

Clinton
County,
Michigan



Year Ended
December 31,
2017

Financial
Statements

CLINTON COUNTY, MICHIGAN

ELECTED OFFICERS

For the Year Ended December 31, 2017

BOARD OF COMMISSIONERS

Robert Showers
Chair

Adam Stacey
Vice Chair

Kam Washburn
Bruce Delong
Ken Mitchell

David Pohl
Dwight Washington

Ryan Wood
Administrator

Tina Ward
Treasurer

Diane Zuker
Clerk / Register of Deeds

Phil Hanses
Drain Commissioner

Charles Sherman
Prosecuting Attorney

Lawrence Jerue
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 10, 2018

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, 2017, 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 Clinton County Road Commission Component Unit, which represent 70 percent, 70 percent, and 89 percent, respectively, of the assets and deferred outflows of resources, 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, 2017, 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 10, 2018, 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 or 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 Loban LLC

MANAGEMENT'S DISCUSSION AND ANALYSIS

Ryan L. Wood
County Administrator

Craig Longnecker
Deputy Administrator



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Management's Discussion and Analysis

As management of Clinton County, we offer this narrative overview and analysis of the financial activities of the County for the year ended December 31, 2017.

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 \$86.7 million (net position). Of this amount, approximately \$45.5 million (unrestricted net position) may be used to meet the government's ongoing obligations.
- The government's total net position increased by approximately \$4.8 million, or 5.8 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 \$31.8 million, an increase of approximately \$3,759,000, or 13.4 percent more than the prior year. Of this total, approximately \$10.3 million or 32.4 percent is classified as unassigned and available for spending at the government's discretion. Approximately \$4.0 million is assigned and approximately \$375,000 is considered nonspendable. The remaining \$17.1 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 \$10.3 million, an amount equal to 45.7 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, increased by a net of \$166,000 or 10.19 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 of resources, liabilities, and deferred inflows of resources, 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, and 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 funds, each of which is considered to be a major fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

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

Internal service funds account for and allocate costs internally among the County's various functions. The County uses nine internal service funds to account for the following functions: management information services, central stores, telecommunications, vehicle purchases, drain equipment, 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	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 44,154,220	\$ 40,673,361	\$ 12,315,579	\$ 12,164,392	\$ 56,469,799	\$ 52,837,753
Capital assets, net	31,599,875	32,523,438	66,542	62,539	31,666,417	32,585,977
Total assets	75,754,095	73,196,799	12,382,121	12,226,931	88,136,216	85,423,730
Deferred outflows of resources	1,619,725	3,174,144	-	-	1,619,725	3,174,144
Long-term liabilities	1,137,934	1,090,437	6,285	3,802	1,144,219	1,094,239
Other liabilities	666,453	5,405,593	21,115	19,194	687,568	5,424,787
Total liabilities	1,804,387	6,496,030	27,400	22,996	1,831,787	6,519,026
Deferred inflows of resources	1,190,550	120,709	-	-	1,190,550	120,709
Net position						
Net investment in capital assets	31,599,875	32,523,438	66,542	62,539	31,666,417	32,585,977
Restricted	9,555,403	10,120,667	-	-	9,555,403	10,120,667
Unrestricted	33,223,605	27,110,099	12,288,179	12,141,396	45,511,784	39,251,495
Total net position	\$ 74,378,883	\$ 69,754,204	\$ 12,354,721	\$ 12,203,935	\$ 86,733,604	\$ 81,958,139

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 \$86.7 million at the close of the fiscal year.

The County's net position includes approximately \$31.7 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 \$9.6 million. The remaining balance of unrestricted net position (\$45.5 million or 52.5 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	
	2017	2016	2017	2016	2017	2016
Revenues						
Program revenue:						
Charges for services	\$ 5,737,090	\$ 5,871,312	\$ 1,160,847	\$ 1,005,893	\$ 6,897,937	\$ 6,877,205
Operating grants and contributions	2,649,698	3,046,718	-	-	2,649,698	3,046,718
General revenues:						
Property taxes	15,338,498	14,949,572	-	-	15,338,498	14,949,572
State revenue sharing	1,764,355	1,702,012	-	-	1,764,355	1,702,012
Investment earnings	270,863	171,436	60,440	46,379	331,303	217,815
911 Surcharge	2,294,625	2,116,837	-	-	2,294,625	2,116,837
Gain on disposal of capital assets	4,349	6,316	979	-	5,328	6,316
Total revenues	28,059,478	27,864,203	1,222,266	1,052,272	29,281,744	28,916,475
Expenses						
General government	10,117,188	9,883,567	-	-	10,117,188	9,883,567
Public safety	10,087,446	10,158,006	-	-	10,087,446	10,158,006
Public works	405,796	384,610	-	-	405,796	384,610
Health and welfare	2,174,232	2,302,241	-	-	2,174,232	2,302,241
Community and economic development	426,131	399,685	-	-	426,131	399,685
Recreation and cultural	318,006	377,463	-	-	318,006	377,463
Other	290,000	344,174	-	-	290,000	344,174
Interest on long-term debt	-	14,211	-	-	-	14,211
Delinquent tax collection and other business-type activities	-	-	687,480	484,334	687,480	484,334
Total expenses	23,818,799	23,863,957	687,480	484,334	24,506,279	24,348,291
Change in net position before transfers	4,240,679	4,000,246	534,786	567,938	4,775,465	4,568,184
Transfers	384,000	1,384,000	(384,000)	(1,384,000)	-	-
Change in net position	4,624,679	5,384,246	150,786	(816,062)	4,775,465	4,568,184
Net position:						
Beginning of year	69,754,204	64,369,958	12,203,935	13,019,997	81,958,139	77,389,955
End of Year	<u>\$ 74,378,883</u>	<u>\$ 69,754,204</u>	<u>\$ 12,354,721</u>	<u>\$ 12,203,935</u>	<u>\$ 86,733,604</u>	<u>\$ 81,958,139</u>

Governmental Activities

The preceding table shows that the net position of governmental activities increased by approximately \$4.6 million or 6.6 percent during 2017. This compares to the increase of \$5.4 million in 2016. The slightly lower amount for 2017 is due primarily to less transfers into governmental activities.

Management's Discussion and Analysis

Business-type Activities

Net position of the County's business-type activities increased by approximately \$151,000 in 2017.

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 \$31.8 million. This represents an increase of approximately \$3.8 million in comparison with the prior year. This increase is mainly due to a positive variance of General Fund revenue over expenditures and transfers to the Public Improvement fund for infrastructure needs.

Approximately \$10.3 million or 32.4 percent of total fund balance is classified as unassigned and available for spending at the government's discretion. Approximately \$4.0 million is assigned and approximately \$375,000 is considered nonspendable. The remaining \$17.1 million is made up of restricted funds and those committed for specific purposes by the Board of Commissioners.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, the total fund balance was approximately \$15.1 million, the unassigned fund balance of the General Fund was approximately \$10.3 million, an amount equal to 45.7 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 \$1.6 million 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 \$10.3 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 \$2.7 million. The fund accounts for the collection of the 911 telephone surcharges. The primary function of Central Dispatch is to handle emergency and non-emergency requests for police, fire, and medical service, determine the dispatch needed, and dispatch the appropriate personnel to the requested location. 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 \$20.8 million was revised to \$23.4 million in expenditures and transfers out; however, actual expenditures and transfers totaled only \$22.5 million or 3.9 percent under the revised budget. Actual revenues came in at \$24.1 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 \$1 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, 2017, the County's investment in capital assets, net of accumulated depreciation, totaled approximately \$31.7 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	
	2017	2016	2017	2016	2017	2016
Land and land improvements	\$ 3,116,074	\$ 3,116,074	\$ -	\$ -	\$ 3,116,074	\$ 3,116,074
Buildings and improvements	22,077,581	22,109,097	-	-	22,077,581	22,109,097
Furniture, fixtures, and equipment	5,396,233	4,052,629	21,520	30,628	5,417,753	4,083,257
Vehicles	671,281	662,158	45,022	31,911	716,303	694,069
Construction in progress	338,706	2,583,480	-	-	338,706	2,583,480
Total capital assets, net	\$ 31,599,875	\$ 32,523,438	\$ 66,542	\$ 62,539	\$ 31,666,417	\$ 32,585,977

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 \$1,794,250 (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	
	2017	2016	2017	2016	2017	2016
General obligations bonds	\$ -	\$ -	\$ 1,794,250	\$ 1,628,250	\$ 1,794,250	\$ 1,628,250

The net increase in the County's total general obligation bonded debt was \$166,000 or 10.2 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 \$880,850 at December 31, 2017 for which the County has pledged its full faith and credit. The balance on these notes payable decreased by \$159,883 or 15.4 percent. The County (primary government) also has accrued compensated absences at December 31, 2017 of \$1,144,219.

The County's outstanding general obligation debt is well within its current debt limitation of \$351,710,333 (10 percent of total assessed valuation).

Additional information regarding the County's long-term debt can be found in Note 8 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 2018 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 2018 budget are as follows:

- Major Capital Improvements totaling \$1,708,500
- Ordinary Capital Improvements totaling \$311,100
- Continuation of the personnel hiring freeze
- General fund contingency of 1.6%

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, 2017

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 6,720,388	\$ 5,121,149	\$ 11,841,537	\$ 2,638,727
Investments	30,814,231	5,089,578	35,903,809	1,250,000
Receivables	2,348,717	2,104,472	4,453,189	5,176,693
Internal balances	377	(377)	-	-
Inventory	11,608	757	12,365	1,233,181
Net pension asset	630,905	-	630,905	-
Advance to component unit	250,000	-	250,000	-
Restricted cash and cash equivalents	-	-	-	432,118
Capital assets not being depreciated	3,454,780	-	3,454,780	8,585,844
Capital assets being depreciated, net	28,145,095	66,542	28,211,637	71,367,817
Net other postemployment benefits asset	3,377,994	-	3,377,994	512,321
Total assets	75,754,095	12,382,121	88,136,216	91,196,701
Deferred outflows of resources				
Deferred pension amounts	1,619,725	-	1,619,725	2,598,641
Liabilities				
Accounts payable and accrued liabilities	666,453	21,115	687,568	648,210
Due to other governmental units	-	-	-	53,071
Performance bonds payable	-	-	-	82,505
Advance from primary government	-	-	-	250,000
Advances from State	-	-	-	192,192
Net pension liability	-	-	-	8,788,142
Long-term liabilities:				
Due within one year	795,636	6,285	801,921	800,824
Due in more than one year	342,298	-	342,298	2,415,003
Total liabilities	1,804,387	27,400	1,831,787	13,229,947
Deferred inflows of resources				
Deferred pension amounts	1,190,550	-	1,190,550	61,873
Net position				
Net investment in capital assets	\$ 31,599,875	\$ 66,542	\$ 31,666,417	\$ 77,778,561
Restricted for:				
Public safety	2,811,028	-	2,811,028	-
Employee benefits	3,699,253	-	3,699,253	-
Child care	1,867,296	-	1,867,296	-
Other	1,177,826	-	1,177,826	285,775
Unrestricted	33,223,605	12,288,179	45,511,784	2,439,186
Total net position	\$ 74,378,883	\$ 12,354,721	\$ 86,733,604	\$ 80,503,522

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

CLINTON COUNTY, MICHIGAN

Statement of Activities

For the Year Ended December 31, 2017

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	\$ 10,117,188	\$ 3,822,615	\$ 1,860,274	\$ -	\$ (4,434,299)
Public safety	10,087,446	1,402,477	218,461	-	(8,466,508)
Public works	405,796	440,361	-	-	34,565
Health and welfare	2,174,232	32,527	465,920	-	(1,675,785)
Community and economic development	426,131	36,190	100,959	-	(288,982)
Recreation and cultural	318,006	2,920	3,279	-	(311,807)
Other	290,000	-	805	-	(289,195)
Total governmental activities	23,818,799	5,737,090	2,649,698	-	(15,432,011)
Business-type activities:					
Delinquent tax	13,371	420,821	-	-	407,450
Other	674,109	740,026	-	-	65,917
Total business-type activities	687,480	1,160,847	-	-	473,367
Total primary government	\$ 24,506,279	\$ 6,897,937	\$ 2,649,698	\$ -	\$ (14,958,644)
Component units					
Drainage Districts	\$ 1,109,117	\$ 80,065	\$ -	\$ 1,804,616	\$ 775,564
Department of Public Works	31,195	-	31,195	-	-
Road Commission	14,363,814	1,331,286	10,750,731	3,247,639	965,842
Total component units	\$ 15,504,126	\$ 1,411,351	\$ 10,781,926	\$ 5,052,255	\$ 1,741,406

continued...

