



# Clinton County, Michigan

## Financial Statements

December 31, 2007



**REHMANN ROBSON**

*Certified Public Accountants*

Clinton County, Michigan  
December 31, 2007

BOARD OF COMMISSIONERS

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Robert Showers	Vice-Chairperson
David Pohl	Commissioner
Terry Link	Commissioner
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Eileen Heideman	Commissioner
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Phil Hanses	Drain Commissioner
Charles Sherman	Prosecuting Attorney
Wayne Kangas	Sheriff
Lisa Sullivan	Probate Court Judge
Richard Wells	District Court Judge
Randy Tahvonen	Circuit Court Judge
Michelle Rick	Circuit Court Judge

**Clinton County, Michigan**

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**REHMANN ROBSON**

*Certified Public Accountants*

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## INDEPENDENT AUDITORS' REPORT

May 6, 2008

Board of Commissioners  
Clinton County  
St. Johns, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of **Clinton County, Michigan**, as of and for the year ended December 31, 2007, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of **Clinton County's** management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Road Commission Component Unit, which represents 63% and 80% respectively, of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Road Commission, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of **Clinton County, Michigan**, as of December 31, 2007, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons of the General and Revenue Sharing Reserve governmental funds for the year then ended in conformity with accounting principles general accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also separately issued our report dated May 6, 2008, on our consideration of **Clinton County, Michigan's** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis listed in the table of contents on pages iii-xi, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

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

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

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, including limited information pertaining to the separately audited Road Commission for the year ended December 31, 2007. For more detailed information, the Road Commission's separately issued financial statements may be obtained from their administrative office.

### Financial Highlights

- The assets of the County primary government exceeded its liabilities at the close of the fiscal year by approximately \$58.1 million (*net assets*). Of this amount, approximately \$20.3 million (*unrestricted net assets*) may be used to meet the government's ongoing obligations.
- The government's total net assets increased by approximately \$4.7 million, or 8.8 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 \$22.4 million, an increase of approximately \$1.2 million or 5.6 percent over the prior year. Of this total, approximately \$16.5 million or 73.8 percent is *available for spending* at the government's discretion (*unreserved and undesignated fund balance*), however, the major portion of this amount (approximately \$11.9 million) is available only for the special revenue fund purposes from which these funds are derived.
- At the end of the fiscal year, unreserved and undesignated fund balance for the General Fund was approximately \$4.6 million, an amount equal to 20.9 percent of total General Fund expenditures and transfers.
- The County's total net bonded debt (excluding drain notes), including that of the Drain Commission and Department of Public Works component units, decreased by a net of \$1.9 million or 9 percent during the current fiscal year.

### Overview of the Financial Statements

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

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

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

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

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

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

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

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



The County maintains 25 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General and Revenue Sharing Reserve funds, each of which is considered to be a major fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

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

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

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

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

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

## Government-wide Financial Analysis

### Statement of Net Assets

#### Clinton County's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2006	2007	2006	2007	2006	2007
<b>Assets</b>						
Current assets	\$27,924,029	\$28,514,279	\$11,328,704	\$11,958,419	\$39,252,733	\$40,472,698
Non-current assets	31,481,795	32,261,687	51,481	43,598	31,533,276	32,305,285
Total assets	59,405,824	60,775,966	11,380,185	12,002,017	70,786,009	72,777,983
<b>Liabilities</b>						
Current	4,374,434	2,598,071	32,559	31,431	4,406,993	2,629,502
Non-current	12,931,724	12,024,914	1,277	-	12,933,001	12,024,914
Total liabilities	17,306,158	14,622,985	33,836	31,431	17,339,994	14,654,416
<b>Net Assets</b>						
Invested in capital assets- net of related debt	17,508,377	19,118,913	51,481	43,598	17,559,858	19,162,511
Restricted	17,094,788	18,658,325	-	-	17,094,788	18,658,325
Unrestricted	7,496,501	8,375,743	11,294,868	11,926,988	18,791,369	20,302,731
Total net assets	<b>\$42,099,666</b>	<b>\$46,152,981</b>	<b>\$11,346,349</b>	<b>\$11,970,586</b>	<b>\$53,446,015</b>	<b>\$58,123,567</b>

As noted previously, net assets serve over time as a useful indicator of a government's financial position. In the case of Clinton County, assets exceeded liabilities by approximately \$58.1 million at the close of the fiscal year. This amount compares favorably with the prior year where net assets totaled \$53.4 million.

Current assets increased even after accounting for the annual draw from the revenue sharing reserve fund. Non-current assets increased as major public improvement projects were completed. Current and non-current liabilities decreased upon the completion of construction and the continued pay down of long-term debt respectively.

The County's net assets include approximately \$19.2 million in capital assets comprised of land, buildings, vehicles, and equipment less any outstanding related debt used to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending.

Certain other limitations on the use of net assets apply due primarily to legal restrictions. These restricted net assets total approximately \$18.7 million. The remaining balance of unrestricted net assets (\$20.3 million or 34.9 percent) may be used to meet the government's ongoing obligations.

Statement of Activities

**Clinton County's Changes in Net Assets**

	Governmental Activities		Business-type Activities		Total	
	2006	2007	2006	2007	2006	2007
<b>Revenues</b>						
Program revenue:						
Charges for services	\$5,981,956	\$5,739,512	\$902,561	\$783,027	\$6,884,517	\$6,522,539
Operating grants and contributions	3,929,757	3,332,952	-	-	3,929,757	3,332,952
Capital grants and contributions	-	-	-	-	-	-
General revenues:						
Property taxes	16,593,687	14,500,896	-	-	16,593,687	14,500,896
State Revenue Sharing	202,330	219,034	-	-	202,330	219,034
Investment earnings	1,093,644	1,151,784	403,147	483,566	1,496,791	1,635,350
911 Surcharge	1,665,914	1,671,356	-	-	1,665,914	1,671,356
Gain on equipment disposal	613,067	-	-	-	613,067	-
Miscellaneous	-	-	-	-	-	-
Transfers	783,141	100,675	(783,141)	(100,675)	-	-
Total revenues	<u>30,863,496</u>	<u>26,716,209</u>	<u>522,567</u>	<u>1,165,918</u>	<u>31,386,063</u>	<u>27,882,127</u>
<b>Expenses</b>						
General government	10,332,584	9,850,222	-	-	10,332,584	9,850,222
Public safety	7,835,368	8,122,140	-	-	7,835,368	8,122,140
Public works	523,342	513,827	-	-	523,342	513,827
Health and welfare	2,339,326	2,462,893	-	-	2,339,326	2,462,893
Comm and Econ Development	527,101	624,487	-	-	527,101	624,487
Recreation and Culture	44,203	89,831	-	-	44,203	89,831
Other	561,583	500,252	-	-	561,583	500,252
Interest on long-term debt	417,457	499,242	-	-	417,457	499,242
Delinquent tax collection and other						
Business-type activities			556,522	541,681	556,522	541,681
Total expenses	<u>22,580,964</u>	<u>22,662,894</u>	<u>556,522</u>	<u>541,681</u>	<u>23,137,486</u>	<u>23,204,575</u>
Increase in net assets	8,282,532	4,053,315	(33,955)	624,237	8,248,577	4,677,552
Net assets, beginning of year	33,817,134	42,099,666	11,380,304	11,346,349	45,197,438	53,446,015
Prior period adjustment	-	-	-	-	-	-
Net assets, end of year	<u><b>\$42,099,666</b></u>	<u><b>\$46,152,981</b></u>	<u><b>\$11,346,349</b></u>	<u><b>\$11,970,586</b></u>	<u><b>\$53,446,015</b></u>	<u><b>\$58,123,567</b></u>

**Governmental Activities**

The preceding table shows that the net assets of governmental activities increased by approximately \$4.7 million or 8.8 percent during 2007 as compared to approximately \$8.3 million in the prior year. Most of the difference between the increase in 2006 and 2007 is explained by 2006 being the final year of the tax shift. Last year also saw a gain on the disposal of the old Health Department building. The County received less grant dollars overall during 2007 and charges for services were down due to the slowdown in the housing market.

