	<u>\$ 2,365,164</u>	<u>\$ 2,162,169</u>	<u>\$ 134,475</u>	<u>\$ 272,274</u>	<u>\$ 9,206,166</u>

CLINTON COUNTY, MICHIGAN

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position Internal Service Funds For the Year Ended December 31, 2016

	Central Stores	Central Telephone	MIS	Drain Equipment Revolving
Operating revenues				
Charges for services	\$ 59,116	\$ 38,549	\$ 1,629	\$ 58,233
Other	-	-	29,546	5,077
Total operating revenues	59,116	38,549	31,175	63,310
Operating expenses				
Personnel services and fringes	-	-	291,301	-
Supplies	59,116	-	3,511	-
Contracted services	-	-	102,240	-
Depreciation	-	21,039	117,134	8,547
Other	-	27,924	128,749	71,512
Total operating expenses	59,116	48,963	642,935	80,059
Operating income (loss)	-	(10,414)	(611,760)	(16,749)
Nonoperating revenues				
Interest revenue	-	-	-	-
Gain (loss) on sale of capital assets	-	-	-	7,831
Total nonoperating revenues	-	-	-	7,831
Income (loss) before transfers	-	(10,414)	(611,760)	(8,918)
Transfers				
Transfers in	-	-	887,653	-
Change in net position	-	(10,414)	275,893	(8,918)
Net position, beginning of year	1,680	349,504	2,127,310	158,059
Net position, end of year	\$ 1,680	\$ 339,090	\$ 2,403,203	\$ 149,141

County Vehicles	Employee Retirement	Insurance	Unemployment	Workers Compensation	Total
\$ -	\$ 1,637,085	\$ 2,065,242	\$ -	\$ -	\$ 3,859,854
5,057	-	-	19,233	177,614	236,527
5,057	1,637,085	2,065,242	19,233	177,614	4,096,381
-	4,200,502	1,858,009	14,480	138,656	6,502,948
-	-	-	-	-	62,627
-	-	-	-	-	102,240
139,870	-	-	-	-	286,590
60,873	-	21,344	-	-	310,402
200,743	4,200,502	1,879,353	14,480	138,656	7,264,807
(195,686)	(2,563,417)	185,889	4,753	38,958	(3,168,426)
-	7,404	5,519	315	374	13,612
(1,515)	-	-	-	-	6,316
(1,515)	7,404	5,519	315	374	19,928
(197,201)	(2,556,013)	191,408	5,068	39,332	(3,148,498)
200,000	2,500,000	-	-	-	3,587,653
2,799	(56,013)	191,408	5,068	39,332	439,155
1,376,171	2,421,177	1,970,761	129,407	232,942	8,767,011
<u>\$ 1,378,970</u>	<u>\$ 2,365,164</u>	<u>\$ 2,162,169</u>	<u>\$ 134,475</u>	<u>\$ 272,274</u>	<u>\$ 9,206,166</u>

CLINTON COUNTY, MICHIGAN

Combining Statement of Cash Flows Internal Service Funds For the Year Ended December 31, 2016

	Central Stores	Central Telephone	MIS	Drain Equipment Revolving
Cash flows from operating activities				
Receipts from customers and users	\$ 59,116	\$ 38,549	\$ 31,175	\$ 63,310
Payments to vendors	(58,256)	(28,036)	(207,744)	(57,562)
Payments for personnel services and fringes	-	-	(291,301)	-
Net cash provided by (used in) operating activities	860	10,513	(467,870)	5,748
Cash flows from capital and related financing activities				
Proceeds from sale of capital assets	-	-	-	7,831
Capital asset purchases	-	-	(318,510)	(96,873)
Net cash provided by (used in) capital and related financing activities	-	-	(318,510)	(89,042)
Cash flows from noncapital financing activities				
Transfers in	-	-	887,653	-
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	860	10,513	101,273	(83,294)
Cash and cash equivalents, beginning of year	16,671	210,509	1,792,159	153,048
Cash and cash equivalents, end of year	\$ 17,531	\$ 221,022	\$ 1,893,432	\$ 69,754