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

CLINTON COUNTY, MICHIGAN

Statement of Activities

For the Year Ended December 31, 2017

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Changes in net position				
Net revenue (expense)	\$ (15,432,011)	\$ 473,367	\$ (14,958,644)	\$ 1,741,406
General revenues:				
Property taxes	15,338,498	-	15,338,498	-
State shared revenue	1,764,355	-	1,764,355	-
Investment/interest earnings	270,863	60,440	331,303	20,624
911 Surcharge	2,294,625	-	2,294,625	-
Gain on disposal of capital assets	4,349	979	5,328	134,703
Other	-	-	-	126,224
Transfers - internal activities	384,000	(384,000)	-	-
Total general revenues and transfers	20,056,690	(322,581)	19,734,109	281,551
Change in net position	4,624,679	150,786	4,775,465	2,022,957
Net position, beginning of year	69,754,204	12,203,935	81,958,139	78,480,565
Net position, end of year	\$ 74,378,883	\$ 12,354,721	\$ 86,733,604	\$ 80,503,522

concluded

CLINTON COUNTY, MICHIGAN

Balance Sheet

Governmental Funds

December 31, 2017

	General Fund	Public Improvement	911 Central Dispatch	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 803,467	\$ 803,467
Investments	29,295,319	-	-	-	29,295,319
Receivables:					
Taxes:					
Current	709,160	-	-	-	709,160
Delinquent	17,078	-	-	-	17,078
Accounts	19,810	-	522,803	31,417	574,030
Interest	82,972	-	-	-	82,972
Due from other governments	680,661	-	60,788	220,101	961,550
Due from other funds	23,115	10,339,092	2,164,687	2,693,662	15,220,556
Advance to other funds	125,000	-	-	-	125,000
Advance to component unit	250,000	-	-	-	250,000
Total assets	\$ 31,203,115	\$ 10,339,092	\$ 2,748,278	\$ 3,748,647	\$ 48,039,132
Liabilities					
Accounts payable	\$ 183,958	\$ 4,232	\$ 4,158	\$ 33,138	\$ 225,486
Accrued liabilities	180,407	-	15,671	22,616	218,694
Deposits payable	-	-	4,500	-	4,500
Due to other funds	15,225,073	-	2,040	2,741	15,229,854
Advance from other funds	-	-	-	90,000	90,000
Total liabilities	15,589,438	4,232	26,369	148,495	15,768,534
Deferred inflows of resources					
Unavailable revenue - property taxes	495,927	-	-	-	495,927
Fund balances					
Nonspendable	375,000	-	-	-	375,000
Restricted	-	-	2,721,909	3,134,241	5,856,150
Committed	2,445,651	8,788,889	-	-	11,234,540
Assigned	2,000,000	1,545,971	-	465,911	4,011,882
Unassigned	10,297,099	-	-	-	10,297,099
Total fund balances	15,117,750	10,334,860	2,721,909	3,600,152	31,774,671
Total liabilities, deferred inflows of resources and fund balances	\$ 31,203,115	\$ 10,339,092	\$ 2,748,278	\$ 3,748,647	\$ 48,039,132

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

CLINTON COUNTY, MICHIGAN

Reconciliation

Fund Balances of Governmental Funds
 To Net Position of Governmental Activities
 December 31, 2017

Fund balances - total governmental funds	\$ 31,774,671
<p>Amounts reported for <i>governmental activities</i> in the statement of net position are different because:</p>	
<p>Capital assets used in governmental activities are not financial resources, and therefore are not reported in the fund statement.</p>	
Capital assets not being depreciated	3,454,780
Capital assets being depreciated, net	28,145,095
<p>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.</p>	
Other postemployment benefits asset	3,377,994
Unavailable revenue - property taxes	495,927
<p>Certain pension-related amounts, such as the net pension asset 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.</p>	
Net pension asset	630,905
Deferred inflows related to the net pension asset	(1,190,550)
Deferred outflows related to the net pension asset	1,619,725
<p>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 the internal service funds are included in governmental activities.</p>	
Net position of governmental activities accounted for in internal service funds	8,351,666
Net capital assets of internal service funds included in total capital assets above	(1,185,987)
Compensated absences of internal service funds included in total compensated absences below	42,591
<p>Certain liabilities, such as bonds payable, are not due and payable in the current period, and therefore are not reported in the funds.</p>	
Compensated absences	(1,137,934)
Net position of governmental activities	<u>\$ 74,378,883</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, 2017

	General Fund	Public Improvement	911 Central Dispatch	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 15,370,479	\$ -	\$ -	\$ -	\$ 15,370,479
Licenses and permits	148,262	-	-	42,114	190,376
Intergovernmental	3,055,650	-	-	1,036,210	4,091,860
Charges for services	4,001,838	-	2,304,225	543,207	6,849,270
Fines and forfeitures	-	-	-	20,154	20,154
Interest and rents	268,761	-	8,357	403	277,521
Other	1,230,994	-	35,940	759	1,267,693
Total revenues	24,075,984	-	2,348,522	1,642,847	28,067,353
Expenditures					
Current:					
General government	7,974,190	-	-	1,047,221	9,021,411
Public safety	7,234,741	-	1,815,565	16,829	9,067,135
Public works	48,018	-	-	364,241	412,259
Health and welfare	955,208	-	-	1,113,916	2,069,124
Community and economic development	388,245	-	-	-	388,245
Recreation and cultural	132,803	-	-	3,279	136,082
Other	290,000	-	-	-	290,000
Capital outlay	-	523,116	-	-	523,116
Total expenditures	17,023,205	523,116	1,815,565	2,545,486	21,907,372
Revenues over (under) expenditures	7,052,779	(523,116)	532,957	(902,639)	6,159,981
Other financing sources (uses)					
Transfers in	-	2,000,000	-	1,098,528	3,098,528
Transfers out	(5,499,544)	-	-	-	(5,499,544)
Total other financing sources (uses)	(5,499,544)	2,000,000	-	1,098,528	(2,401,016)
Net change in fund balances	1,553,235	1,476,884	532,957	195,889	3,758,965
Fund balances, beginning of year	13,564,515	8,857,976	2,188,952	3,404,263	28,015,706
Fund balances, end of year	\$ 15,117,750	\$ 10,334,860	\$ 2,721,909	\$ 3,600,152	\$ 31,774,671

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, 2017

Net change in fund balances - total governmental funds	\$ 3,758,965
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	835,035
Depreciation expense	(1,715,093)
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	(32,726)
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 asset and related deferred amounts	2,392,303
Change in net other postemployment benefits asset	190,428
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	(854,500)
Capital assets transactions of internal service funds included in the capital assets purchased above	(255,298)
Depreciation expense of internal service funds included in the total above	349,546
Change in accrued compensated absences of internal service funds included in the change in accrued compensated absences total below	3,516
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 compensated absences	(47,497)
Change in net position of governmental activities	<u>\$ 4,624,679</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, 2017

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 14,540,000	\$ 15,040,000	\$ 15,370,479	\$ 330,479
Licenses and permits	134,500	134,500	148,262	13,762
Intergovernmental	2,168,951	3,070,251	3,055,650	(14,601)
Charges for services	2,821,380	3,719,863	4,001,838	281,975
Interest and rents	85,600	185,600	268,761	83,161
Other	1,080,661	1,277,967	1,230,994	(46,973)
Total revenues	20,831,092	23,428,181	24,075,984	647,803
Expenditures				
Current:				
General government	8,421,000	8,416,454	7,974,190	(442,264)
Public safety	7,407,888	7,464,656	7,234,741	(229,915)
Public works	61,600	49,600	48,018	(1,582)
Health and welfare	964,093	989,676	955,208	(34,468)
Community and economic development	399,439	413,943	388,245	(25,698)
Recreation and cultural	160,549	160,549	132,803	(27,746)
Other	716,979	434,492	290,000	(144,492)
Total expenditures	18,131,548	17,929,370	17,023,205	(906,165)
Revenues over expenditures	2,699,544	5,498,811	7,052,779	1,553,968
Other financing uses				
Transfers out	(2,699,544)	(5,499,544)	(5,499,544)	-
Net change in fund balance	-	(733)	1,553,235	1,553,968
Fund balance, beginning of year	13,564,515	13,564,515	13,564,515	-
Fund balance, end of year	\$ 13,564,515	\$ 13,563,782	\$ 15,117,750	\$ 1,553,968

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, 2017

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures				
Capital outlay	\$ 157,200	\$ 1,304,788	\$ 523,116	\$ (781,672)
Other financing sources				
Transfers in	1,000,000	2,000,000	2,000,000	-
Net change in fund balance	842,800	695,212	1,476,884	781,672
Fund balance, beginning of year	8,857,976	8,857,976	8,857,976	-
Fund balance, end of year	<u>\$ 9,700,776</u>	<u>\$ 9,553,188</u>	<u>\$ 10,334,860</u>	<u>\$ 781,672</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, 2017

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Charges for services	\$ 2,218,296	\$ 2,218,296	\$ 2,304,225	\$ 85,929
Interest and rents	2,500	2,500	8,357	5,857
Other	21,000	21,000	35,940	14,940
Total revenues	2,241,796	2,241,796	2,348,522	106,726
Expenditures				
Public safety	1,696,536	2,236,231	1,815,565	(420,666)
Net change in fund balance	545,260	5,565	532,957	527,392
Fund balance, beginning of year	2,188,952	2,188,952	2,188,952	-
Fund balance, end of year	\$ 2,734,212	\$ 2,194,517	\$ 2,721,909	\$ 527,392

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

CLINTON COUNTY, MICHIGAN

Statement of Net Position

Proprietary Funds

December 31, 2017

	Business-type Activities			Governmental Activities
	Delinquent Tax Revolving	Nonmajor Enterprise Funds	Total	Internal Service Funds
Assets				
Cash and cash equivalents	\$ 4,008,552	\$ 1,112,597	\$ 5,121,149	\$ 5,916,921
Investments	5,089,578	-	5,089,578	1,518,912
Accounts receivable	3,483	11,294	14,777	-
Interest receivable	31,342	-	31,342	3,927
Delinquent taxes receivable	2,058,353	-	2,058,353	-
Inventory	-	757	757	11,608
Due from other funds	-	-	-	33,622
Capital assets, being depreciated	3,454	63,088	66,542	1,185,987
Total assets	11,194,762	1,187,736	12,382,498	8,670,977
Liabilities				
Accounts payable	2,570	12,488	15,058	212,247
Accrued liabilities	441	5,616	6,057	5,526
Advances from other funds	-	-	-	35,000
Due to other funds	-	377	377	23,947
Long-term liabilities:				
Due within one year	-	6,285	6,285	20,870
Due in more than one year	-	-	-	21,721
Total liabilities	3,011	24,766	27,777	319,311
Net position				
Investment in capital assets	3,454	63,088	66,542	1,185,987
Restricted for employee benefits	-	-	-	3,699,253
Unrestricted	11,188,297	1,099,882	12,288,179	3,466,426
Total net position	\$ 11,191,751	\$ 1,162,970	\$ 12,354,721	\$ 8,351,666

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, 2017

	Business-type Activities			Governmental
	Delinquent Tax Revolving	Nonmajor Enterprise Funds	Total	Internal Service Funds
Operating revenues				
Interest and penalties on delinquent taxes	\$ 420,821	\$ -	\$ 420,821	\$ -
Charges for services	-	497,227	497,227	3,856,570
Sales	-	222,212	222,212	-
Rent	-	8,325	8,325	-
Other	-	12,262	12,262	214,424
Total operating revenues	420,821	740,026	1,160,847	4,070,994
Operating expenses				
Personnel services and fringes	-	255,232	255,232	6,963,390
Supplies	7,769	240,264	248,033	58,464
Contracted services	4,784	81,871	86,655	85,067
Depreciation	493	17,730	18,223	349,546
Other	325	79,012	79,337	278,894
Total operating expenses	13,371	674,109	687,480	7,735,361
Operating income (loss)	407,450	65,917	473,367	(3,664,367)
Nonoperating revenues				
Interest revenue	60,432	8	60,440	20,502
Gain on sale of capital assets	-	979	979	4,349
Total nonoperating revenues	60,432	987	61,419	24,851
Income (loss) before transfers	467,882	66,904	534,786	(3,639,516)
Transfers				
Transfers in	-	16,000	16,000	2,785,016
Transfers out	(400,000)	-	(400,000)	-
Total transfers	(400,000)	16,000	(384,000)	2,785,016
Change in net position	67,882	82,904	150,786	(854,500)
Net position, beginning of year	11,123,869	1,080,066	12,203,935	9,206,166
Net position, end of year	\$ 11,191,751	\$ 1,162,970	\$ 12,354,721	\$ 8,351,666

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, 2017

	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	\$ 408,820	\$ 738,135	\$ 1,146,955	\$ 4,073,311
Payments to vendors	(16,107)	(391,824)	(407,931)	(451,893)
Payment for personnel services and fringes	-	(252,703)	(252,703)	(6,875,503)
Net cash provided by (used in) operating activities	<u>392,713</u>	<u>93,608</u>	<u>486,321</u>	<u>(3,254,085)</u>
Cash flows from capital and related financing activities				
Proceeds from sale of capital assets	-	979	979	47,854
Capital asset purchases	-	(22,226)	(22,226)	(255,298)
Net cash provided by (used in) capital and related financing activities	<u>-</u>	<u>(21,247)</u>	<u>(21,247)</u>	<u>(207,444)</u>
Cash flows from noncapital financing activities				
Transfers in	-	16,000	16,000	2,785,016
Transfers out	(400,000)	-	(400,000)	-
Net cash provided by (used in) noncapital financing activities	<u>(400,000)</u>	<u>16,000</u>	<u>(384,000)</u>	<u>2,785,016</u>
Cash flows from investing activities				
Purchase of investments	(5,089,578)	-	(5,089,578)	(1,518,912)
Sale and maturity of investments	7,773,512	-	7,773,512	2,262,836
Interest received	60,432	8	60,440	20,502
Net cash provided by (used in) investing activities	<u>2,744,366</u>	<u>8</u>	<u>2,744,374</u>	<u>764,426</u>
Net change in cash and cash equivalents	<u>2,737,079</u>	<u>88,369</u>	<u>2,825,448</u>	<u>87,913</u>
Cash and cash equivalents, beginning of year	<u>1,271,473</u>	<u>1,024,228</u>	<u>2,295,701</u>	<u>5,829,008</u>
Cash and cash equivalents, end of year	<u>\$ 4,008,552</u>	<u>\$ 1,112,597</u>	<u>\$ 5,121,149</u>	<u>\$ 5,916,921</u>

continued...