## **Business-type Activities**

Net assets of the County's business-type activities increased by approximately \$624,000. Net assets of the Delinquent Tax fund increased by approximately \$758,000 while net assets of the other non-major enterprise funds decreased by approximately \$133,000. The decrease in net assets of non-major enterprise funds is attributable to the decrease in the Building fund.

## **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 \$22.4 million. This represents an increase of approximately \$1.2 million in comparison with the prior year.

Approximately \$16.5 million or 73.8 percent of total fund balance constitutes *unreserved and undesignated fund balance*, which is available for spending at the government's discretion. However approximately \$11.9 million of this amount may only be used for special revenue fund purposes. The remainder of fund balance is either *reserved* to indicate that it is not available for new spending (approximately \$4.5 million), or is *designated* to support capital and other projects (approximately \$1.3 million).

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, the total fund balance was approximately \$8.4 million, while the unreserved/undesignated fund balance of the General Fund was approximately \$4.6 million, an amount equal to 20.9 percent of total General Fund expenditures. This level of General Fund unreserved/undesignated fund balance is consistent with recognized benchmarks that governments should strive to maintain.

The fund balance of the County's General Fund increased by approximately \$1.2 million during the current fiscal year, and compares favorably with the approximately \$1.2 million increase in the General Fund balance reported during the prior year. This increase is largely due to expenditure savings achieved through an effective system of budgetary control. (See subsequent section entitled "General Fund Budgetary Highlights").

The Revenue Sharing Reserve Fund has a total fund balance of approximately \$8 million. This fund, authorized by shifting forward the collection date for the County portion of the property tax levy from December to July, is intended to provide a reserve from which the County may draw amounts to replace revenues previously received from the now suspended State Revenue Sharing program. The balance in this fund is projected to be exhausted in the year 2013 at which time the County is to revert to an alternate State sponsored revenue source.

## **General Fund Budgetary Highlights**

The original General Fund budget of \$20.3 million was revised to \$22.9 million; however, actual expenditures totaled only \$22.2 million for a net savings of approximately \$800,000 or 3.5 percent under the revised budget. Expenditure savings came from several departments, primarily in the areas of contractual/professional services and personnel cost.

Actual revenues came in at \$23.4 million or just over the revised budget. The Revenue Sharing Reserve Fund covered the loss in State Revenue Sharing. Nearly half of the additional revenue that supported the revised budget is one-time in nature and due to the results of the tax shift. The remainder comes primarily from court, jail and interest revenue.

## **Capital Asset and Debt Administration**

**Capital assets.** As of December 31, 2007, the County's investment in capital assets, net of accumulated depreciation, totaled \$31.8 million for its governmental and business type activities, and \$21.2 million for the Drain Commission component unit. (These capital assets do not include those of the separately audited Road Commission component unit). This investment in capital assets includes land, buildings and improvements, construction in progress, vehicles, machinery and equipment. For the Drain Commission, capital assets include drainage districts system infrastructure.

## Clinton County's Capital Assets

(net of depreciation)

	<u>Primary Government</u>	<u>Drain Commission Component Unit</u>
Land and land improvements	\$ 1,084,010	\$ -
Buildings and improvements	26,566,407	-
Furniture, fixtures, and equipment	3,664,209	-
Vehicles	455,110	-
Construction in progress	-	70,758
Infrastructure	<u>-</u>	<u>21,158,075</u>
Total	<u>\$ 31,769,736</u>	<u>\$ 21,228,833</u>

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

**Long-term debt.** At the end of the current fiscal year, the County Primary Government and its Drain Commission and Department of Public Works component units had total general obligation bonds outstanding of \$19,614,100. (This amount does not include the debt of the separately audited Road Commission component unit). All of the bonds are backed by the County's full faith and credit.

### Clinton County's Bond Indebtedness

	<u>Primary Government</u>	<u>Drain Commission and DPW Component Units</u>	<u>Total</u>
General obligation bonds	\$ 12,480,000	\$ 7,134,100	\$ 19,614,100

The net decrease in the County's total general obligation bonded debt was \$1,893,500 or 9 percent during the current fiscal year. The County does not intend to issue any bonds in the near future.

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

Additionally, the Clinton County Drain Commissioner has long-term notes payable totaling \$604,315 at December 31, 2007 for which it has pledged its full faith and credit. The balance on these notes payable decreased by \$301,285 or .5 percent. The County (primary government) also has accrued compensated absences at December 31, 2007 of \$1,069,853.

The County's outstanding general obligation debt is well within its current debt limitation of \$328,730,804 (10 percent of total assessed valuation).

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

### **Economic Factors and Next Year's Budgets and Rates**

The following factors were considered in preparing the County's budget for the 2008 fiscal year:

- The Revenue Sharing Reserve Fund was established by the State in order to replace State Revenue Sharing payments to counties.
- The continued uncertainty over the State's budget situation may lead to decreases in other areas of state funding.
- Growth in new construction has slowed to the point where it can no longer be counted on to generate increased property tax revenue to help cover inflationary cost increases.
- Healthcare costs, as well as childcare costs, will continue to escalate at a rate higher than inflation and require continued cost containment measures.
- The unemployment rate for the County was 5.4% for 2007, an increase from a rate of 5.2% a year ago. This compares favorably to the state's average unemployment rate of 7.2%, and unfavorably to the national average rate of 4.6%.

Highlights of the 2008 budget are as follows:

Major Capital Improvements totaling \$2,987,000  
Ordinary Capital Improvements totaling \$309,550  
Continuation of the personnel hiring freeze  
General fund contingency of 1%

### **Requests for Information**

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

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

## Clinton County, Michigan

## STATEMENT OF NET ASSETS

December 31, 2007

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 8,391,807	\$ 3,699,216	\$ 12,091,023	\$ 5,317,194
Investments	17,548,959	5,770,873	23,319,832	1,439,382
Receivables	1,402,053	2,484,227	3,886,280	1,091,713
Due from other governmental units	1,061,899	-	1,061,899	1,151,899
Internal balances	509	(509)	-	-
Inventory	8,019	4,612	12,631	339,237
Prepaid expenses	101,033	-	101,033	171,062
Current portion of lease receivable	-	-	-	467,713
<b>Total current assets</b>	<b>28,514,279</b>	<b>11,958,419</b>	<b>40,472,698</b>	<b>9,978,200</b>
Noncurrent assets				
Special assessments receivable	-	-	-	2,750,137
Net pension asset	405,549	-	405,549	-
Advance to component unit	130,000	-	130,000	-
Lease receivable	-	-	-	3,845,000
Capital assets, net:				
Assets not being depreciated	1,084,010	-	1,084,010	6,993,812
Assets being depreciated	30,642,128	43,598	30,685,726	67,487,967
<b>Total noncurrent assets</b>	<b>32,261,687</b>	<b>43,598</b>	<b>32,305,285</b>	<b>81,076,916</b>
<b>TOTAL ASSETS</b>	<b>60,775,966</b>	<b>12,002,017</b>	<b>72,777,983</b>	<b>91,055,116</b>
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	650,026	13,832	663,858	213,328
Accrued liabilities	307,891	5,589	313,480	155,614
Current portion of compensated absences	701,234	12,010	713,244	-
Current portion of long-term debt	938,920	-	938,920	1,169,594
<b>Total current liabilities</b>	<b>2,598,071</b>	<b>31,431</b>	<b>2,629,502</b>	<b>1,538,536</b>
Noncurrent liabilities				
Advance from primary government	-	-	-	130,000
Advances from State	-	-	-	286,523
Noncurrent portion of compensated absences	356,609	-	356,609	656,749
Noncurrent portion of long-term debt	11,668,305	-	11,668,305	6,568,821
<b>Total noncurrent liabilities</b>	<b>12,024,914</b>	<b>-</b>	<b>12,024,914</b>	<b>7,642,093</b>
<b>TOTAL LIABILITIES</b>	<b>14,622,985</b>	<b>31,431</b>	<b>14,654,416</b>	<b>9,180,629</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	19,118,913	43,598	19,162,511	71,013,364
Restricted for:				
Public safety	1,723,778	-	1,723,778	-
Debt service	2,467,490	-	2,467,490	1,267,701
Revenue sharing	8,015,949	-	8,015,949	-
Public improvement	1,336,517	-	1,336,517	-
Other purposes	5,114,591	-	5,114,591	9,593,422
Unrestricted	8,375,743	11,926,988	20,302,731	-
<b>TOTAL NET ASSETS</b>	<b>\$ 46,152,981</b>	<b>\$11,970,586</b>	<b>\$ 58,123,567</b>	<b>\$ 81,874,487</b>

See accompanying notes to financial statements.