County Vehicles	Employee Retirement	Insurance	Unemployment	Workers Compensation	Total
\$ 5,057	\$ 1,880,419	\$ 2,073,483	\$ 20,165	\$ 179,390	\$ 4,350,664
(57,289)	-	(20,782)	(200,000)	-	(629,669)
-	(4,809,168)	(1,858,009)	(2,171)	(138,656)	(7,099,305)
(52,232)	(2,928,749)	194,692	(182,006)	40,734	(3,378,310)
17,500	-	-	-	-	25,331
(170,114)	-	-	-	-	(585,497)
(152,614)	-	-	-	-	(560,166)
200,000	2,500,000	-	-	-	3,587,653
-	(1,254,652)	(1,008,184)	-	-	(2,262,836)
-	1,504,444	1,002,833	134,140	-	2,641,417
-	7,404	5,519	315	374	13,612
-	257,196	168	134,455	374	392,193
(4,846)	(171,553)	194,860	(47,551)	41,108	41,370
890,138	1,346,579	953,877	196,024	228,633	5,787,638
\$ 885,292	\$ 1,175,026	\$ 1,148,737	\$ 148,473	\$ 269,741	\$ 5,829,008

continued...

CLINTON COUNTY, MICHIGAN

Combining Statement of Cash Flows Internal Service Funds For the Year Ended December 31, 2016

	Central Stores	Central Telephone	MIS	Drain Equipment Revolving
Reconciliation of operating activities to net cash provided by (used in) operating activities				
Operating income (loss)	\$ -	\$ (10,414)	\$ (611,760)	\$ (16,749)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	-	21,039	117,134	8,547
Change in operating assets and liabilities that provided (used) cash:				
Accounts receivable	-	-	-	-
Inventory	1,142	-	-	-
Due from other funds	-	-	-	-
Accounts payable	(282)	(112)	32,713	3,962
Accrued liabilities	-	-	(4,961)	-
Due to other funds	-	-	(996)	9,988
Net cash provided by (used in) operating activities	<u>\$ 860</u>	<u>\$ 10,513</u>	<u>\$ (467,870)</u>	<u>\$ 5,748</u>

County Vehicles	Employee Retirement	Insurance	Unemployment	Workers Compensation	Total
\$ (195,686)	\$ (2,563,417)	\$ 185,889	\$ 4,753	\$ 38,958	\$ (3,168,426)
139,870	-	-	-	-	286,590
-	(1,509)	641	432	-	(436)
-	-	-	-	-	1,142
-	244,843	7,600	500	1,776	254,719
3,584	(608,666)	668	12,309	-	(555,824)
-	-	(16)	-	-	(4,977)
-	-	(90)	(200,000)	-	(191,098)
<u>\$ (52,232)</u>	<u>\$ (2,928,749)</u>	<u>\$ 194,692</u>	<u>\$ (182,006)</u>	<u>\$ 40,734</u>	<u>\$ (3,378,310)</u>

concluded

AGENCY FUNDS

CLINTON COUNTY, MICHIGAN

Combining Statement of Fiduciary Assets and Liabilities Agency Funds December 31, 2016

	Trust and Agency	Library	Total
Assets			
Cash and cash equivalents	\$ 651,142	\$ 239,782	\$ 890,924
Liabilities			
Undistributed collections payable	\$ 15,188	\$ 14,472	\$ 29,660
Due to other governmental units:			
Federal/State	432,798	-	432,798
Local	-	225,310	225,310
Due to individuals and agencies	203,156	-	203,156
Total liabilities	\$ 651,142	\$ 239,782	\$ 890,924

COMPONENT UNITS

CLINTON COUNTY, MICHIGAN

Combining Balance Sheet

Drainage Districts Component Unit

December 31, 2016

	Debt Service	Capital Projects			Total
	Drain Debt Retirement	Regular Drain	Revolving Drain	Revolving Drain Maintenance	
Assets					
Cash and cash equivalents	\$ 175,936	\$ 338,758	\$ 41,062	\$ 30,082	\$ 585,838
Investments	-	1,250,000	-	-	1,250,000
Accrued interest receivable	-	3,201	-	-	3,201
Accounts receivable	-	1,556	-	-	1,556
Restricted cash and cash equivalents	-	25,558	-	-	25,558
Special assessments receivable	1,750,641	624,247	-	-	2,374,888
Due from other funds	-	-	95,060	11,911	106,971
Total assets	\$ 1,926,577	\$ 2,243,320	\$ 136,122	\$ 41,993	\$ 4,348,012
Liabilities					
Accounts payable	\$ -	\$ 44,602	\$ 6,122	\$ -	\$ 50,724
Accrued liabilities	-	5,000	-	-	5,000
Due to other funds	-	106,971	-	-	106,971
Advances from primary government	-	-	130,000	-	130,000
Total liabilities	-	156,573	136,122	-	292,695
Deferred inflows of resources					
Unavailable revenue - special assessments	1,522,204	-	-	-	1,522,204
Fund balances					
Restricted for debt service	404,373	-	-	-	404,373
Assigned for capital expenditures	-	2,086,747	-	41,993	2,128,740
Total fund balances	404,373	2,086,747	-	41,993	2,533,113
Total liabilities, deferred inflows of resources and fund balances	\$ 1,926,577	\$ 2,243,320	\$ 136,122	\$ 41,993	\$ 4,348,012