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, 2017

	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)	\$ 407,450	\$ 65,917	\$ 473,367	\$ (3,664,367)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	493	17,730	18,223	349,546
Change in operating assets and liabilities that provided (used) cash:				
Accounts receivable	(12,001)	(1,940)	(13,941)	(1,288)
Inventory	-	4,219	4,219	(2,459)
Due from other funds	-	-	-	3,605
Accounts payable	(2,839)	4,954	2,115	54,722
Accrued liabilities	(390)	196	(194)	969
Accrued compensated absences	-	2,483	2,483	3,516
Due to other funds	-	49	49	1,671
Net cash provided by (used in) operating activities	\$ 392,713	\$ 93,608	\$ 486,321	\$ (3,254,085)

concluded

CLINTON COUNTY, MICHIGAN

Statement of Net Position Fiduciary Funds December 31, 2017

	Post-employment Healthcare	Agency Funds
Assets		
Cash and cash equivalents	\$ 468,028	\$ 830,705
Investments - mutual funds	12,476,082	-
Total assets	<u>12,944,110</u>	<u>\$ 830,705</u>
Liabilities		
Undistributed collections payable	-	\$ 13,990
Due to other governmental units:		
Federal/State	-	284,294
Local	-	220,837
Due to individuals and agencies	-	311,584
Total liabilities	<u>-</u>	<u>\$ 830,705</u>
Net position		
Restricted for other postemployment benefits	<u>\$ 12,944,110</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, 2017

	Post-employment Healthcare
Additions	
Contributions:	
Employer portion	\$ 302,829
Employee portion	177,443
Net increase in fair value of investments	<u>1,378,385</u>
Total additions	1,858,657
Deductions	
Retiree benefits	<u>440,907</u>
Change in net position	1,417,750
Net position, beginning of year	<u>11,526,360</u>
Net position, end of year	<u><u>\$ 12,944,110</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, 2017

	Drainage Districts	Department of Public Works	Road Commission	Total Component Units
Assets				
Cash and cash equivalents	\$ 675,322	\$ -	\$ 1,963,405	\$ 2,638,727
Investments	1,250,000	-	-	1,250,000
Accrued interest receivable	5,686	-	-	5,686
Accounts receivable	81,370	-	11,143	92,513
Due from other governmental units	-	-	1,677,922	1,677,922
Special assessments receivable	2,894,464	-	-	2,894,464
Inventory	-	-	1,233,181	1,233,181
Lease receivable	-	506,108	-	506,108
Restricted cash and cash equivalents	432,118	-	-	432,118
Assets not being depreciated	586,543	-	7,999,301	8,585,844
Assets being depreciated, net	21,258,461	-	50,109,356	71,367,817
Net other postemployment benefits asset	-	-	512,321	512,321
Total assets	27,183,964	506,108	63,506,629	91,196,701
Deferred outflows of resources				
Deferred pension amounts	-	-	2,598,641	2,598,641
Liabilities				
Accounts payable	282,142	-	207,813	489,955
Accrued liabilities	22,980	-	112,721	135,701
Accrued interest payable	16,446	6,108	-	22,554
Due to other governmental units	-	-	53,071	53,071
Performance bonds payable	-	-	82,505	82,505
Advances from primary government	250,000	-	-	250,000
Advances from State	-	-	192,192	192,192
Net other postemployment benefits obligation	-	-	-	-
Net pension liability	-	-	8,788,142	8,788,142
Long-term liabilities:				
Due within one year	360,558	220,000	220,266	800,824
Due in more than one year	1,814,542	280,000	320,461	2,415,003
Total liabilities	2,746,668	506,108	9,977,171	13,229,947
Deferred inflows of resources				
Deferred pension amounts	-	-	61,873	61,873
Net position				
Net investment in capital assets	19,669,904	-	58,108,657	77,778,561
Restricted for:				
Debt service	285,775	-	-	285,775
Unrestricted (deficit)	4,481,617	-	(2,042,431)	2,439,186
Total net position	\$ 24,437,296	\$ -	\$ 56,066,226	\$ 80,503,522

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, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Component units					
Drainage districts	\$ 1,109,117	\$ 80,065	\$ -	\$ 1,804,616	\$ 775,564
Department of public works	31,195	-	31,195	-	-
Road commission	14,363,814	1,331,286	10,750,731	3,247,639	965,842
Total component units	15,504,126	1,411,351	10,781,926	5,052,255	1,741,406

continued...

CLINTON COUNTY, MICHIGAN

Statement of Activities

Component Units

For the Year Ended December 31, 2017

	Component Units			
	Drainage Districts	Department of Public Works	Road Commission	Total
Changes in net position				
Net revenue (expense)	\$ 775,564	\$ -	\$ 965,842	\$ 1,741,406
General revenues:				
Investment/interest earnings	11,652	-	8,972	20,624
Gain on disposal of capital assets	-	-	134,703	134,703
Other	-	-	126,224	126,224
Total general revenues	11,652	-	269,899	281,551
Change in net position	787,216	-	1,235,741	2,022,957
Net position, beginning of year	23,650,080	-	54,830,485	78,480,565
Net position, end of year	\$ 24,437,296	\$ -	\$ 56,066,226	\$ 80,503,522

concluded

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 would generally be reported in the debt service fund category. However, there is no activity or year-end balances to report as of December 31, 2017.

Discretely Presented Component Units

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

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

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

The Clinton County Department of Public Works (the "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, 2017, the County contributed \$393,715 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, 2017, are available at the Department's administrative offices. As of September 30, 2017, the Department had total net position of \$927,707.

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

Jointly Governed Organizations

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

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, 2017, the County's contribution to the Commission was \$63,918.

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, 2017, the County's contribution to the Tri-county Office on Aging was \$45,411.

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) are 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, 2017, the County's contribution to the Tri-County Community Mental Health was \$279,954.

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, 2017, the County passed through \$118,811 and was not required to make any additional appropriation.

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

Government-wide and Fund Financial Statements

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

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

The major governmental funds of the County are:

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

The *public improvement fund* accounts for the collection and distribution of monies specifically earmarked for statutory public improvements. Money for the operation of this fund is supplied from "Non-Tax" Revenue: charges for services, licenses and permits, sales of capital assets, state shared revenues, and interest earned. This fund is subject to the budgetary requirements of Act 2 of the Public Acts of 1968, as amended.

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

The major proprietary fund of the County is:

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

Additionally, the County reports the following fund types:

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

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.

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

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

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

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

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

Assets, 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, commercial paper, municipal bonds, U.S. Government securities 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.

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

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 cost (first-in, first-out) or market. Road Commission inventory items are charged to road construction and maintenance, equipment repairs and operations, as used.

Lease Receivable

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

Advances

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

Capital Assets

Primary Government and Component Units (except Road Commission)

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

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

Component Unit - Road Commission

Capital assets are reported in the government-wide financial statements. Capital assets are defined by the Commission as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of three (3) years except for certain equipment which has no minimum cost. Such assets are recorded at historical costs or estimated historical cost of purchase or constructed. 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
Equipment:	
Road	5-8 years
Shop	10 years
Office	4-10 years
Engineering	4-12 years
Yard	10 years
Infrastructure:	
Roads	8-30 years
Bridges	12-50 years
Traffic signals	15 years
Depletable assets	20-30 years

Interfund Transactions

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

Internal service funds record charges for services to all County departments and funds as operating revenue. All County funds record these payments to the internal service funds as operating expenditures/expenses.

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.

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

Long-term Obligations

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

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

Deferred inflows of resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenues, which arises only under a modified accrual basis of accounting, from one source: property taxes receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The County also reports deferred inflows of resources 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, 2017, including related payroll taxes, are recorded in the government-wide financial statements and in proprietary-type funds.

Fund Balance

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

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

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

Federal Programs

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

2. BUDGETARY INFORMATION

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

- a. Prior to September 1, the County Administrator prepares and submits the proposed operating budgets for the calendar year commencing the following January 1. The operating budgets include proposed expenditures and resources to finance them.
- b. A public hearing is conducted to obtain taxpayers' comments.
- c. Prior to October 31, the budgets are legally enacted through passage of an annual budget resolution.
- d. The budgets are legally adopted at the activity level for the general fund and the fund level for the special revenue funds. Budgetary transfers between \$2,500 and \$10,000 are not permitted without Finance Committee approval and transfers of greater than \$10,000 are not permitted without Board approval. For control purposes, all funds' budgets are maintained at the activity and account level.
- e. The County employs encumbrance accounting as an extension of formal budgetary integration in the governmental funds. All unexpended appropriations lapse at year-end.
- f. Budgeted amounts are reported as originally adopted or as amended by the Board of Commissioners during the year. Individual amendments were not material to the original appropriations that were adopted.

3. DEPOSITS AND INVESTMENTS

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

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

Certain funds and portions of the component unit funds of the County utilize separate savings and interest-bearing checking accounts. In addition, certificates of deposit, mutual funds, and U.S. Government securities are held separately by several of the County's funds and component units.

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

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

	Primary Government	Component Units	Totals
Statement of Net Position			
Cash and cash equivalents	\$ 11,841,537	\$ 2,638,727	\$ 14,480,264
Restricted cash and cash equivalents	-	432,118	432,118
Investments	35,903,809	1,250,000	37,153,809
Statement of Fiduciary Net Position			
Postemployment healthcare fund:			
Cash and cash equivalents	468,028	-	468,028
Investments	12,476,082	-	12,476,082
Agency funds:			
Cash and cash equivalents	830,705	-	830,705
Total	\$ 61,520,161	\$ 4,320,845	\$ 65,841,006

	Totals
Deposits and investments	
Bank deposits (checking and savings accounts)	\$ 9,779,824
Certificates of deposit:	
Due within one year (original duration)	28,622,951
Due within one to five years (original duration)	1,453,858
Total certificates of deposit	30,076,809
Investments:	
U.S. agencies	1,873,266
Commercial paper	4,267,615
Municipal bonds	1,686,611
Mutual funds	17,681,603
Money market accounts	468,028
Total investments	25,977,123
Cash on hand	7,250
Total	\$ 65,841,006

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	\$ 1,873,266	\$ -	\$ 845,859	\$ 1,027,407	AAA
Commercial paper	4,267,615	-	4,267,615	-	A1P1
Municipal bonds	1,498,543	-	434,326	1,064,217	AA-
Municipal bonds	188,068	-	-	188,068	AA1
Unrated mutual funds	12,476,081	12,476,081	-	-	N/A
Rated mutual funds	5,205,522	5,205,522	-	-	AAAm
Rated money market funds	468,028	468,028	-	-	AAAm
Total	\$ 25,977,123	\$ 18,149,631	\$ 5,547,800	\$ 2,279,692	

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 \$32,162,678 of the County's bank balance of \$40,764,442 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 \$17,681,603 were considered to be Level 1, and the remaining investments in the amount of \$8,295,520 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	\$ 726,238	\$ 2,058,353	\$ -
Special assessments	-	-	2,894,464
Accounts	574,030	14,777	92,513
Interest	86,899	31,342	5,686
Due from other governments	961,550	-	1,677,922
Lease receivable	-	-	506,108
Total	<u>\$ 2,348,717</u>	<u>\$ 2,104,472</u>	<u>\$ 5,176,693</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 amounts not expected to be collected in one year are \$2,094,248 and \$280,000, 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, 2017, 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	2,583,480	209,532	-	(2,454,306)	338,706
	<u>5,699,554</u>	<u>209,532</u>	<u>-</u>	<u>(2,454,306)</u>	<u>3,454,780</u>
Capital assets, being depreciated:					
Buildings and building improvements	34,059,763	189,134	-	659,959	34,908,856
Furniture, fixtures and equipment	10,591,058	204,200	(592,843)	1,794,347	11,996,762
Vehicles	1,547,118	232,169	(313,202)	-	1,466,085
	<u>46,197,939</u>	<u>625,503</u>	<u>(906,045)</u>	<u>2,454,306</u>	<u>48,371,703</u>
Less accumulated depreciation for:					
Buildings and building improvements	(11,950,666)	(880,609)	-	-	(12,831,275)
Furniture, fixtures and equipment	(6,538,429)	(654,943)	592,843	-	(6,600,529)
Vehicles	(884,960)	(179,541)	269,697	-	(794,804)
	<u>(19,374,055)</u>	<u>(1,715,093)</u>	<u>862,540</u>	<u>-</u>	<u>(20,226,608)</u>
Total capital assets being depreciated, net	<u>26,823,884</u>	<u>(1,089,590)</u>	<u>(43,505)</u>	<u>2,454,306</u>	<u>28,145,095</u>
Governmental activities capital assets, net	<u>\$ 32,523,438</u>	<u>\$ (880,058)</u>	<u>\$ (43,505)</u>	<u>\$ -</u>	<u>\$ 31,599,875</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	\$ 99,914	\$ -	\$ (15,427)	\$ 84,487
Vehicles	75,901	22,226	(16,367)	81,760
	<u>175,815</u>	<u>22,226</u>	<u>(31,794)</u>	<u>166,247</u>
Less accumulated depreciation for:				
Furniture, fixtures and equipment	(69,286)	(9,108)	15,427	(62,967)
Vehicles	(43,990)	(9,115)	16,367	(36,738)
	<u>(113,276)</u>	<u>(18,223)</u>	<u>31,794</u>	<u>(99,705)</u>
Total capital assets being depreciated, net	<u>62,539</u>	<u>4,003</u>	<u>-</u>	<u>66,542</u>
Business-type activities capital assets, net	<u>\$ 62,539</u>	<u>\$ 4,003</u>	<u>\$ -</u>	<u>\$ 66,542</u>