Clinton County, Michigan

STATEMENT OF ACTIVITIES

Year Ended December 31, 2007

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental activities:								
General government	\$ 9,850,222	\$ 3,563,119	\$ 1,675,619	\$ -	\$ (4,611,484)	\$ -	\$ (4,611,484)	\$ -
Public safety	8,122,140	1,691,842	504,109	-	(5,926,189)	-	(5,926,189)	-
Public works	513,827	410,269	-	-	(103,558)	-	(103,558)	-
Health and welfare	2,462,893	40,943	621,781	-	(1,800,169)	-	(1,800,169)	-
Community and economic development	624,487	30,439	267,293	-	(326,755)	-	(326,755)	-
Recreation and cultural	89,831	-	264,150	-	174,319	-	174,319	-
Other	500,252	2,900	-	-	(497,352)	-	(497,352)	-
Interest on long-term debt	499,242	-	-	-	(499,242)	-	(499,242)	-
Total governmental activities	22,662,894	5,739,512	3,332,952	-	(13,590,430)	-	(13,590,430)	-
Business-type activities:								
Delinquent tax	74,414	455,622	-	-	-	381,208	381,208	-
Other	467,267	327,405	-	-	-	(139,862)	(139,862)	-
Total business-type activities	541,681	783,027	-	-	-	241,346	241,346	-
Total primary government	\$ 23,204,575	\$ 6,522,539	\$ 3,332,952	\$ -	(13,590,430)	241,346	(13,349,084)	-
Component units:								
Drainage Districts	1,112,589	247,156	-	1,009,610	-	-	-	144,177
Department of Public Works	226,290	-	226,290	-	-	-	-	-
Road Commission	10,814,095	1,491,795	6,035,020	5,257,758	-	-	-	1,970,478
Total component units	\$ 12,152,974	\$ 1,738,951	\$ 6,261,310	\$ 6,267,368	-	-	-	2,114,655
General revenues:								
Property taxes					14,500,896	-	14,500,896	-
State shared revenue					219,034	-	219,034	-
Investment earnings					1,151,784	483,566	1,635,350	308,414
911 Surcharge					1,671,356	-	1,671,356	-
Gain on disposal of capital assets					-	-	-	28,256
Transfers in-primary government					-	-	-	100,000
Transfers					100,675	(100,675)	-	-
Total general revenues and transfers					17,643,745	382,891	18,026,636	436,670
Change in net assets					4,053,315	624,237	4,677,552	2,551,325
Net assets, beginning of the year					42,099,666	11,346,349	53,446,015	79,323,162
Net assets, end of the year					\$ 46,152,981	\$ 11,970,586	\$ 58,123,567	\$ 81,874,487

See accompanying notes to financial statements.

## Clinton County, Michigan

## GOVERNMENTAL FUNDS BALANCE SHEET

December 31, 2007

	General	Revenue Sharing Reserve	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 330,577	\$ 5,848,093	\$ 6,178,670
Investments	9,356,382	5,814,199	3,850	15,174,431
Receivables			-	
Taxes				
Current	953,333	-	-	953,333
Delinquent	42,975	-	-	42,975
Accounts	15,273	-	150,542	165,815
Interest	79,088	119,123	1,087	199,298
Due from other funds	8,721	1,752,050	-	1,760,771
Due from other governmental units			-	
Federal/State	397,801	-	346,163	743,964
Local	317,935	-	-	317,935
Prepaid expenses	1,000	-	-	1,000
Advance to other funds	125,000	-	-	125,000
Advance to component unit	130,000	-	-	130,000
<b>TOTAL ASSETS</b>	<b>\$ 11,427,508</b>	<b>\$ 8,015,949</b>	<b>\$ 6,349,735</b>	<b>\$ 25,793,192</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 301,693	\$ -	\$ 271,920	\$ 573,613
Accrued liabilities	185,052	-	36,831	221,883
Due to other funds	1,788,051	-	12,459	1,800,510
Deferred revenue	738,271	-	-	738,271
Advances from other funds	-	-	93,000	93,000
<b>TOTAL LIABILITIES</b>	<b>3,013,067</b>	<b>-</b>	<b>414,210</b>	<b>3,427,277</b>
<b>FUND BALANCES</b>				
Reserved for:				
Perpetual care	-	-	3,850	3,850
Advances to other funds and component unit	255,000	-	-	255,000
Planning and economic development	225,000	-	-	225,000
Parks and recreation	100,000	-	-	100,000
Family counseling	23,477	-	-	23,477
Sick and vacation pay	1,069,853	-	-	1,069,853
Employee reclassification	150,000	-	-	150,000
Retro pay	150,000	-	-	150,000
Debt service	1,800,000	-	745,444	2,545,444
Unreserved				
Designated for capital improvement	-	-	1,336,517	1,336,517
Undesignated, reported in:				
General fund	4,641,111	-	-	4,641,111
Special revenue funds	-	8,015,949	3,849,714	11,865,663
<b>TOTAL FUND BALANCES</b>	<b>8,414,441</b>	<b>8,015,949</b>	<b>5,935,525</b>	<b>22,365,915</b>
<b>TOTAL LIABILITIES     AND FUND BALANCES</b>	<b>\$ 11,427,508</b>	<b>\$ 8,015,949</b>	<b>\$ 6,349,735</b>	<b>\$ 25,793,192</b>

See accompanying notes to financial statements.

Clinton County, Michigan

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

December 31, 2007

**Total fund balance - governmental funds** \$ 22,365,915

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

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

The cost of capital assets is	\$ 40,427,851	
Accumulated depreciation is	<u>(8,701,713)</u>	
Capital assets, net		31,726,138

Other long-term assets are not available to pay for current-period expenditures and, therefore, are either deferred or otherwise not recorded in the funds.

Net pension asset		405,549
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Certain revenue that was earned and accrued in the current period but not received after 60 days is deferred in the fund statements but recognized under full accrual

Deferred revenue on taxes receivable		738,271
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Internal Service Funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the Internal Service Funds are included in the governmental activities in the Government-wide Statement of Net Assets.

Net assets of governmental activities accounted for in Internal Service Funds	5,814,267	
Net capital assets of Internal Service Funds included in total capital assets above	(1,173,407)	
Compensated absences of Internal Service Funds included in total compensated absences below	<u>19,270</u>	
		4,660,130

Long-term liabilities are not due and payable in the current period and therefore are not reported in the Governmental Funds Balance Sheet  
Long-term liabilities at year-end consist of:

Direct County obligations	12,480,000	
Lease payable	127,225	
Accrued interest payable	77,954	
Compensated absences	<u>1,057,843</u>	
		<u>(13,743,022)</u>

**Net assets of governmental activities** \$ 46,152,981

See accompanying notes to financial statements.