CLINTON COUNTY, MICHIGAN

Reconciliation

Fund Balances for Governmental Funds
to Net Position of Governmental Activities - Drainage Districts Component Unit
December 31, 2016

Fund balances - Drainage Districts component unit	\$ 2,533,113
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	134,442
Capital assets being depreciated, net	21,427,389
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	1,522,204
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	(18,085)
Bonds and notes payable	<u>(1,948,983)</u>
Net position of governmental activities - Drainage Districts component unit	<u><u>\$ 23,650,080</u></u>

CLINTON COUNTY, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Drainage Districts Component Unit For the Year Ended December 31, 2016

	Debt Service	Capital Project			Total
	Drain Debt Retirement	Regular Drain	Revolving Drain	Revolving Drain Maintenance	
Revenues					
Charges for services	\$ -	\$ 29,021	\$ -	\$ -	\$ 29,021
Interest	237	7,350	-	337	7,924
Special assessments	244,142	706,456	-	-	950,598
Miscellaneous	-	81,293	-	-	81,293
Total revenues	244,379	824,120	-	337	1,068,836
Expenditures					
Capital outlay	-	991,767	-	-	991,767
Debt service:					
Principal	495,284	-	-	-	495,284
Interest and fiscal charges	56,088	-	-	-	56,088
Total expenditures	551,372	991,767	-	-	1,543,139
Revenues over (under) expenditures	(306,993)	(167,647)	-	337	(474,303)
Other financing sources (uses)					
Transfer in	238,348	245	-	-	238,593
Transfer out	(245)	(238,348)	-	-	(238,593)
Note proceeds	-	235,000	-	-	235,000
Total other financing sources (uses)	238,103	(3,103)	-	-	235,000
Change in fund balances	(68,890)	(170,750)	-	337	(239,303)
Fund balances, beginning of year	473,263	2,257,497	-	41,656	2,772,416
Fund balances, end of year	\$ 404,373	\$ 2,086,747	\$ -	\$ 41,993	\$ 2,533,113

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, 2016

Net change in fund balances - Drainage Districts component unit \$ (239,303)

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

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

Capital assets purchased/constructed	201,038
Depreciation expense	(344,145)

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	(324,448)
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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	(235,000)
Bond and note principal payments	495,284

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	1,293
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Change in net position of governmental activities - Drainage Districts component unit \$ (445,281)

CLINTON COUNTY, MICHIGAN

Combining Balance Sheet Department of Public Works Component Unit December 31, 2016

	Debt Service			Total
	Dewitt Charter Township #13	Bingham Township #14	Watertown Charter #15	
Assets				
Lease receivable	\$ -	\$ 483,956	\$ 244,607	\$ 728,563
Deferred inflows of resources				
Unavailable revenue - lease receivables	-	483,956	244,607	728,563
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, 2016

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 728,563

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 (8,563)

Bonds payable (720,000)

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, 2016

	Debt Service			Total
	Dewitt Charter Township #13	Bingham Township #14	Watertown Charter #15	
Revenue				
Intergovernmental - local	\$ -	\$ 188,750	\$ 76,305	\$ 265,055
Expenditures				
Debt service:				
Principal	-	160,000	60,000	220,000
Interest and fiscal charges	-	28,750	16,305	45,055
Total expenditures	-	188,750	76,305	265,055
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, 2016

Net change in fund balances - Department of Public Works component unit	\$	-
<p>Amounts reported for <i>governmental activities</i> in the statement of activities are different because:</p>		
<p>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.</p>		
Net change in deferred lease receivables		(222,446)
<p>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:</p>		
Bond principal retirement		220,000
<p>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:</p>		
Decrease in accrued interest payable		2,446
Change in net position of governmental activities - Department of Public Works component unit	\$	-