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

Depreciation of governmental activities by function

General government	\$ 465,314
Public safety	667,583
Health and welfare	91,172
Recreation and cultural	141,478
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>349,546</u>
	<u>\$ 1,715,093</u>

Depreciation of business-type activities by function

Delinquent tax	\$ 493
Other	<u>17,730</u>
	<u>\$ 18,223</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, 2017, was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Component Unit - Drainage District					
Capital assets, not being depreciated:					
Construction in progress	\$ 134,442	\$ 452,101	\$ -	\$ -	\$ 586,543
Capital assets, being depreciated:					
Infrastructure	27,326,902	186,322	-	-	27,513,224
Less accumulated depreciation for:					
Infrastructure	(5,899,513)	(355,250)	-	-	(6,254,763)
Total capital assets being depreciated, net	21,427,389	(168,928)	-	-	21,258,461
Drainage District capital assets, net	\$ 21,561,831	\$ 283,173	\$ -	\$ -	\$ 21,845,004

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

Capital asset activity for the Road Commission component unit for the year ended December 31, 2017, was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Component Unit - Road Commission				
Capital assets, not being depreciated				
Land	\$ 283,750	\$ -	\$ (63,000)	220,750
Infrastructure				
Land/right-of-way	1,353,716	4,000	-	1,357,716
Land improvements	6,388,119	20,245	-	6,408,364
Construction in progress	-	12,471	-	12,471
	<u>8,025,585</u>	<u>36,716</u>	<u>(63,000)</u>	<u>7,999,301</u>
Capital assets, being depreciated:				
Buildings	1,988,322	-	-	1,988,322
Road equipment	7,211,517	1,369,188	(781,832)	7,798,873
Shop equipment	146,040	-	-	146,040
Office equipment	153,491	1,200	(3,190)	151,501
Engineer's equipment	21,633	-	(18,661)	2,972
Yard equipment	70,155	-	-	70,155
Depletable assets	75,448	-	-	75,448
Infrastructure - bridges	33,570,010	43,345	-	33,613,355
Infrastructure - roads	56,906,593	3,204,294	-	60,110,887
Infrastructure - signals	1,100,139	-	-	1,100,139
	<u>101,243,348</u>	<u>4,618,027</u>	<u>(803,683)</u>	<u>105,057,692</u>
Less accumulated depreciation for:				
Buildings	(1,399,810)	(60,637)	-	(1,460,447)
Road equipment	(6,106,120)	(540,674)	712,670	(5,934,124)
Shop equipment	(120,960)	(9,211)	-	(130,171)
Office equipment	(120,929)	(7,024)	3,190	(124,763)
Engineer's equipment	(18,903)	(582)	17,648	(1,837)
Yard equipment	(50,167)	(5,994)	-	(56,161)
Depletable assets	(52,806)	(22,642)	-	(75,448)
Infrastructure - bridges	(16,433,205)	(559,800)	-	(16,993,005)
Infrastructure - roads	(26,394,369)	(3,093,881)	-	(29,488,250)
Infrastructure - signals	(611,319)	(72,811)	-	(684,130)
	<u>(51,308,588)</u>	<u>(4,373,256)</u>	<u>733,508</u>	<u>(54,948,336)</u>
Total capital assets being depreciated, net	<u>49,934,760</u>	<u>244,771</u>	<u>(70,175)</u>	<u>50,109,356</u>
Road Commission capital assets, net	<u>\$ 57,960,345</u>	<u>\$ 281,487</u>	<u>\$ (133,175)</u>	<u>\$ 58,108,657</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	\$ 437,733	\$ 15,058	\$ 489,955
Accrued liabilities	224,220	6,057	135,701
Accrued interest payable	-	-	22,554
Deposits payable	4,500	-	-
Total	<u>\$ 666,453</u>	<u>\$ 21,115</u>	<u>\$ 648,210</u>

7. INTERFUND RECEIVABLE, PAYABLES, AND TRANSFERS

The composition of interfund balances as of December 31, 2017, was as follows:

Due to and from primary government funds

	Due from Other Funds	Due to Other Funds
General fund	\$ 23,115	\$ 15,225,073
Public improvement fund	10,339,092	-
911 central dispatch fund	2,164,687	2,040
Nonmajor governmental funds	2,693,662	2,741
Nonmajor enterprise funds	-	377
Internal service funds	33,622	23,947
	<u>\$ 15,254,178</u>	<u>\$ 15,254,178</u>

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

Long-term advances as of December 31, 2017, are as follows:

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

The above advances were used to finance operations. The advances from the general fund to the drainage district component unit of \$250,000 were for working capital.

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

Interfund transfers as of December 31, 2017, are as follows:

	Transfers out:		
	General Fund	Delinquent Tax Revolving Fund	Total
Transfers in:			
Public improvement fund	\$ 1,600,000	\$ 400,000	\$ 2,000,000
Nonmajor governmental funds	1,098,528	-	1,098,528
Nonmajor enterprise funds	16,000	-	16,000
Internal service funds	2,785,016	-	2,785,016
Total	\$ 5,499,544	\$ 400,000	\$ 5,899,544

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 fund 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, 2017:

	Balance January 1, 2017	Additions	Deletions	Balance December 31, 2017	Due Within One Year
Primary Government					
Governmental Activities:					
Compensated absences	\$ 1,090,437	\$ 852,426	\$ (804,929)	\$ 1,137,934	\$ 795,636
Business-type Activities:					
Compensated absences	3,802	6,285	(3,802)	6,285	6,285
Total primary government	1,094,239	858,711	(808,731)	1,144,219	801,921
Component Units					
Department of Public Works:					
Water and sewer bonds	720,000	-	(220,000)	500,000	220,000
Drainage Districts:					
Drain bonds	908,250	620,000	(234,000)	1,294,250	154,000
Drain notes	1,040,733	436,000	(595,883)	880,850	206,558
Total drainage districts	1,948,983	1,056,000	(829,883)	2,175,100	360,558
Road Commission:					
Compensated absences	603,001	183,359	(245,633)	540,727	220,266
Total component units	3,271,984	1,239,359	(1,295,516)	3,215,827	800,824
Total reporting entity	\$ 4,366,223	\$ 2,098,070	\$ (2,104,247)	\$ 4,360,046	\$ 1,602,745

Primary Government

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, 2017, was \$2,140,000.

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

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 \$631,809 and \$512,410 for vacation and sick, respectively, at December 31, 2017. Of the \$1,144,219 total liability, \$801,921 has been reported as a current liability and \$342,298 has been reported as a noncurrent liability.

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

Component Unit - Road Commission

Accrued Employee Benefit Payable

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

Compensated absences represent a liability to the Commission, which is presented in current and noncurrent portions of the liability. For this reason, the total liability reported in the government-wide financial statements represents a current liability of \$220,266 and a noncurrent liability of \$320,461 at December 31, 2017.

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, 2017, 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.	\$ 320,000
\$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>180,000</u>
Total Indirect County Obligations - Water and Sewer Bonds	<u>\$ 500,000</u>

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

Component Unit - Drainage Districts

Indirect County Obligations - Drain Bonds and Notes

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

Bonds and notes payable and amounts due to other local governments at December 31, 2017, 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.	\$ 115,500
\$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.	153,750
\$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.	405,000
\$620,000 Waltz & Sturgis Drain Bonds dated December 20, 2017, due in annual installments of \$62,000 through June 1, 2028, with interest of 2.90 percent, payable semi-annually.	620,000
\$2,493,750 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>880,850</u>
Total Indirect County Obligations - Drain Bonds and Notes	<u>\$ 2,175,100</u>

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

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
2018	\$ 220,000	\$ 20,715	\$ 360,558	\$ 57,254
2019	220,000	9,250	332,558	48,092
2020	60,000	1,755	274,808	39,417
2021	-	-	211,875	32,064
2022	-	-	185,375	26,379
2023 - 2027	-	-	747,925	57,513
2028	-	-	62,001	899
	<u>\$ 500,000</u>	<u>\$ 31,720</u>	<u>\$ 2,175,100</u>	<u>\$ 261,618</u>

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.

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

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: FOP-Sheriff/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.

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

Inactive employees or beneficiaries currently receiving benefits	156
Inactive employees entitled to but not yet receiving benefits	40
Active employees	<u>126</u>
Total membership	<u><u>322</u></u>

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

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 division of the Plan was closed in February 2015, the amounts went to a flat amount per month as follows:

Union	
COAM	\$8,590
Prosecutors	1,228
Telecommunicators	2,530
FOP Deputies	16,691
FOP Corrections	13,117
Non-union	47,643

Net Pension Asset. The County's net pension asset was measured as of December 31, 2017, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2016.

Actuarial Assumptions. The total pension liability in the December 31, 2016 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

Although no specific price inflation assumptions are needed for the valuation, the long-term annual rate of price inflation implicit in the 3.75% base wage inflation is 2.5%

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, 2016 valuation were based on the results of the most recent actuarial experience study of 2009-2013.

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

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			3.25%
Administrative expenses netted above			<u>0.25%</u>
Investment rate of return			<u>8.00%</u>

Discount Rate. The discount rate used to measure the total pension liability as of December 31, 2016 was 8.0% (down from 8.25% in 2015). 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 asset.

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

Changes in Net Pension Asset

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

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Asset (a) - (b)
Balances at December 31, 2016	\$ 55,239,795	\$ 50,854,137	\$ 4,385,658
Changes for the year:			
Service cost	814,555	-	814,555
Interest	4,346,127	-	4,346,127
Differences between expected and actual experience	888,435	-	888,435
Employer contributions	-	4,000,350	(4,000,350)
Employee contributions	-	149,828	(149,828)
Net investment income (loss)	-	6,758,775	(6,758,775)
Benefit payments, including refunds of employee contributions	(2,640,963)	(2,640,963)	-
Administrative expense	-	(106,869)	106,869
Other changes	(263,596)	-	(263,596)
Net changes	<u>3,144,558</u>	<u>8,161,121</u>	<u>(5,016,563)</u>
Balances at December 31, 2017	<u>\$ 58,384,353</u>	<u>\$ 59,015,258</u>	<u>\$ (630,905)</u>

Changes in Assumptions

Sensitivity of the Net Pension Asset to Changes in the Discount Rate. The following presents the net pension asset of the County, calculated using the discount rate of 8.00%, as well as what the County's net pension asset would be if it were calculated using a discount rate that is 1% lower (7.00%) or 1% higher (9.00%) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
County's net pension asset	\$ 6,021,396	\$ (630,905)	\$ (6,271,827)

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, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2017, the County recognized pension expense of \$1,608,047. The County reported deferred outflows and inflows of resources related to its pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ 511,817	\$ -	\$ 511,817
Changes in assumptions	1,107,908	-	1,107,908
Net difference between projected and actual earnings on pension plan investments	-	1,190,550	(1,190,550)
Total	\$ 1,619,725	\$ 1,190,550	\$ 429,175

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

Year Ended December 31,	Amount
2018	\$ 878,344
2019	878,342
2020	(800,640)
2021	(526,871)
	<u>\$ 429,175</u>

Payable to the Pension Plan. At December 31, 2017, the County reported a payable of \$195,822 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2017.

Component Unit - Road Commission

Plan Description. The Road Commission participates in the Municipal Employees Retirement System (MERS) of Michigan, an agent multiple-employer statewide public employee pension plan established by the Michigan's Legislature under Public Act 135 of 1945 and administered by a nine (9) member Retirement Board. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing MERS website at www.mersofmich.com. 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, 2017, amounted to \$301,388 and employee contributions were \$86,762. The number of active participants in this plan is 83 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 \$525.17 per month for each eligible employee and out-of-area eligible employee under age 65, and \$323.69 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 Net Position as net appreciation or depreciation in the fair value of investments.

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

Funding policy. The contribution requirements of the Plan members and the County are established and may be amended by the County Board of Commissioners, in accordance with County policies, union contracts, and Plan provisions. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined through the annual actuarial valuation. For the year ended December 31, 2017, the County contributed \$302,829 to the Plan.