## Clinton County, Michigan

## Governmental Funds

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended December 31, 2007

	General	Revenue Sharing Reserve	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 14,214,843	\$ -	\$ -	\$ 14,214,843
Licenses and permits	265,460	-	-	265,460
Intergovernmental	2,074,021	-	1,323,646	3,397,667
Charges for services	3,986,717	-	2,262,787	6,249,504
Fines and forfeits	-	-	16,836	16,836
Interest and rents	564,843	384,668	89,790	1,039,301
Other	999,020	-	23,318	1,022,338
<b>TOTAL REVENUES</b>	<b>22,104,904</b>	<b>384,668</b>	<b>3,716,377</b>	<b>26,205,949</b>
<b>EXPENDITURES</b>				
Current				
General government	8,023,896	-	1,038,844	9,062,740
Public safety	6,056,531	-	1,593,611	7,650,142
Public works	169,641	-	338,795	508,436
Health and welfare	847,286	-	1,710,487	2,557,773
Community and economic development	615,298	-	1,725	617,023
Recreation and cultural	375,957	-	5,164	381,121
Other	500,252	-	-	500,252
Capital outlay	-	-	1,020,714	1,020,714
Debt service	-	-	1,399,309	1,399,309
<b>TOTAL EXPENDITURES</b>	<b>16,588,861</b>	<b>-</b>	<b>7,108,649</b>	<b>23,697,510</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>5,516,043</b>	<b>384,668</b>	<b>(3,392,272)</b>	<b>2,508,439</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,257,760	-	4,408,164	5,665,924
Transfers out	(5,567,140)	(1,162,360)	(260,903)	(6,990,403)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(4,309,380)</b>	<b>(1,162,360)</b>	<b>4,147,261</b>	<b>(1,324,479)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>1,206,663</b>	<b>(777,692)</b>	<b>754,989</b>	<b>1,183,960</b>
Fund balances, beginning of year	7,207,778	8,793,641	5,180,536	21,181,955
Fund balances, end of year	<u>\$ 8,414,441</u>	<u>\$ 8,015,949</u>	<u>\$ 5,935,525</u>	<u>\$ 22,365,915</u>

See accompanying notes to financial statements.

Clinton County, Michigan

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

Year Ended December 31, 2007

**Net change in fund balances - total governmental funds** **\$ 1,183,960**

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

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

Capital outlay	\$ 2,116,109	
Depreciation expense	<u>(1,392,670)</u>	
Excess of capital outlay over depreciation expense		723,439

Pension contributions are reported as expenditures in governmental funds, but additional contributions increase the net pension asset in the statement of net assets. 65,009

Revenues in the statement of activities that do not provide current resources are not reported as fund revenues. 286,161

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

Increase in net assets of Internal Service Funds	1,115,231	
Capital assets transactions of Internal Service Funds included in the total above	(436,085)	
Depreciation expense of Internal Service Funds included in the total above	271,592	
Increase in accrued compensated absences of Internal Service Funds included in the total below	<u>19,270</u>	
		970,008

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

Bond principal retirements	860,000	
Lease principal retirements	<u>35,653</u>	
		895,653

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

Decrease in accrued interest payable	4,414	
Increase in accrued compensated absences	<u>(75,329)</u>	
		<u>(70,915)</u>

**Change in net assets of governmental activities** **\$ 4,053,315**

See accompanying notes to financial statements.

## Clinton County, Michigan

## General Fund

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

Year Ended December 31, 2007

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Taxes	\$ 13,032,000	\$ 14,032,000	\$ 14,214,843	\$ 182,843
Licenses and permits	230,820	290,820	265,460	(25,360)
Intergovernmental	1,267,544	1,987,425	2,074,021	86,596
Charges for services	3,379,390	3,914,390	3,986,717	72,327
Interest and rents	235,000	510,000	564,843	54,843
Other	1,022,367	948,832	999,020	50,188
<b>TOTAL REVENUES</b>	<b>19,167,121</b>	<b>21,683,467</b>	<b>22,104,904</b>	<b>421,437</b>
<b>EXPENDITURES</b>				
Current				
General government	8,573,066	8,663,756	8,023,896	639,860
Public safety	5,847,770	6,068,253	6,056,531	11,722
Public works	77,379	177,379	169,641	7,738
Health and welfare	853,644	864,647	847,286	17,361
Community and economic development	520,309	652,177	615,298	36,879
Recreation and cultural	49,581	389,581	375,957	13,624
Other	677,746	567,012	500,252	66,760
<b>TOTAL EXPENDITURES</b>	<b>16,599,495</b>	<b>17,382,805</b>	<b>16,588,861</b>	<b>793,944</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>2,567,626</b>	<b>4,300,662</b>	<b>5,516,043</b>	<b>1,215,381</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,159,514	1,266,478	1,257,760	(8,718)
Transfers out	(3,727,140)	(5,567,140)	(5,567,140)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(2,567,626)</b>	<b>(4,300,662)</b>	<b>(4,309,380)</b>	<b>(8,718)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>-</b>	<b>1,206,663</b>	<b>1,206,663</b>
Fund balances, beginning of year	7,207,778	7,207,778	7,207,778	-
Fund balances, end of year	\$ 7,207,778	\$ 7,207,778	\$ 8,414,441	\$ 1,206,663

See accompanying notes to financial statements.

Clinton County, Michigan

Revenue Sharing Reserve Fund

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

Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest	\$ -	\$ -	\$ 384,668	\$ 384,668
OTHER FINANCING USES				
Transfer in	1,154,514	1,162,360	-	(1,162,360)
Transfer out	(1,154,514)	(1,162,360)	(1,162,360)	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(1,162,360)	(1,162,360)
NET CHANGE IN FUND BALANCE	-	-	(777,692)	(777,692)
Fund balance, beginning of year	8,793,641	8,793,641	8,793,641	-
Fund balance, end of year	<u>\$ 8,793,641</u>	<u>\$ 8,793,641</u>	<u>\$ 8,015,949</u>	<u>\$ (777,692)</u>

See accompanying notes to financial statements.

Clinton County, Michigan

Proprietary Funds

STATEMENT OF NET ASSETS

December 31, 2007

	Business-type Activities			Governmental
	Delinquent Tax Revolving	Nonmajor Enterprise Funds	Total	Internal Service Funds
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 3,421,876	\$ 277,340	\$ 3,699,216	\$ 2,213,137
Investments	5,770,873	-	5,770,873	2,374,528
Accounts receivable	940	5,577	6,517	15,754
Interest receivable	101,711	-	101,711	24,878
Delinquent taxes receivable	2,375,999	-	2,375,999	-
Inventory	-	4,612	4,612	8,019
Prepaid expenses	-	-	-	100,033
Due from other funds	-	-	-	43,255
Total current assets	<u>11,671,399</u>	<u>287,529</u>	<u>11,958,928</u>	<u>4,779,604</u>
Noncurrent assets				
Advances to other funds	-	-	-	3,000
Capital assets, net	-	43,598	43,598	1,173,407
Total noncurrent assets	<u>-</u>	<u>43,598</u>	<u>43,598</u>	<u>1,176,407</u>
<b>TOTAL ASSETS</b>	<u>11,671,399</u>	<u>331,127</u>	<u>12,002,526</u>	<u>5,956,011</u>
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	5,173	8,659	13,832	76,413
Accrued liabilities	511	17,088	17,599	27,324
Advances from other funds	-	-	-	35,000
Due to other funds	-	509	509	3,007
<b>TOTAL LIABILITIES</b>	<u>5,684</u>	<u>26,256</u>	<u>31,940</u>	<u>141,744</u>
<b>NET ASSETS</b>				
Invested in capital assets	-	43,598	43,598	1,173,407
Restricted for employee benefits	-	-	-	3,215,340
Unrestricted	<u>11,665,715</u>	<u>261,273</u>	<u>11,926,988</u>	<u>1,425,520</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 11,665,715</u>	<u>\$ 304,871</u>	<u>\$ 11,970,586</u>	<u>\$ 5,814,267</u>

See accompanying notes to financial statements.



Clinton County, Michigan

Proprietary Funds

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

Year Ended December 31, 2007

	Business-type Activities			Governmental
	Delinquent Tax Revolving	Nonmajor Enterprise Funds	Total	Internal Service Funds
<b>OPERATING REVENUES</b>				
Interest and penalties on delinquent taxes	\$ 455,622	\$ -	\$ 455,622	\$ -
Charges for services	-	224,953	224,953	3,386,858
Sales	-	92,129	92,129	-
Rent	-	9,818	9,818	-
Other	-	505	505	283,390
<b>TOTAL OPERATING REVENUES</b>	<b>455,622</b>	<b>327,405</b>	<b>783,027</b>	<b>3,670,248</b>
<b>OPERATING EXPENSES</b>				
Personal services and fringes	-	207,878	207,878	3,480,587
Supplies	5,698	112,506	118,204	83,194
Contracted services	3,815	57,180	60,995	78,806
Depreciation	-	14,387	14,387	271,592
Other	62,401	75,316	137,717	185,202
<b>TOTAL OPERATING EXPENSES</b>	<b>71,914</b>	<b>467,267</b>	<b>539,181</b>	<b>4,099,381</b>
<b>OPERATING INCOME (LOSS)</b>	<b>383,708</b>	<b>(139,862)</b>	<b>243,846</b>	<b>(429,133)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest revenue	584,639	-	584,639	123,424
Loss on sale of capital assets	(2,500)	-	(2,500)	(6,082)
Gain on sale of capital assets	-	-	-	1,868
Net decrease in fair value of investments	(101,073)	-	(101,073)	-
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>481,066</b>	<b>-</b>	<b>481,066</b>	<b>119,210</b>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<b>864,774</b>	<b>(139,862)</b>	<b>724,912</b>	<b>(309,923)</b>
<b>TRANSFERS</b>				
Transfers in	-	6,510	6,510	1,425,154
Transfers out	(107,185)	-	(107,185)	-
<b>TOTAL TRANSFERS</b>	<b>(107,185)</b>	<b>6,510</b>	<b>(100,675)</b>	<b>1,425,154</b>
<b>CHANGE IN NET ASSETS</b>	<b>757,589</b>	<b>(133,352)</b>	<b>624,237</b>	<b>1,115,231</b>
Net assets, beginning of year	10,908,126	438,223	11,346,349	4,699,036
<b>Net assets, end of year</b>	<b>\$ 11,665,715</b>	<b>\$ 304,871</b>	<b>\$ 11,970,586</b>	<b>\$ 5,814,267</b>

See accompanying notes to financial statements.

Clinton County, Michigan

Proprietary Funds

STATEMENT OF CASH FLOWS

Year Ended December 31, 2007

	Business-type Activities			Governmental
	Delinquent Tax Revolving	Nonmajor Enterprise Funds	Total	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash receipts from customers	\$ (808,105)	\$ 323,804	\$ (484,301)	\$ 3,661,330
Cash paid to suppliers	(70,242)	(455,009)	(525,251)	(420,815)
Cash paid for employee benefits	-	-	-	(3,480,587)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>(878,347)</b>	<b>(131,205)</b>	<b>(1,009,552)</b>	<b>(240,072)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Proceeds from sale of capital assets	2,000	-	2,000	4,342
Capital purchases	-	(11,005)	(11,005)	(436,085)
<b>NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>2,000</b>	<b>(11,005)</b>	<b>(9,005)</b>	<b>(431,743)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers in	-	6,510	6,510	1,425,154
Transfers out	(107,185)	-	(107,185)	-
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<b>(107,185)</b>	<b>6,510</b>	<b>(100,675)</b>	<b>1,425,154</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of investments	(5,770,873)	-	(5,770,873)	(2,474,528)
Maturity of investments	6,216,860	-	6,216,860	1,353,669
Interest revenue	584,639	-	584,639	123,424
Net decrease in fair value of investments	(101,073)	-	(101,073)	-
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>929,553</b>	<b>-</b>	<b>929,553</b>	<b>(997,435)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(53,979)</b>	<b>(135,700)</b>	<b>(189,679)</b>	<b>(244,096)</b>
Cash and cash equivalents, beginning of year	3,475,855	413,040	3,888,895	2,357,233
Cash and cash equivalents, end of year	<u>\$ 3,421,876</u>	<u>\$ 277,340</u>	<u>\$ 3,699,216</u>	<u>\$ 2,113,137</u>

Clinton County, Michigan

Proprietary Funds

STATEMENT OF CASH FLOWS - CONTINUED

Year Ended December 31, 2007

	Business-type Activities			Governmental
	Delinquent Tax Revolving	Nonmajor Enterprise Funds	Total	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	\$ 383,708	\$ (139,862)	\$ 243,846	\$ (429,133)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation	-	14,387	14,387	271,592
(Increase) in receivables	(1,263,727)	(3,527)	(1,267,254)	10,793
(Increase) decrease in inventory	-	1,948	1,948	(3,926)
(Increase) in prepaid expenses	-	-	-	(12,272)
Decrease in due from other funds	-	-	-	(7,439)
Increase (decrease) in accounts payable	1,542	(2,216)	(674)	(72,620)
Increase (decrease) in accrued liabilities	130	(1,861)	(1,731)	835
Increase (decrease) in due to other funds	-	(74)	(74)	2,098
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ (878,347)</b>	<b>\$ (131,205)</b>	<b>\$ (1,009,552)</b>	<b>\$ (240,072)</b>

See accompanying notes to financial statements.

Clinton County, Michigan

Fiduciary Funds

STATEMENT OF NET ASSETS

December 31, 2007

	Post- Employment Healthcare	Agency Funds
	<u>                    </u>	<u>                    </u>
ASSETS		
Cash and cash equivalents	\$ 249,804	\$ 477,118
Investments	<u>3,398,484</u>	<u>125,000</u>
TOTAL ASSETS	<u>3,648,288</u>	<u>\$ 602,118</u>
LIABILITIES		
Undistributed collections payable	-	\$ 5,796
Due to other governmental units		
Federal/State	-	135,473
Local	-	229,573
Due to individuals and agencies	<u>-</u>	<u>231,276</u>
TOTAL LIABILITIES	<u>-</u>	<u>\$ 602,118</u>
NET ASSETS		
Restricted for trust activities	<u>\$ 3,648,288</u>	

See accompanying notes to financial statements.

Clinton County, Michigan

Fiduciary Funds

STATEMENT OF CHANGES IN NET ASSETS

Year Ended December 31, 2007

	<u>Post- Employment Healthcare</u>
ADDITIONS	
Contributions	\$ 703,138
Medicare D reimbursements	24,586
Interest	267,684
Net decrease in fair value of investments	<u>(56,442)</u>
TOTAL ADDITIONS	938,966
DEDUCTIONS	
Retiree benefits	<u>246,081</u>
TOTAL CHANGE IN NET ASSETS	692,885
Net assets, beginning of year	<u>2,955,403</u>
Net assets, end of year	<u><u>\$ 3,648,288</u></u>

See accompanying notes to financial statements.