Funding Progress. For the year ended December 31, 2017, the County estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of December 31, 2015. Such valuation computes the annual required contribution (“ARC”) that represents a level of funding, that if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

At December 31, 2015, the date of the latest actuarial valuation, participants in the plan consisted of:

Retirees and beneficiaries currently receiving benefits	60
Inactive, nonretired members	4
Active employees	<u>188</u>
Total	<u><u>252</u></u>

Net OPEB Asset of the County Under GASB 74

The components of the net OPEB asset of the County at December 31, 2017, were as follows:

Total OPEB liability	\$ 10,493,910
Plan fiduciary net position	<u>12,944,110</u>
County's net OPEB asset	<u><u>\$ (2,450,200)</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	123.35%

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

Changes in Net OPEB Asset

The components of the change in the net OPEB asset are summarized as follows:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Asset (a) - (b)
Balances at December 31, 2016	\$ 10,013,128	\$ 11,526,360	\$ (1,513,232)
Changes for the year:			
Service cost	203,684	-	203,684
Interest	648,910	-	648,910
Employer contributions	-	302,829	(302,829)
Net investment income	-	1,378,385	(1,378,385)
Difference between expected and actual experience	(108,348)	-	(108,348)
Benefit payments, including refunds of employee contributions	(263,464)	(263,464)	-
Net changes	480,782	1,417,750	(936,968)
Balances at December 31, 2017	\$ 10,493,910	\$ 12,944,110	\$ (2,450,200)

Methods and Assumptions. 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.

The total OPEB liability was calculated as of December 31, 2017 by roll forward procedures from an actuarial valuation as of December 31, 2015, using the following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

Actuarial cost method	Entry-age normal
Amortization method	Level percent
Remaining amortization period	26 years, closed
Asset valuation method	Market value of assets
Actuarial assumptions:	
Price inflation	2.0-3.0 percent
Wage inflation	4.0 percent
Salary increases	4.0-17.0 percent
Investment rate of return	6.5 percent
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	The RP-2000 Mortality Table projected 20 years with scale BB
Healthcare trend rates	Initial trend of 9.0 percent gradually decreasing to an ultimate trend rate of 4.0 percent in year 10

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

On August 2016 coverage was extended to dependents defined under terms of the health insurance policy. The Plan began to provide dependent coverage under the same terms offered to the spouse. There were no other benefit changes during the year.

Investments

Investment Policy. The OPEB Plan's policy in regard to the allocation of invested assets is established and may be amended by the Board of Commissioners. The investment policy has been formulated based on consideration of a wide range of policies and describes the prudent investment processes that the Board deems appropriate. The OPEB Plan's asset allocation policy is shown below.

Rate of Return. For the year ended December 31, 2017, the annual money-weighted rate of return on investments, net of investment expense, was 11.92 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The long-term expected rate of return on OPEB Plan investments was determined using a forward looking estimate of capital market returns model for each investment major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and investment expenses. The target allocation and best estimates of arithmetic real rates of return for each 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
Cash/equivalents	2.0%	1.00%	0.02%
Fixed income	45.0%	3.20%	1.45%
Equities	51.0%	9.70%	4.96%
Real estate	2.0%	3.40%	0.07%
	100.0%		6.50%
Investment rate of return			6.50%

Discount Rate. The discount rate used to measure the total OPEB liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that County contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB Plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments.

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

Sensitivity of the Net OPEB Asset to Changes in the Discount Rate. The following presents the net OPEB asset of the County, calculated using the discount rate of 6.50%, as well as what the County's net OPEB asset would be if it were calculated using a discount rate that is 1% lower (5.50%) or 1% higher (7.50%) than the current rate:

1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
\$ (999,697)	\$ (2,450,200)	\$ (3,652,463)

Sensitivity of the Net OPEB Asset to Changes in the Healthcare Cost Trend Rates. The following presents the net OPEB asset of the County, calculated using the healthcare cost trend rate of 9.0%, as well as what the County's net OPEB asset would be if it were calculated using a healthcare cost trend rate that is 1% lower (8.0%) or 1% higher (10.0%) than the current rate:

1% Decrease (8.0%)	Current Trend Rate (9.0%)	1% Increase (10.0%)
\$ (3,687,642)	\$ (2,450,200)	\$ (892,480)

Annual OPEB Cost and Net OPEB Obligation Under GASB 45

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	\$ 151,927
Interest on net OPEB asset	(207,192)
Adjustment to annual required contribution	<u>167,666</u>
Annual OPEB cost	112,401
Contributions made	<u>(302,829)</u>
Increase in net OPEB asset	(190,428)
Net OPEB (asset), beginning of year	<u>(3,187,566)</u>
Net OPEB (asset), end of year	<u><u>\$ (3,377,994)</u></u>

Three-Year Trend Information			
Year Ended December 31,	Annual OPEB Cost (AOC)	Percentage of AOC Contributed	Net OPEB Asset
2015	\$ 60,468	457%	\$ 2,960,109
2016	66,755	441%	3,187,566
2017	112,401	269%	3,377,994

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

Funded Status and Funding Progress. As of December 31, 2015, the most recent actuarial valuation date, the Plan was 113 percent funded. The actuarial accrued 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

Plan description. The Road Commission provides certain retiree health care benefits as other post-employment benefits (OPEB) to all applicable employees, in accordance with union agreements and/or personnel policies. The Commission administers the OPEB plan through a single-employer defined benefit healthcare plan that is reported as the Retiree Health Care Trust Fund and the Health Care Savings Plan Fund financial statements. Plan benefit provisions were established and may be amended under the authority of Board of County Road Commissioners. The Commission makes contributions to the extent possible but has no obligation to make contributions in advance of when the premiums are due for payment (i.e., may be financed on a “pay-as-you-go” basis). The Commission has no legally required reserves that must be maintained. The Commission reserves the right to modify or terminate other post-employment benefits. The Commission does not issue separate stand-alone financial statements for the plan. Further information regarding the Plan is presented in the separately issued Road Commission report.

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. 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.

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

14. 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.

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.

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

The Authority provides risk management, underwriting, reinsurance, and claim services with member contributions allocated to meet these obligations. The Authority administers a risk management fund providing Clinton County with loss protection for general and auto liability, motor vehicle physical damage, and property damage. Under most circumstances the County’s maximum loss per occurrence is limited as follows:

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

The limit of insurance for general and auto liability was \$15,000,000. The property damage blanket limit of insurance at December 31, 2017, was \$58,112,695.

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

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

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

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

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

Component Unit - Road Commission

The County Road Commission participates in a pool, the Michigan County Road Commission Self-Insurance Pool, with other municipalities, for claims relating to property, general liability, audit liability, trunkline, employment practices and public officials liability, errors and omissions liability, physical damage, and storage and tank systems. The pool is organized under Public Act 138 of 1982, as amended as a governmental group property and casualty self-insurances pool. In the event the pool's claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to a special assessment to make up the deficiency. The Commission has not been informed of any special assessments being required.

The County Road Commission participates in the County Road Association Self-Insurance Fund (CRASIF) for workers' compensation insurance and has full statutory coverage for workers' disability compensation and employers' liability as granted by the State of Michigan under Chapter 6, Section 418.611 of the Workers' Disability Compensation Act. The Commission has no liability for additional assessments based on the claims filed against the fund nor do they have rights to dividends.

15. PROPERTY TAXES AND TAXES RECEIVABLE

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

Taxable values are established annually by the local municipalities and are equalized by the County based on State statutes at an estimated percentage of the current market value. Real and personal property in Clinton County for the 2017 levy had a taxable value of \$2,662,802,495 on which ad valorem taxes levied for County general operating purposes was 5.7877 mills.

Taxes are collected by the various tax collecting units from the date of the levy and remitted to the County through the trust and agency fund for distribution to the general fund.

The delinquent taxes receivable represents unpaid real property taxes in the delinquent tax revolving fund and unpaid personal property taxes in the general fund.

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

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

16. 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	\$ 375,000	\$ -	\$ -	\$ -	\$ 375,000
Restricted for:					
911 central dispatch	-	-	2,721,909	-	2,721,909
Waste management	-	-	-	831,043	831,043
Register of deeds	-	-	-	197,787	197,787
Corrections training	-	-	-	53,614	53,614
Drug forfeiture	-	-	-	26,013	26,013
Law library	-	-	-	61,521	61,521
Act 302 training	-	-	-	9,492	9,492
Child care	-	-	-	1,867,296	1,867,296
Audits or tax exemptions	-	-	-	6,278	6,278
Concealed pistol licensing	-	-	-	81,197	81,197
Total restricted	-	-	2,721,909	3,134,241	5,856,150
Committed for:					
Family counseling	39,653	-	-	-	39,653
Tri-County Metro	75,000	-	-	-	75,000
Budget stabilization	200,000	-	-	-	200,000
Sick and vacation pay	1,137,934	-	-	-	1,137,934
Tax liabilities	993,064	-	-	-	993,064
Major public improvement projects	-	4,860,000	-	-	4,860,000
Equipment replacement	-	3,928,889	-	-	3,928,889
Total committed	2,445,651	8,788,889	-	-	11,234,540
Assigned for:					
Pension/OPEB	2,000,000	-	-	-	2,000,000
Public improvement	-	1,545,971	-	-	1,545,971
Friend of the court	-	-	-	415,042	415,042
Probation enhancement	-	-	-	50,869	50,869
Total assigned	2,000,000	1,545,971	-	465,911	4,011,882
Unassigned	10,297,099	-	-	-	10,297,099
Total fund balances, governmental funds	\$ 15,117,750	\$ 10,334,860	\$ 2,721,909	\$ 3,600,152	\$ 31,774,671

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

17. NET POSITION

Restricted Net Position

The composition of the County's restricted net position as of December 31, 2017, was as follows:

	Governmental Activities	Component Units
Restricted for:		
Public safety	\$ 2,811,028	\$ -
Employee benefits	3,699,253	-
Child care	1,867,296	-
Other:		
Debt service	-	285,775
Waste management	831,043	-
Register of deeds	197,787	-
Law library	61,521	-
Audits or tax exemptions	6,278	-
Concealed pistol licensing	81,197	-
	<u>\$ 9,555,403</u>	<u>\$ 285,775</u>

Net Investment in Capital Assets

The composition of net investment in capital assets as of December 31, 2017, was as follows:

	Governmental Activities	Business-type Activities	Component Units
Capital assets:			
Capital assets not being depreciated	\$ 3,454,780	\$ -	\$ 8,585,844
Capital assets being depreciated, net	28,145,095	66,542	71,367,817
	<u>31,599,875</u>	<u>66,542</u>	<u>79,953,661</u>
Related debt:			
Due with in one year	-	-	360,558
Due in more than one year	-	-	1,814,542
	<u>-</u>	<u>-</u>	<u>2,175,100</u>
Net investment in capital assets	<u>\$ 31,599,875</u>	<u>\$ 66,542</u>	<u>\$ 77,778,561</u>

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, 2017:

Delinquent Tax Revolving Fund	
Designated for unfunded liability	\$ 1,119,922
Designated for prepaids to locals	10,000,000

19. CONSTRUCTION COMMITMENTS

The County has two active construction projects as of December 31, 2017. The projects are for the mobile data communication system and Waltz and Sturgis drain project. At year-end, the County's remaining commitment with contractors for both of these projects was \$730,104.



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 (Asset) and Related Ratios

	Year Ended December 31		
	2017	2016	2015
Total pension liability			
Service cost	\$ 814,555	\$ 827,694	\$ 850,699
Interest	4,346,127	4,130,095	3,942,181
Differences between expected and actual experience	888,435	(160,945)	-
Changes of assumptions	-	2,215,818	-
Benefit payments, including refunds of employee contributions	(2,640,963)	(2,438,076)	(2,313,661)
Other changes	(263,596)	(201,736)	(127,763)
Net change in total pension liability	3,144,558	4,372,850	2,351,456
Total pension liability, beginning of year	55,239,795	50,866,945	48,515,489
Total pension liability, end of year	58,384,353	55,239,795	50,866,945
Plan fiduciary net position			
Employer contributions	4,000,350	3,739,046	3,022,230
Employee contributions	149,828	174,338	175,506
Net investment income (loss)	6,758,775	5,087,840	(661,205)
Benefit payments, including refunds of employee contributions	(2,640,963)	(2,438,076)	(2,313,661)
Administrative expense	(106,869)	(100,336)	(97,366)
Net change in plan fiduciary net position	8,161,121	6,462,812	125,504
Plan fiduciary net position, beginning of year	50,854,137	44,391,325	44,265,821
Plan fiduciary net position, end of year	59,015,258	50,854,137	44,391,325
County's net pension (asset) liability	\$ (630,905)	\$ 4,385,658	\$ 6,475,620
Plan fiduciary net position as a percentage of total pension liability	101.1%	92.1%	87.3%
Covered payroll	\$ 6,900,749	\$ 7,060,695	\$ 7,291,660
County's net pension (asset) liability as a percentage of covered payroll	-9.1%	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 (Asset) Liability	Plan Net Position as Percentage of Total Pension Liability	Covered Payroll	Net Pension (Asset) Liability as Percentage of Covered Payroll
2015	\$ 50,866,945	\$ 44,391,325	\$ 6,475,620	87.3%	\$ 7,291,660	88.8%
2016	55,239,795	50,854,137	4,385,658	92.1%	7,060,695	62.1%
2017	58,384,353	59,015,258	(630,905)	101.1%	6,900,749	-9.1%

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 Payroll	Contributions as Percentage of Covered Payroll
2015	\$ 1,238,244	\$ 3,022,230	\$ (1,783,986)	\$ 7,376,096	41.0%
2016	799,008	3,739,046	(2,940,038)	7,422,039	50.4%
2017	1,077,588	4,000,350	(2,922,762)	6,689,459	59.8%

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 22 years
Asset valuation method 5 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 rates were first used for the December 31, 2015 actuarial valuations.