## Clinton County, Michigan

## Component Units

## STATEMENT OF NET ASSETS

December 31, 2007

	Drainage Districts	Department of Public Works	Road Commission	Total Component Units
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 1,193,977	\$ -	\$ 4,123,217	\$ 5,317,194
Investments	1,439,382	-	-	1,439,382
Accrued interest receivable	10,933	-	-	10,933
Accounts receivable	15,496	-	5,300	20,796
Due from other governmental units	-	-	1,151,899	1,151,899
Special assessments receivable	1,059,984	-	-	1,059,984
Inventory	-	-	339,237	339,237
Prepaid expenses	-	-	171,062	171,062
Current portion of lease receivable	-	467,713	-	467,713
Total current assets	<u>3,719,772</u>	<u>467,713</u>	<u>5,790,715</u>	<u>9,978,200</u>
Noncurrent assets				
Special assessments receivable	2,750,137	-	-	2,750,137
Lease receivable	-	3,845,000	-	3,845,000
Capital assets, net:				
Assets not being depreciated	70,758	-	6,923,054	6,993,812
Assets being depreciated	21,158,075	-	46,329,892	67,487,967
Total noncurrent assets	<u>23,978,970</u>	<u>3,845,000</u>	<u>53,252,946</u>	<u>81,076,916</u>
<b>TOTAL ASSETS</b>	<u>27,698,742</u>	<u>4,312,713</u>	<u>59,043,661</u>	<u>91,055,116</u>
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	7,640	-	205,688	213,328
Accrued liabilities	15,151	-	72,279	87,430
Accrued interest payable	25,471	42,713	-	68,184
Current portion of long-term debt	744,594	425,000	-	1,169,594
Total current liabilities	<u>792,856</u>	<u>467,713</u>	<u>277,967</u>	<u>1,538,536</u>
Noncurrent liabilities				
Advances from primary government	130,000	-	-	130,000
Advances from State	-	-	286,523	286,523
Noncurrent portion of compensated absences	-	-	656,749	656,749
Noncurrent portion of long-term debt	2,723,821	3,845,000	-	6,568,821
Total noncurrent liabilities	<u>2,853,821</u>	<u>3,845,000</u>	<u>943,272</u>	<u>7,642,093</u>
<b>TOTAL LIABILITIES</b>	<u>3,646,677</u>	<u>4,312,713</u>	<u>1,221,239</u>	<u>9,180,629</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	17,760,418	-	53,252,946	71,013,364
Restricted for:				
Other purposes	5,023,946	-	4,569,476	9,593,422
Debt service	1,267,701	-	-	1,267,701
<b>TOTAL NET ASSETS</b>	<u>\$ 24,052,065</u>	<u>\$ -</u>	<u>\$ 57,822,422</u>	<u>\$ 81,874,487</u>

See accompanying notes to financial statements.

Clinton County, Michigan

Component Units

STATEMENT OF ACTIVITIES

Year Ended December 31, 2007

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities					
Drainage Districts	\$ 1,112,589	\$ 247,156	\$ -	\$ 1,009,610	\$ 144,177
Department of Public Works	226,290	-	226,290	-	-
Road Commission	10,814,095	1,491,795	6,035,020	5,257,758	1,970,478
<b>TOTALS</b>	<b>\$12,152,974</b>	<b>\$1,738,951</b>	<b>\$ 6,261,310</b>	<b>\$ 6,267,368</b>	<b>\$ 2,114,655</b>

	Component Units			
	Drainage Districts	Department of Public Works	Road Commission	Total
Changes in net assets				
Net (expense) revenue	\$ 144,177	\$ -	\$ 1,970,478	\$ 2,114,655
General revenues				
Investment earnings	122,765	-	185,649	308,414
Gain on disposal of capital assets	-	-	28,256	28,256
Transfers in-primary government	-	-	100,000	100,000
Total general revenues and transfers	122,765	-	313,905	436,670
Change in net assets	266,942	-	2,284,383	2,551,325
Net assets, beginning of year	23,785,123	-	55,538,039	79,323,162
Net assets, end of year	\$24,052,065	\$ -	\$ 57,822,422	\$ 81,874,487

See accompanying notes to financial statements.

**Clinton County, Michigan**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2007**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The County of Clinton, Michigan was incorporated in 1839 and covers an area of approximately 571 square miles with the County seat located in the City of St. Johns. The County operates under an elected Board of Commissioners and provides services to its more than 68,800 residents in many areas including law enforcement, administration of justice, community enrichment and development, and human services. Education is provided to citizens through fifteen (15) local School Districts and seven (7) Intermediate School Districts. The School Districts are separate governmental entities whose financial statements are not included herein.

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

**A. REPORTING ENTITY**

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

**Blended Component Units**

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

**Discretely Presented Component Units**

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

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



## Clinton County, Michigan

### NOTES TO FINANCIAL STATEMENTS

December 31, 2007

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

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

#### Joint Venture

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

Clinton County is responsible to fund approximately 36% of the required local contribution to cover operational costs. For the year ended December 31, 2007, the County contributed \$400,345 to cover its share of operational costs. In addition, the treasury function for the Mid-Michigan District Health Department rests with the Montcalm County Treasurer. For this reason the District Health Department is discretely presented in the Montcalm County Financial Statements.

The financial activities of the Mid-Michigan District Health Department are accounted for and reported separately from the participating units. Separate audited financial statements for their year ended December 31, 2007, are available at the Department's administrative offices. As of December 31, 2007, the Department had total net assets of \$1,081,450.

#### Jointly Governed Organizations

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

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

## Clinton County, Michigan

### NOTES TO FINANCIAL STATEMENTS

December 31, 2007

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The Commission must adopt a proposed budget at its February meeting and submit the same to the Board of Commissioners of the three (3) Counties it serves and to the Lansing City Council with its request for allocation of funds. Each government unit contributes an equal share of the total annual budget. For the year ended December 31, 2007, the County's contribution to the Commission was \$58,629.

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, 2007, the County's contribution to the Commission was \$37,630.

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

Tri-County Community Mental Health - The Board provides comprehensive mental health services to Ingham, Eaton, and Clinton Counties. Operation revenues are derived from Federal, State, and local governments as well as from fees for services. The Tri-County Community Mental Health is governed by a twelve (12) member Board appointed by the Board of Commissioners of the three (3) Counties it services. For the year ended December 31, 2007, the County's contribution to the Commission was \$224,279.

Mid-South Substance Abuse Commission - Clinton County, in conjunction with nine (9) other Counties, has entered into an agreement that created the Mid-South Substance Abuse Commission. This Organization's Board is composed of fifteen (15) members, of which one (1) is appointed by Clinton County. The County's financial responsibility is to pass through 50% of the Convention and Tourism revenues received to the Commission. Also, if the Commission were to need additional operating funds, the County would be responsible to contribute a portion based on the percentage of Board membership (currently 10%). For the year ended December 31, 2007, the County passed through \$93,892 and was not required to make any additional appropriation.

#### **B. GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The statement of net assets and the statement of activities (the government-wide statements) present information for the primary government and its component units as a whole. All non-fiduciary activities of the primary government are included (i.e., fiduciary fund activities are not included in the government-wide statements). For the most part, 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.

# Clinton County, Michigan

## NOTES TO FINANCIAL STATEMENTS

December 31, 2007

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The statement of activities presents the direct functional expenses of the primary government and its component units and the program revenues that support them. 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.

### **C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION**

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

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

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

The major funds of the County are:

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

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

# Clinton County, Michigan

## NOTES TO FINANCIAL STATEMENTS

December 31, 2007

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

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

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.

If/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.

### **D. ASSETS, LIABILITIES AND NET ASSETS OR EQUITY**

#### **1. CASH AND CASH EQUIVALENTS**

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

#### **2. INVESTMENTS**

Investments during the year consisted of certificates of deposit and U.S. Government Securities with original maturities of greater than 90 days. Investments are recorded at market value in accordance with GASB 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools.

#### **3. RECEIVABLES**

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

**Clinton County, Michigan**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2007**

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**4. INVENTORY**

Inventories of the Central Stores (Internal Service) and Jail Commissary (Enterprise) Funds consist of miscellaneous consumer products on hand for resale, which are stated at the lower of first-in, first-out cost or market. Road Commission inventory items are charged to road construction and maintenance, equipment repairs and operations, as used.

**5. LEASE RECEIVABLE**

The County has irrevocably pledged its full faith and credit as collateral for certain water and sewer system bonds. These projects are administered by the Clinton County Drain Commission for local municipalities. Payments by the municipalities to the County, in accordance with contractual agreements, provide the monies required to meet the principal and interest on the water and sewer system bonds. All future amounts due for bond principal and an additional amount for the amount of accrued interest payable has been recorded as a lease receivable at the government-wide level. The current portion of the receivable is based on the amounts to be collected next year to satisfy obligations, and the amounts to be collected subsequently have been reported as noncurrent.

**6. ADVANCES**

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

**7. CAPITAL ASSETS**

**PRIMARY GOVERNMENT AND COMPONENT UNITS (EXCEPT ROAD COMMISSION)**

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

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

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

**Clinton County, Michigan**  
**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2007**

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**ROAD COMMISSION - COMPONENT UNIT**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges and similar items), are reported in the operating fund in the government-wide financial statements. Capital assets are defined by Clinton County Road Commission as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of two years. Such assets are recorded at historical costs or estimated historical cost of purchase or construction. Donated capital assets are recorded at estimated fair market value at the date of donation.

GASB Statement No. 34 requires major networks and major subsystems of infrastructure assets acquired, donated, constructed, or substantially rehabilitated, for fiscal years ending after June 30, 1980, be inventoried and capitalized by the fourth anniversary of the mandated date of adoption of the other provisions of GASB Statement No. 34. During 2005, the Clinton County Road Commission capitalized the current year's infrastructure and has also reported the retroactive cost for major infrastructure in the Statement of Net Assets for periods ending after June 30, 1980.

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

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

**8. INTERFUND TRANSACTIONS**

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

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

**9. LONG-TERM OBLIGATIONS**

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

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

# Clinton County, Michigan

## NOTES TO FINANCIAL STATEMENTS

December 31, 2007

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### 10. COMPENSATED ABSENCES

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

Vested compensated absences earned as of December 31, 2007, including related payroll taxes, are recorded in the government-wide financial statements.

### 11. DEFERRED REVENUE

Deferred revenue recorded in the General Fund consists of the 2007 tax levy that was not collected within 60 days of year end and thus, is not available for current year expenditures. In addition, the delinquent personal property taxes receivable balance is deferred in the General Fund because it is also not available for current year expenditures.

### 12. COMPARATIVE DATA

Comparative data for the year has not been presented in the accompanying financial statements since the inclusion of comparative data would make the statements unduly complex and difficult to read.

### 13. FEDERAL PROGRAMS

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

## II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

### A. BUDGETS AND BUDGETARY ACCOUNTING

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

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

# Clinton County, Michigan

## NOTES TO FINANCIAL STATEMENTS

December 31, 2007

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

### III. DETAILED NOTES ON ALL FUNDS

#### A. DEPOSITS AND INVESTMENTS

The County utilizes various pooled cash accounts and investments for approximately 46 funds. The County's pooled cash accounts consist of a common checking account and mutual funds.

The County's pooled cash accounts and investments are utilized by the General Fund, Special Revenue Funds, Capital Project Funds, Debt Service Funds, Internal Service Funds, Trust and Agency Funds, and the Component Unit funds. Each fund's portion of these pooled accounts is included in the cash and cash equivalents caption on the applicable balance sheet or statement of net assets.

The other funds and portions of the Component Unit funds of the County utilize separate savings and interest bearing checking accounts. In addition, certificates of deposit, mutual funds, commercial paper, 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**  
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A reconciliation of cash, pooled investments and investments as shown in the basic financial statements to the County's deposits and investments is as follows:

	<b><u>Carrying Amount</u></b>
Government-wide Financial Statement Captions:	
Primary Government:	
Cash	\$ 12,091,023
Investments	23,319,832
Component Units:	
Cash	5,317,194
Investments	1,439,382
Fiduciary Fund Financial Statement Captions:	
Cash	726,922
Investments	<u>3,523,484</u>
 Total	 <u>\$ 46,417,837</u>
 Deposits and Investments:	
Bank deposits (checking accounts, savings accounts and certificates of deposit)	\$ 29,423,129
Investments:	
U.S. agencies	7,237,441
Commercial paper	1,516,887
Investment funds	6,605,642
Money market accounts	1,632,238
Cash on hand	<u>2,500</u>
 Total	 <u>\$ 46,417,837</u>

**Clinton County, Michigan**  
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	<b>Investment Maturities (In Years)</b>			<b>Credit Rating Range</b>		
	Fair	Less		Standard	Moody's	
	Value	Than 1	1-5	& Poors	Investor's Services	Fitch
U.S. Agencies	\$ 7,237,441	\$ 4,149,918	\$ 3,087,523	AAA	N/A	N/A
Commercial paper	<u>1,516,887</u>	<u>1,516,887</u>	-	A1+	P1 – P1+	N/A
Subtotal	<u>8,754,328</u>	<u>\$ 5,666,805</u>	<u>\$ 3,087,523</u>			
Rated Investment Funds	940,827			AAA – AAAM	AAA	V1+
Unrated Investment Funds	5,664,815			N/A	N/A	N/A
Rated Money Market Funds	1,105,233			AAAM – A1+	P1+	N/A
Unrated Money Market Funds	<u>527,005</u>			N/A	N/A	N/A
Total	<u>\$ 16,992,208</u>					

**Statutory Authority**

State statutes authorize the County to invest in:

- a. Bonds, securities, other direct obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.
- c. 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.
- d. Bankers acceptances of United States banks.
- e. 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.
- f. Mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.
- g. 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

December 31, 2007

### 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 \$27,155,962 of the County's bank balance of \$29,379,769 was exposed to custodial credit risk because it was uninsured and uncollateralized.

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

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

### B. RECEIVABLES

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

	Governmental Activities	Business-type Activities	Component Units
Taxes	\$ 996,308	\$ 2,375,999	\$ -
Special assessments, current	-	-	1,059,984
Accounts	181,569	6,517	20,796
Interest	224,176	101,711	10,933
Total	<u>\$ 1,402,053</u>	<u>\$ 2,484,227</u>	<u>\$ 1,091,713</u>

**Clinton County, Michigan**

**NOTES TO FINANCIAL STATEMENTS**

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

	<u>Unavailable</u>	<u>Unearned</u>
Property taxes receivable (General Fund)	<u>\$ 738,271</u>	<u>\$ -</u>

**C. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2007, was as follows:

**Primary Government**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
<b>Governmental activities</b>				
Capital assets not being depreciated:				
Land and improvements	\$ 744,087	\$ 339,923	\$ -	\$ 1,084,010
Construction in progress	6,328,634	-	(6,328,634)	-
Total capital assets not being depreciated	<u>7,072,721</u>	<u>339,923</u>	<u>(6,328,634)</u>	<u>1,084,010</u>
Capital assets being depreciated:				
Buildings and improvements	24,812,497	6,298,608	-	31,111,105
Furniture, fixtures and equipment	5,697,965	1,680,455	(209,167)	7,169,253
Vehicles	979,932	125,757	(42,206)	1,063,483
Total capital assets being depreciated	<u>31,490,394</u>	<u>8,104,820</u>	<u>(251,373)</u>	<u>39,343,841</u>
Less accumulated depreciation				
Buildings and improvements	(3,918,088)	(626,610)	-	(4,544,698)
Furniture, fixtures and equipment	(3,089,249)	(656,429)	209,167	(3,536,511)
Vehicles	(544,523)	(109,631)	33,650	(620,504)
Total accumulated depreciation	<u>(7,551,860)</u>	<u>(1,392,670)</u>	<u>242,817</u>	<u>(8,701,713)</u>
Total capital assets being depreciated, net	<u>23,938,534</u>	<u>6,712,150</u>	<u>(8,556)</u>	<u>30,642,128</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 31,011,255</u>	<u>\$7,052,073</u>	<u>\$(6,337,190)</u>	<u>\$ 31,726,138</u>