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

CLINTON COUNTY, MICHIGAN

Required Supplementary Information

Single Employer Defined Benefit Other Postemployment Benefit Plan (under GASB 74)

Schedule of Changes in County's Net OPEB Asset and Related Ratios

	Year Ended December 31, 2017
Total OPEB liability	
Service cost	\$ 203,684
Interest	648,910
Difference between expected and actual experience	(108,348)
Benefit payments, including refunds of employee contributions	(263,464)
Net change in total OPEB liability	<u>480,782</u>
Total OPEB liability, beginning of year	<u>10,013,128</u>
Total OPEB liability, end of year	<u>10,493,910</u>
Plan fiduciary net position	
Employer contributions	302,829
Net investment income	1,378,385
Benefit payments, including refunds of employee contributions	(263,464)
Net change in plan fiduciary net position	<u>1,417,750</u>
Plan fiduciary net position, beginning of year	<u>11,526,360</u>
Plan fiduciary net position, end of year	<u>12,944,110</u>
County's net OPEB asset	<u>\$ (2,450,200)</u>
Plan fiduciary net position as a percentage of total OPEB liability	123.3%
Covered payroll	\$ 10,815,242
County's net OPEB asset as a percentage of covered payroll	-22.7%

Notes:

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

GASB 74 was implemented in fiscal year 2017. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

CLINTON COUNTY, MICHIGAN

Required Supplementary Information Single Employer Defined Benefit Other Postemployment Benefit Plan (under GASB 74)

Schedule of the County's Net OPEB Asset

Fiscal Year Ended December 31,	Total OPEB Liability	Plan Net Position	Net OPEB Asset	Plan Net Position as Percentage of Total OPEB Liability	Covered Payroll	Net OPEB Asset as Percentage of Covered Payroll
2017	\$ 10,493,910	\$ 12,944,110	\$ (2,450,200)	123.3%	\$ 10,815,242	-22.66%

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

Note: GASB 74 was implemented in fiscal year 2017. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

CLINTON COUNTY, MICHIGAN

Required Supplementary Information
 Single Employer Defined Benefit Other Postemployment Benefit Plan (under GASB 74)

Schedule of Contributions

Fiscal Year Ending December 31,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as Percentage of Covered Payroll
2017	\$ 151,927	\$ 302,829	\$ (150,902)	\$ 10,815,242	2.8%

Note: GASB 74 was implemented in fiscal year 2017. 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
Remaining amortization period	26 years, closed
Asset valuation method	Market value of assets
Actuarial assumptions:	
Price inflation	2.0-3.0 percent
Wage inflation	4.0 percent
Salary increases	4.0-17.0 percent
Investment rate of return	6.5 percent
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	The RP-2000 Mortality Table projected 20 years with scale BB
Healthcare trend rates	Initial trend of 9.0 percent gradually decreasing to an ultimate trend rate of 4.0 percent in year 10

On August 2016 coverage was extended to dependents defined under terms of the health insurance policy. The Plan began to provide dependent coverage under the same terms offered to the spouse. There were no other benefit changes during the year.

CLINTON COUNTY, MICHIGAN

Required Supplementary Information Single Employer Defined Benefit Other Postemployment Benefit Plan (under GASB 74)

Schedule of Investment Returns

Fiscal Year Ended December 31,	Annual Rate of Return*
2017	11.92%

* Annual money-weighted rate of return, net of investment expenses. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Note: GASB 74 was implemented in fiscal year 2017. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

CLINTON COUNTY, MICHIGAN

Required Supplementary Information Single Employer Defined Benefit Other Postemployment Benefit Plan (under GASB 45)

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
2015	\$ 107,617	257%
2016	113,821	258%
2017	151,927	199%

**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, 2017

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes:				
Current and delinquent property taxes	\$ 14,510,000	\$ 15,010,000	\$ 15,329,105	\$ 319,105
Mobile home park taxes	10,000	10,000	10,268	268
Other tax revenue	20,000	20,000	31,106	11,106
Total taxes	14,540,000	15,040,000	15,370,479	330,479
Licenses and permits:				
Dog licenses	106,000	106,000	102,659	(3,341)
Other licenses and permits	8,500	8,500	9,413	913
Building and planning permits	20,000	20,000	36,190	16,190
Total licenses and permits	134,500	134,500	148,262	13,762
Intergovernmental:				
CRP - Prosecuting attorney	75,000	75,000	87,673	12,673
Juvenile grant - Title I, Part D	-	338	337	(1)
Employment service	68,910	78,414	79,226	812
Support incentive	80,000	80,000	88,650	8,650
OHSP - Planning Grant	-	1,475	1,475	-
Swift & sure sanctions probation program	206,058	206,058	158,020	(48,038)
Liquor license	5,000	5,000	5,595	595
Liquor convention facility	236,795	237,208	237,621	413
State revenue sharing	650,000	1,300,000	1,351,331	51,331
Local community stabilization share appropriation	-	175,000	175,403	403
Victims' rights	71,822	73,754	68,050	(5,704)
Drivers license restoration	-	-	312	312
Probate court judge salary	94,195	94,195	97,003	2,808
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	55,076	9,352
Juvenile court director	27,317	27,317	27,317	-
District court state aid	20,000	20,000	18,805	(1,195)
Marine safety	5,400	5,400	4,332	(1,068)
Prosecuting attorney food stamp	-	-	425	425
Homeland security	63,215	110,615	59,811	(50,804)
PA 345	54,325	48,928	48,928	-
Court equity	200,000	200,000	194,633	(5,367)
Road patrol	83,018	83,018	77,341	(5,677)

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, 2017

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues (concluded)				
Intergovernmental (concluded):				
Highway safety	\$ -	\$ 20,635	\$ 20,634	\$ (1)
Emergency management	30,000	30,000	29,071	(929)
Other	15,000	15,000	31,409	16,409
Total intergovernmental	<u>2,168,951</u>	<u>3,070,251</u>	<u>3,055,650</u>	<u>(14,601)</u>
Charges for services:				
Sheriff	55,880	55,880	57,907	2,027
Treasurer fees	8,500	8,500	25,202	16,702
Drain commissioner	1,000	1,000	2,608	1,608
Friend of the court service fees	40,000	40,000	39,052	(948)
District court	1,425,000	1,815,483	1,862,474	46,991
Probation - juvenile	-	-	70	70
Clerk	135,000	135,000	130,074	(4,926)
Register of deeds	445,000	556,000	677,022	121,022
Probate court	20,000	20,000	26,616	6,616
Care of prisoners	691,000	1,088,000	1,180,813	92,813
Total charges for services	<u>2,821,380</u>	<u>3,719,863</u>	<u>4,001,838</u>	<u>281,975</u>
Interest and rents:				
Interest	60,000	160,000	241,601	81,601
Rents	25,600	25,600	27,160	1,560
Total interest and rents	<u>85,600</u>	<u>185,600</u>	<u>268,761</u>	<u>83,161</u>
Other:				
Contributions	10,000	10,000	12,704	2,704
Reimbursements - indirect costs	746,928	746,928	717,732	(29,196)
Reimbursements - other	323,733	521,039	500,558	(20,481)
Total other	<u>1,080,661</u>	<u>1,277,967</u>	<u>1,230,994</u>	<u>(46,973)</u>
Total revenues	<u>20,831,092</u>	<u>23,428,181</u>	<u>24,075,984</u>	<u>647,803</u>
Expenditures				
Current:				
General government:				
Board of commissioners	350,644	352,144	335,849	(16,295)
Circuit court	664,193	712,764	659,649	(53,115)
District court	1,143,299	1,161,782	1,161,668	(114)
Probate court	899,270	854,608	834,580	(20,028)

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, 2017

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (continued)				
Current (continued):				
General government (concluded):				
Family counseling	\$ 8,000	\$ 8,000	\$ 4,758	\$ (3,242)
Jury board	4,950	4,950	4,586	(364)
Adult probation	4,800	4,800	3,603	(1,197)
County administrator	532,809	539,118	513,904	(25,214)
Accounting	290,431	290,431	280,114	(10,317)
Elections	113,214	113,214	12,842	(100,372)
Clerk	494,726	494,726	478,951	(15,775)
Equalization	269,344	282,852	282,851	(1)
Prosecuting attorney	959,889	981,821	959,260	(22,561)
Register of deeds	199,823	149,823	109,982	(39,841)
County survey and remonumentation	54,325	48,928	48,928	-
Record copying	11,500	11,500	6,600	(4,900)
Treasurer	347,743	347,743	327,582	(20,161)
Cooperative extension	233,918	234,128	233,337	(791)
Courthouse and grounds	1,312,915	1,312,915	1,236,260	(76,655)
Drain commissioner	480,207	465,207	444,086	(21,121)
Soil conservation	20,000	20,000	12,000	(8,000)
Other	25,000	25,000	22,800	(2,200)
Total general government	8,421,000	8,416,454	7,974,190	(442,264)
Public safety:				
Sheriff - general	3,323,020	3,323,020	3,269,133	(53,887)
Highway safety	-	20,635	20,635	-
Marine safety	5,400	5,400	4,332	(1,068)
Secondary road patrol	110,692	110,692	77,950	(32,742)
Metro squad	-	733	733	-
Jail	3,614,383	3,602,383	3,535,301	(67,082)
Community corrections	6,000	6,000	-	(6,000)
Emergency services	178,042	225,442	173,889	(51,553)
Animal control	170,351	170,351	152,768	(17,583)
Total public safety	7,407,888	7,464,656	7,234,741	(229,915)
Public works:				
Drains at large	60,000	48,000	47,636	(364)
Department of public works	1,600	1,600	382	(1,218)
Total public works	61,600	49,600	48,018	(1,582)

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, 2017

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (continued)				
Current (continued):				
Health and welfare:				
Contagious disease	\$ 8,000	\$ 8,000	\$ 280	\$ (7,720)
Tri-county aging consortium	45,241	45,411	45,411	-
Building stronger community council	17,000	17,000	17,000	-
Substance abuse appropriation	118,398	118,811	118,811	-
Medical examiner	60,200	85,200	71,136	(14,064)
District health department	393,715	393,715	393,715	-
Mental health	280,842	280,842	279,954	(888)
Veterans affairs	35,697	35,697	28,481	(7,216)
Soldiers and Sailors	5,000	5,000	420	(4,580)
Total health and welfare	964,093	989,676	955,208	(34,468)
Community and economic development:				
Planning department	200,107	200,107	190,425	(9,682)
Plat board	1,502	1,502	489	(1,013)
Tri-county regional planning commission	63,920	63,920	63,918	(2)
Economic development	65,000	70,000	55,000	(15,000)
Employment services	68,910	78,414	78,413	(1)
Total community and economic development	399,439	413,943	388,245	(25,698)
Recreation and cultural:				
Parks and recreation	158,749	158,749	132,593	(26,156)
Library board	300	300	210	(90)
Historical commission	1,500	1,500	-	(1,500)
Total recreation and cultural	160,549	160,549	132,803	(27,746)
Other:				
Insurance and bonds	325,000	295,000	282,382	(12,618)
Other	391,979	139,492	7,618	(131,874)
Total other	716,979	434,492	290,000	(144,492)
Total expenditures	18,131,548	17,929,370	17,023,205	(906,165)
Revenues over (under) expenditures	2,699,544	5,498,811	7,052,779	1,553,968

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, 2017

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Other financing sources (uses)				
Transfers to other funds				
Friend of the court	\$ (420,000)	\$ (420,000)	\$ (420,000)	\$ -
Law library fund	(14,000)	(14,000)	(14,000)	-
MIS	(585,016)	(1,085,016)	(1,085,016)	-
Public improvement fund	(600,000)	(1,600,000)	(1,600,000)	-
County vehicles fund	(200,000)	(200,000)	(200,000)	-
Child care fund	(864,528)	(664,528)	(664,528)	-
Retirement	-	(1,500,000)	(1,500,000)	-
4-H fair	(16,000)	(16,000)	(16,000)	-
Total other financing sources (uses)	(2,699,544)	(5,499,544)	(5,499,544)	-
Net change in fund balance	-	(733)	1,553,235	1,553,968
Fund balance, beginning of year	13,564,515	13,564,515	13,564,515	-
Fund balance, end of year	\$ 13,564,515	\$ 13,563,782	\$ 15,117,750	\$ 1,553,968

concluded

NONMAJOR GOVERNMENTAL FUNDS

CLINTON COUNTY, MICHIGAN

Combining Balance Sheet Nonmajor Governmental Funds December 31, 2017

	Special Revenue Funds			
	Friend of the Court	Waste Management	Register of Deeds Automation	Corrections Training
Assets				
Cash and cash equivalents	\$ 315,757	\$ -	\$ 197,787	\$ 53,614
Receivables:				
Accounts	-	31,417	-	-
Due from other governmental units	108,306	-	-	-
Due from other funds	95,497	810,175	-	-
Total assets	\$ 519,560	\$ 841,592	\$ 197,787	\$ 53,614
Liabilities				
Accounts payable	\$ 2,573	\$ 7,653	\$ -	\$ -
Accrued liabilities	10,633	2,591	-	-
Due to other funds	1,312	305	-	-
Advance from other funds	90,000	-	-	-
Total liabilities	104,518	10,549	-	-
Fund balances				
Restricted	-	831,043	197,787	53,614
Assigned	415,042	-	-	-
Total fund balances	415,042	831,043	197,787	53,614
Total liabilities and fund balances	\$ 519,560	\$ 841,592	\$ 197,787	\$ 53,614



Special Revenue Funds

Drug Forfeiture	Law Library	County Library	Probation Enhancement	Act 302 Training
\$ 26,600	\$ 61,798	\$ -	\$ 50,869	\$ 9,492
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 26,600</u>	<u>\$ 61,798</u>	<u>\$ -</u>	<u>\$ 50,869</u>	<u>\$ 9,492</u>
\$ 587	\$ 277	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>587</u>	<u>277</u>	<u>-</u>	<u>-</u>	<u>-</u>
26,013	61,521	-	-	9,492
-	-	-	50,869	-
<u>26,013</u>	<u>61,521</u>	<u>-</u>	<u>50,869</u>	<u>9,492</u>
<u>\$ 26,600</u>	<u>\$ 61,798</u>	<u>\$ -</u>	<u>\$ 50,869</u>	<u>\$ 9,492</u>

continued...

CLINTON COUNTY, MICHIGAN

Combining Balance Sheet Nonmajor Governmental Funds December 31, 2017

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Child Care	Veterans Trust	Homestead Property Tax Exemption	Concealed Pistol Licensing	
Assets					
Cash and cash equivalents	\$ -	\$ -	\$ 6,278	\$ 81,272	\$ 803,467
Receivables:					
Accounts	-	-	-	-	31,417
Due from other governmental units	111,795	-	-	-	220,101
Due from other funds	1,787,990	-	-	-	2,693,662
Total assets	\$ 1,899,785	\$ -	\$ 6,278	\$ 81,272	\$ 3,748,647
Liabilities					
Accounts payable	\$ 22,048	\$ -	\$ -	\$ -	\$ 33,138
Accrued liabilities	9,326	-	-	66	22,616
Due to other funds	1,115	-	-	9	2,741
Advance from other funds	-	-	-	-	90,000
Total liabilities	32,489	-	-	75	148,495
Fund balance					
Restricted	1,867,296	-	6,278	81,197	3,134,241
Assigned	-	-	-	-	465,911
Total fund balances	1,867,296	-	6,278	81,197	3,600,152
Total liabilities and fund balances	\$ 1,899,785	\$ -	\$ 6,278	\$ 81,272	\$ 3,748,647

concluded

CLINTON COUNTY, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds For the Year Ended December 31, 2017

	Special Revenue Funds			
	Friend of the Court	Waste Management	Register of Deeds Automation	Corrections Training
Revenues				
License and permits	\$ -	\$ -	\$ -	\$ -
Intergovernmental - Federal/State	563,501	-	-	-
Charges for services	22,274	440,346	64,000	7,660
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	375	-
Other	-	14	-	-
Total revenues	585,775	440,360	64,375	7,660
Expenditures				
Current:				
General government	953,644	-	66,481	-
Public safety	-	-	-	3,825
Public works	-	364,241	-	-
Health and welfare	-	-	-	-
Recreation and cultural	-	-	-	-
Total expenditures	953,644	364,241	66,481	3,825
Revenues over (under) expenditures	(367,869)	76,119	(2,106)	3,835
Other financing sources				
Transfers in	420,000	-	-	-
Net change in fund balances	52,131	76,119	(2,106)	3,835
Fund balances, beginning of year	362,911	754,924	199,893	49,779
Fund balances, end of year	\$ 415,042	\$ 831,043	\$ 197,787	\$ 53,614



Special Revenue Funds				
Drug Forfeiture	Law Library	County Library	Probation Enhancement	Act 302 Training
\$ -	\$ -	\$ -	\$ -	\$ -
1,558	-	-	-	5,231
-	-	-	-	-
3,225	6,500	3,279	7,150	-
28	-	-	-	-
-	-	-	-	-
<u>4,811</u>	<u>6,500</u>	<u>3,279</u>	<u>7,150</u>	<u>5,231</u>
-	16,494	-	-	-
8,441	-	-	-	4,563
-	-	-	-	-
-	-	-	-	-
-	-	3,279	-	-
<u>8,441</u>	<u>16,494</u>	<u>3,279</u>	<u>-</u>	<u>4,563</u>
(3,630)	(9,994)	-	7,150	668
-	14,000	-	-	-
<u>(3,630)</u>	<u>4,006</u>	<u>-</u>	<u>7,150</u>	<u>668</u>
<u>29,643</u>	<u>57,515</u>	<u>-</u>	<u>43,719</u>	<u>8,824</u>
<u>\$ 26,013</u>	<u>\$ 61,521</u>	<u>\$ -</u>	<u>\$ 50,869</u>	<u>\$ 9,492</u>

continued...

CLINTON COUNTY, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds For the Year Ended December 31, 2017

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Child Care	Veterans Trust	Homestead Property Tax Exemption	Concealed Pistol Licensing	
Revenues					
License and permits	\$ -	\$ -	\$ -	\$ 42,114	\$ 42,114
Intergovernmental - Federal/State	464,791	1,129	-	-	1,036,210
Charges for services	8,927	-	-	-	543,207
Fines and forfeitures	-	-	-	-	20,154
Interest and rents	-	-	-	-	403
Other	-	-	745	-	759
Total revenues	473,718	1,129	745	42,114	1,642,847
Expenditures					
Current:					
General government	-	-	1,877	8,725	1,047,221
Public safety	-	-	-	-	16,829
Public works	-	-	-	-	364,241
Health and welfare	1,110,755	3,161	-	-	1,113,916
Recreation and cultural	-	-	-	-	3,279
Total expenditures	1,110,755	3,161	1,877	8,725	2,545,486
Revenues over (under) expenditures	(637,037)	(2,032)	(1,132)	33,389	(902,639)
Other financing sources					
Transfers in	664,528	-	-	-	1,098,528
Net change in fund balances	27,491	(2,032)	(1,132)	33,389	195,889
Fund balances, beginning of year	1,839,805	2,032	7,410	47,808	3,404,263
Fund balances, end of year	\$ 1,867,296	\$ -	\$ 6,278	\$ 81,197	\$ 3,600,152

concluded

NONMAJOR ENTERPRISE FUNDS

CLINTON COUNTY, MICHIGAN

Combining Statement of Net Position Nonmajor Enterprise Funds December 31, 2017

	Jail Commissary	Building Department	County Extension Community Center	Total
Assets				
Cash and cash equivalents	\$ 119,564	\$ 941,210	\$ 51,823	\$ 1,112,597
Accounts receivable	4,614	6,680	-	11,294
Inventory	757	-	-	757
Capital assets, being depreciated	-	63,088	-	63,088
Total assets	124,935	1,010,978	51,823	1,187,736
Liabilities				
Accounts payable	436	11,806	246	12,488
Accrued liabilities	-	10,301	1,600	11,901
Due to other funds	-	377	-	377
Total liabilities	436	22,484	1,846	24,766
Net position				
Net Investment in capital assets	-	63,088	-	63,088
Unrestricted	124,499	925,406	49,977	1,099,882
Total net position	\$ 124,499	\$ 988,494	\$ 49,977	\$ 1,162,970

CLINTON COUNTY, MICHIGAN

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position Nonmajor Enterprise Funds For the Year Ended December 31, 2017

	Jail Commissary	Building Department	County Extension Community Center	Total
Operating revenues				
Charges for services	\$ -	\$ 497,227	\$ -	\$ 497,227
Sales	222,212	-	-	222,212
Rent	-	-	8,325	8,325
Other	12,174	88	-	12,262
Total operating revenues	234,386	497,315	8,325	740,026
Operating expenses				
Personnel services and fringes	-	255,232	-	255,232
Supplies	211,437	6,998	21,829	240,264
Contracted services	-	81,871	-	81,871
Depreciation	-	17,730	-	17,730
Other	-	79,012	-	79,012
Total operating expenses	211,437	440,843	21,829	674,109
Operating income (loss)	22,949	56,472	(13,504)	65,917
Nonoperating revenues				
Interest revenue	8	-	-	8
Gain on sale of capital assets	-	979	-	979
Total nonoperating revenues	8	979	-	987
Transfers				
Transfers in	-	-	16,000	16,000
Change in net position	22,957	57,451	2,496	82,904
Net position, beginning of year	101,542	931,043	47,481	1,080,066
Net position, end of year	\$ 124,499	\$ 988,494	\$ 49,977	\$ 1,162,970

CLINTON COUNTY, MICHIGAN

Combining Statement of Cash Flows Nonmajor Enterprise Funds For the Year Ended December 31, 2017

	Jail Commissary	Building Department	County Extension Community Center	Total
Cash flows from operating activities				
Receipts from customers and users	\$ 229,772	\$ 500,038	\$ 8,325	\$ 738,135
Payments to vendors	(212,533)	(156,567)	(22,724)	(391,824)
Payment for personnel services and fringes	-	(252,703)	-	(252,703)
Net cash provided by (used in) operating activities	<u>17,239</u>	<u>90,768</u>	<u>(14,399)</u>	<u>93,608</u>
Cash flows from capital and related financing activities				
Proceeds from sale of capital assets	-	979	-	979
Capital asset purchases	-	(22,226)	-	(22,226)
Cash flows from noncapital financing activities				
Transfers in	-	-	16,000	16,000
Cash flows from investing activities				
Interest received	8	-	-	8
Net increase in cash and cash equivalents	<u>17,247</u>	<u>69,521</u>	<u>1,601</u>	<u>88,369</u>
Cash and cash equivalents, beginning of year	<u>102,317</u>	<u>871,689</u>	<u>50,222</u>	<u>1,024,228</u>
Cash and cash equivalents, end of year	<u>\$ 119,564</u>	<u>\$ 941,210</u>	<u>\$ 51,823</u>	<u>\$ 1,112,597</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Operating income (loss)	\$ 22,949	\$ 56,472	\$ (13,504)	\$ 65,917
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	-	17,730	-	17,730
Change in operating assets and liabilities that provided (used) cash:				
Accounts receivable	(4,614)	2,674	-	(1,940)
Inventory	4,219	-	-	4,219
Accounts payable	(5,315)	11,314	(1,045)	4,954
Accrued liabilities	-	2,529	150	2,679
Due to other funds	-	49	-	49
Net cash provided by (used in) operating activities	<u>\$ 17,239</u>	<u>\$ 90,768</u>	<u>\$ (14,399)</u>	<u>\$ 93,608</u>

INTERNAL SERVICE FUNDS

CLINTON COUNTY, MICHIGAN

Combining Statement of Net Position

Internal Service Funds

December 31, 2017

	Central Stores	Central Telephone	MIS	Drain Equipment Revolving
Assets				
Cash and cash equivalents	\$ 15,072	\$ 220,030	\$ 2,364,341	\$ 84,725
Investments	-	-	-	-
Interest receivable	-	-	-	-
Inventory	11,608	-	-	-
Due from other funds	-	-	-	-
Capital assets, being depreciated	-	105,521	463,371	99,946
Total assets	26,680	325,551	2,827,712	184,671
Liabilities				
Accounts payable	-	6,056	6,681	1,178
Accrued liabilities	-	-	4,718	-
Advances from other funds	25,000	-	-	10,000
Due to other funds	-	-	681	23,115
Long-term liabilities:				
Due within one year	-	-	20,050	-
Due in more than one year	-	-	21,721	-
Total liabilities	25,000	6,056	53,851	34,293
Net position				
Net Investment in capital assets	-	105,521	463,371	99,946
Restricted for employee benefits	-	-	-	-
Unrestricted	1,680	213,974	2,310,490	50,432
Total net position	\$ 1,680	\$ 319,495	\$ 2,773,861	\$ 150,378



County Vehicles	Employee Retirement	Insurance	Unemployment	Workers Compensation	Total
\$ 889,850	\$ 550,819	\$ 1,333,530	\$ 154,515	\$ 304,039	\$ 5,916,921
-	504,251	1,014,661	-	-	1,518,912
-	2,304	1,623	-	-	3,927
-	-	-	-	-	11,608
-	25,531	5,923	395	1,773	33,622
517,149	-	-	-	-	1,185,987
<u>1,406,999</u>	<u>1,082,905</u>	<u>2,355,737</u>	<u>154,910</u>	<u>305,812</u>	<u>8,670,977</u>
-	195,822	2,510	-	-	212,247
-	-	808	-	-	5,526
-	-	-	-	-	35,000
-	-	151	-	-	23,947
-	-	820	-	-	20,870
-	-	-	-	-	21,721
-	<u>195,822</u>	<u>4,289</u>	-	-	<u>319,311</u>
517,149	-	-	-	-	1,185,987
-	887,083	2,351,448	154,910	305,812	3,699,253
889,850	-	-	-	-	3,466,426
<u>\$ 1,406,999</u>	<u>\$ 887,083</u>	<u>\$ 2,351,448</u>	<u>\$ 154,910</u>	<u>\$ 305,812</u>	<u>\$ 8,351,666</u>

CLINTON COUNTY, MICHIGAN

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position Internal Service Funds For the Year Ended December 31, 2017

	Central Stores	Central Telephone	MIS	Drain Equipment Revolving
Operating revenues				
Charges for services	\$ 55,514	\$ 38,069	\$ 542	\$ 63,288
Other	-	-	-	-
Total operating revenues	55,514	38,069	542	63,288
Operating expenses				
Personnel services and fringes	-	-	310,258	-
Supplies	55,514	-	2,950	-
Contracted services	-	-	85,067	-
Depreciation	-	21,039	167,072	14,884
Other	-	36,625	149,553	47,167
Total operating expenses	55,514	57,664	714,900	62,051
Operating income (loss)	-	(19,595)	(714,358)	1,237
Nonoperating revenues				
Interest revenue	-	-	-	-
Gain (loss) on sale of capital assets	-	-	-	-
Total nonoperating revenues	-	-	-	-
Income (loss) before transfers	-	(19,595)	(714,358)	1,237
Transfers				
Transfers in	-	-	1,085,016	-
Change in net position	-	(19,595)	370,658	1,237
Net position, beginning of year	1,680	339,090	2,403,203	149,141
Net position, end of year	\$ 1,680	\$ 319,495	\$ 2,773,861	\$ 150,378

County Vehicles	Employee Retirement	Insurance	Unemployment	Workers Compensation	Total
\$ -	\$ 1,549,519	\$ 2,149,638	\$ -	\$ -	\$ 3,856,570
8,936	-	-	20,186	185,302	214,424
8,936	1,549,519	2,149,638	20,186	185,302	4,070,994
-	4,538,347	1,962,631	-	152,154	6,963,390
-	-	-	-	-	58,464
-	-	-	-	-	85,067
146,551	-	-	-	-	349,546
38,705	-	6,844	-	-	278,894
185,256	4,538,347	1,969,475	-	152,154	7,735,361
(176,320)	(2,988,828)	180,163	20,186	33,148	(3,664,367)
-	10,747	9,116	249	390	20,502
4,349	-	-	-	-	4,349
4,349	10,747	9,116	249	390	24,851
(171,971)	(2,978,081)	189,279	20,435	33,538	(3,639,516)
200,000	1,500,000	-	-	-	2,785,016
28,029	(1,478,081)	189,279	20,435	33,538	(854,500)
1,378,970	2,365,164	2,162,169	134,475	272,274	9,206,166
\$ 1,406,999	\$ 887,083	\$ 2,351,448	\$ 154,910	\$ 305,812	\$ 8,351,666

CLINTON COUNTY, MICHIGAN

Combining Statement of Cash Flows Internal Service Funds For the Year Ended December 31, 2017

	Central Stores	Central Telephone	MIS	Drain Equipment Revolving
Cash flows from operating activities				
Receipts from customers and users	\$ 55,514	\$ 38,069	\$ 542	\$ 63,288
Payments to vendors	(57,973)	(32,569)	(265,528)	(48,317)
Payments for personnel services and fringes	-	-	(310,258)	-
Net cash provided by (used in) operating activities	(2,459)	5,500	(575,244)	14,971
Cash flows from capital and related financing activities				
Proceeds from sale of capital assets	-	-	-	-
Capital asset purchases	-	(6,492)	(38,863)	-
Net cash provided by (used in) capital and related financing activities	-	(6,492)	(38,863)	-
Cash flows from noncapital financing activities				
Transfers in	-	-	1,085,016	-
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	(2,459)	(992)	470,909	14,971
Cash and cash equivalents, beginning of year	17,531	221,022	1,893,432	69,754
Cash and cash equivalents, end of year	\$ 15,072	\$ 220,030	\$ 2,364,341	\$ 84,725



County Vehicles	Employee Retirement	Insurance	Unemployment	Workers Compensation	Total
\$ 8,936 (42,289) -	\$ 1,550,625 - (4,435,980)	\$ 2,150,002 (5,217) (1,962,631)	\$ 20,273 - (14,480)	\$ 186,062 - (152,154)	\$ 4,073,311 (451,893) (6,875,503)
<u>(33,353)</u>	<u>(2,885,355)</u>	<u>182,154</u>	<u>5,793</u>	<u>33,908</u>	<u>(3,254,085)</u>
47,854 (209,943)	- -	- -	- -	- -	47,854 (255,298)
<u>(162,089)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(207,444)</u>
<u>200,000</u>	<u>1,500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,785,016</u>
- - -	(504,251) 1,254,652 10,747	(1,014,661) 1,008,184 9,116	- - 249	- - 390	(1,518,912) 2,262,836 20,502
<u>-</u>	<u>761,148</u>	<u>2,639</u>	<u>249</u>	<u>390</u>	<u>764,426</u>
4,558 885,292	(624,207) 1,175,026	184,793 1,148,737	6,042 148,473	34,298 269,741	87,913 5,829,008
<u>\$ 889,850</u>	<u>\$ 550,819</u>	<u>\$ 1,333,530</u>	<u>\$ 154,515</u>	<u>\$ 304,039</u>	<u>\$ 5,916,921</u>

continued...

CLINTON COUNTY, MICHIGAN

Combining Statement of Cash Flows Internal Service Funds For the Year Ended December 31, 2017

	Central Stores	Central Telephone	MIS	Drain Equipment Revolving
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Operating income (loss)	\$ -	\$ (19,595)	\$ (714,358)	\$ 1,237
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	-	21,039	167,072	14,884
Change in operating assets and liabilities that provided (used) cash:				
Accounts receivable	-	-	-	-
Inventory	(2,459)	-	-	-
Due from other funds	-	-	-	-
Accounts payable	-	4,056	(31,891)	(2,792)
Accrued liabilities	-	-	3,907	-
Due to other funds	-	-	26	1,642
Net cash provided by (used in) operating activities	<u>\$ (2,459)</u>	<u>\$ 5,500</u>	<u>\$ (575,244)</u>	<u>\$ 14,971</u>



County Vehicles	Employee Retirement	Insurance	Unemployment	Workers Compensation	Total
\$ (176,320)	\$ (2,988,828)	\$ 180,163	\$ 20,186	\$ 33,148	\$ (3,664,367)
146,551	-	-	-	-	349,546
-	(467)	(821)	-	-	(1,288)
-	-	-	-	-	(2,459)
-	1,573	1,185	87	760	3,605
(3,584)	102,367	1,046	(14,480)	-	54,722
-	-	578	-	-	4,485
-	-	3	-	-	1,671
<u>\$ (33,353)</u>	<u>\$ (2,885,355)</u>	<u>\$ 182,154</u>	<u>\$ 5,793</u>	<u>\$ 33,908</u>	<u>\$ (3,254,085)</u>

concluded

AGENCY FUNDS

CLINTON COUNTY, MICHIGAN

Combining Statement of Fiduciary Assets and Liabilities Agency Funds December 31, 2017

	Trust and Agency	Library	Total
Assets			
Cash and cash equivalents	\$ 609,868	\$ 220,837	\$ 830,705
Liabilities			
Undistributed collections payable	\$ 13,990	\$ -	\$ 13,990
Due to other governmental units:			
Federal/State	284,294	-	284,294
Local	-	220,837	220,837
Due to individuals and agencies	311,584	-	311,584
Total liabilities	\$ 609,868	\$ 220,837	\$ 830,705

COMPONENT UNITS

CLINTON COUNTY, MICHIGAN

Combining Balance Sheet

Drainage Districts Component Unit

December 31, 2017

	Debt Service	Capital Projects			Total
	Drain Debt Retirement	Regular Drain	Revolving Drain	Revolving Drain Maintenance	
Assets					
Cash and cash equivalents	\$ 171,457	\$ 330,955	\$ 136,393	\$ 36,517	\$ 675,322
Investments	-	1,250,000	-	-	1,250,000
Accrued interest receivable	-	5,686	-	-	5,686
Accounts receivable	2,858	78,512	-	-	81,370
Restricted cash and cash equivalents	-	432,118	-	-	432,118
Special assessments receivable	2,240,134	654,330	-	-	2,894,464
Due from other funds	-	-	115,269	5,942	121,211
Total assets	\$ 2,414,449	\$ 2,751,601	\$ 251,662	\$ 42,459	\$ 5,460,171
Liabilities					
Accounts payable	\$ -	\$ 280,480	\$ 1,662	\$ -	\$ 282,142
Accrued liabilities	17,980	5,000	-	-	22,980
Due to other funds	-	121,211	-	-	121,211
Advances from primary government	-	-	250,000	-	250,000
Total liabilities	17,980	406,691	251,662	-	676,333
Deferred inflows of resources					
Unavailable revenue - special assessments	2,094,248	-	-	-	2,094,248
Fund balances					
Restricted for debt service	302,221	-	-	-	302,221
Assigned for capital expenditures	-	2,344,910	-	42,459	2,387,369
Total fund balances	302,221	2,344,910	-	42,459	2,689,590
Total liabilities, deferred inflows of resources and fund balances	\$ 2,414,449	\$ 2,751,601	\$ 251,662	\$ 42,459	\$ 5,460,171

CLINTON COUNTY, MICHIGAN

Reconciliation

Fund Balances of Governmental Funds
to Net Position of Governmental Activities - Drainage Districts Component Unit
December 31, 2017

Fund balances - Drainage Districts component unit	\$ 2,689,590
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	586,543
Capital assets being depreciated, net	21,258,461
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	2,094,248
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	(16,446)
Bonds and notes payable	<u>(2,175,100)</u>
Net position of governmental activities - Drainage Districts component unit	<u>\$ 24,437,296</u>

CLINTON COUNTY, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Drainage Districts Component Unit For the Year Ended December 31, 2017

	Debt Service	Capital Project			Total
	Drain Debt Retirement	Regular Drain	Revolving Drain	Revolving Drain Maintenance	
Revenues					
Intergovernmental - Federal/State	\$ -	\$ 49,023	\$ -	\$ -	\$ 49,023
Charges for services	-	44,817	-	-	44,817
Interest	254	10,932	-	466	11,652
Special assessments	158,393	970,868	-	-	1,129,261
Miscellaneous	-	35,248	-	-	35,248
Total revenues	158,647	1,110,888	-	466	1,270,001
Expenditures					
Capital outlay	-	1,268,519	-	-	1,268,519
Debt service:					
Principal	829,883	-	-	-	829,883
Interest and fiscal charges	71,122	-	-	-	71,122
Total expenditures	901,005	1,268,519	-	-	2,169,524
Revenues over (under) expenditures	(742,358)	(157,631)	-	466	(899,523)
Other financing sources (uses)					
Transfer in	640,206	-	-	-	640,206
Transfer out	-	(640,206)	-	-	(640,206)
Bond and note proceeds	-	1,056,000	-	-	1,056,000
Total other financing sources (uses)	640,206	415,794	-	-	1,056,000
Change in fund balances	(102,152)	258,163	-	466	156,477
Fund balances, beginning of year	404,373	2,086,747	-	41,993	2,533,113
Fund balances, end of year	\$ 302,221	\$ 2,344,910	\$ -	\$ 42,459	\$ 2,689,590

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, 2017

Net change in fund balances - Drainage Districts component unit	\$ 156,477
Amounts reported for <i>governmental activities</i> 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	638,423
Depreciation expense	(355,250)
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	572,044
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	(1,056,000)
Bond and note principal payments	829,883
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	<u>1,639</u>
Change in net position of governmental activities - Drainage Districts component unit	<u>\$ 787,216</u>

CLINTON COUNTY, MICHIGAN

Combining Balance Sheet

Department of Public Works Component Unit
December 31, 2017

	Debt Service		Total
	Bingham Township #14	Watertown Charter #15	
Assets			
Lease receivable	\$ 322,637	\$ 183,471	\$ 506,108
Deferred inflows of resources			
Unavailable revenue - lease receivables	\$ 322,637	\$ 183,471	\$ 506,108

CLINTON COUNTY, MICHIGAN

■ Reconciliation

Fund Balances of Governmental Funds to Net Position
of Governmental Activities - Department of Public Works Component Unit
December 31, 2017

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 506,108

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 (6,108)

Bonds payable (500,000)

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, 2017

	Debt Service		Total
	Bingham Township #14	Watertown Charter #15	
Revenue			
Intergovernmental - local	\$ 180,750	\$ 72,900	\$ 253,650
Expenditures			
Debt service:			
Principal	160,000	60,000	220,000
Interest and fiscal charges	20,750	12,900	33,650
Total expenditures	180,750	72,900	253,650
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, 2017

Net change in fund balances - Department of Public Works component unit	\$	-
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:		
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but rather are deferred to the following fiscal year.		
Net change in deferred lease receivables		(222,455)
Repayment of long-term debt and borrowing of long-term debt is reported as expenditures and other financing sources in governmental funds, but the repayment reduces long-term liabilities and the borrowings increase long-term liabilities in the statement of net position. In the current year, these amounts consist of:		
Bond principal retirement		220,000
Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as revenues or expenditures in governmental funds. These activities consist of:		
Decrease in accrued interest payable		2,455
Change in net position of governmental activities - Department of Public Works component unit	\$	-