**Clinton County, Michigan**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2007**

<b>Business-type activities</b>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
<b>Business-type activities</b>				
Capital assets being depreciated:				
Furniture, fixtures and equipment	\$ 51,292	\$ 11,005	\$ (9,000)	\$ 53,297
Vehicles	<u>30,327</u>	<u>-</u>	<u>-</u>	<u>30,327</u>
Total capital assets being depreciated	<u>81,619</u>	<u>11,005</u>	<u>(9,000)</u>	<u>83,624</u>
Less accumulated depreciation				
Furniture, fixtures and equipment	(18,008)	(8,322)	4,500	(21,830)
Vehicles	<u>(12,131)</u>	<u>(6,065)</u>	<u>-</u>	<u>(18,196)</u>
Total accumulated depreciation	<u>(30,139)</u>	<u>(14,387)</u>	<u>4,500</u>	<u>(40,026)</u>
Total capital assets being depreciated, net	<u>51,480</u>	<u>(3,382)</u>	<u>(4,500)</u>	<u>43,598</u>
<b>Business-type activities capital assets, net</b>	<u>\$ 51,480</u>	<u>\$ (3,382)</u>	<u>\$ (4,500)</u>	<u>\$ 43,598</u>

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

<b>Governmental activities:</b>	
General government	\$ 630,600
Public safety	488,728
Health and welfare	1,750
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>271,592</u>
<b>Total depreciation expense – governmental activities</b>	<b><u>\$ 1,392,670</u></b>
<b>Business-type activities:</b>	
Building department	<b><u>\$ 14,387</u></b>

**Clinton County, Michigan**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Discretely presented component units**

Activity for the Drainage Districts for the year ended December 31, 2007, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
<b>Drainage Districts</b>				
Capital assets not being depreciated:				
Construction in progress	\$ 837,517	\$ 70,758	\$ (837,517)	\$ 70,758
Capital assets being depreciated:				
Infrastructure	22,738,884	1,492,707	-	24,231,591
Less accumulated depreciation				
Infrastructure	<u>(2,777,911)</u>	<u>(295,605)</u>	-	<u>(3,073,516)</u>
Total capital assets being depreciated, net	<u>19,960,973</u>	<u>1,197,102</u>	-	<u>21,158,075</u>
<b>Drainage Districts capital assets, net</b>	<u>\$ 20,798,490</u>	<u>\$ 1,267,860</u>	<u>\$ (837,517)</u>	<u>\$ 21,228,833</u>

**Clinton County, Michigan**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2007**

Activity for the Road Commission for the year ended December 31, 2007, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
<b>Road Commission</b>				
Capital assets not being depreciated:				
Land	\$ 283,750	\$ -	\$ -	\$ 283,750
Infrastructure				
Land/right-of-way	963,081	60,000	-	1,023,081
Land improvements	<u>5,286,407</u>	<u>329,816</u>	<u>-</u>	<u>5,616,223</u>
Total capital assets not being depreciated	<u>6,533,238</u>	<u>389,816</u>	<u>-</u>	<u>6,923,054</u>
Capital assets being depreciated:				
Buildings	1,735,798	-	-	1,735,798
Road equipment	5,828,386	309,117	(123,780)	6,013,723
Shop equipment	72,560	5,550	-	78,110
Office equipment	97,778	8,447	(6,077)	100,148
Engineer's equipment	22,684	-	-	22,684
Yard equipment	10,207	-	-	10,207
Depletable assets	63,115	12,136	-	75,251
Infrastructure – bridges	24,343,805	2,218,328	(297,851)	26,264,282
Infrastructure – roads	47,683,465	2,175,910	(2,625,374)	47,234,001
Infrastructure – signals	<u>370,226</u>	<u>407,229</u>	<u>-</u>	<u>777,455</u>
Total capital assets being depreciated	<u>80,228,024</u>	<u>5,136,717</u>	<u>(3,053,082)</u>	<u>82,311,659</u>
Less accumulated depreciation				
Buildings	(916,069)	(42,706)	-	(958,775)
Road equipment	(4,502,099)	(535,295)	111,416	(4,925,978)
Shop equipment	(52,622)	(4,066)	-	(56,688)
Office equipment	(81,537)	(8,998)	6,255	(84,280)
Engineer's equipment	(20,227)	(691)	-	(20,918)
Yard equipment	(2,807)	(1,021)	-	(3,828)
Reserve for depletable assets	(40,473)	(12,136)	-	(52,609)
Infrastructure – bridges	(11,727,257)	(490,057)	276,399	(11,940,915)
Infrastructure – roads	(17,505,337)	(3,023,040)	2,625,374	(17,903,003)
Infrastructure – signals	<u>(8,566)</u>	<u>(26,207)</u>	<u>-</u>	<u>(34,773)</u>
Total accumulated depreciation	<u>(34,856,994)</u>	<u>(4,144,217)</u>	<u>3,019,444</u>	<u>(35,981,767)</u>
Total capital assets being depreciated, net	<u>45,371,030</u>	<u>5,136,717</u>	<u>(4,177,855)</u>	<u>46,329,892</u>
<b>Road Commission capital assets, net</b>	<u>\$ 51,904,268</u>	<u>\$5,526,533</u>	<u>\$ (4,177,855)</u>	<u>\$ 53,252,946</u>

**Clinton County, Michigan**  
**NOTES TO FINANCIAL STATEMENTS**  
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**D. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

Interfund receivables and payables as of December 31, 2007, are as follows:

<b>Due to:</b>	<b>Due from:</b>				<b>Total</b>
	General	Nonmajor Governmental	Nonmajor Enterprise	Internal Service	
General	\$ -	\$ 6,500	\$ -	\$ 2,221	\$ 8,721
Revenue Sharing Reserve	1,752,050	-	-	-	1,752,050
Internal Service	<u>36,001</u>	<u>5,959</u>	<u>509</u>	<u>786</u>	<u>43,255</u>
<b>Total</b>	<u>\$1,788,051</u>	<u>\$ 12,459</u>	<u>\$ 509</u>	<u>\$ 3,007</u>	<u>\$1,804,026</u>

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

Long-term advances as of December 31, 2007, are as follows:

Advance from General Fund to:	
Nonmajor governmental funds	\$ 90,000
Internal service funds	35,000
Component unit - Drainage Districts	<u>130,000</u>
	<u>\$ 255,000</u>
Advance from internal service funds to:	
Nonmajor governmental funds	<u>\$ 3,000</u>

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



**Clinton County, Michigan**  
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Interfund transfers as of December 31, 2007, are as follows:

<b>Transfer to:</b>	<b>Transfer From:</b>				<b>Total</b>
	General	Revenue Sharing Reserve	Nonmajor Governmental	Delinquent Tax	
General	\$ -	\$ 1,162,360	\$ 95,400	\$ -	\$ 1,257,760
Nonmajor Governmental	4,135,476	-	165,503	107,185	4,408,164
Nonmajor Enterprise	6,510	-	-	-	6,510
Internal Service	<u>1,425,154</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,425,154</u>
<b>Total</b>	<u>\$ 5,567,140</u>	<u>\$ 1,162,360</u>	<u>\$ 260,903</u>	<u>\$ 107,185</u>	<u>\$ 7,097,588</u>

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

**Clinton County, Michigan**  
**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2007**

**E. LONG-TERM DEBT**

**Changes in Long-Term Debt**

The following is a summary of changes in long-term debt (including current portions) of the County for the year ended December 31, 2007:

	Balance January 1, 2007	Additions	Deletions	Balance December 31, 2007	Due Within One Year
<b>PRIMARY GOVERNMENT</b>					
Governmental Activities					
Direct county obligations	\$ 13,340,000	-	\$(860,000)	\$ 12,480,000	\$ 900,000
Lease payable	162,878	-	(35,653)	127,225	38,920
Accrued compensated absences	982,514	733,344	(658,015)	1,057,843	701,234
Total Governmental Activities	<u>14,485,392</u>	<u>733,344</u>	<u>(1,553,668)</u>	<u>13,665,068</u>	<u>1,640,154</u>
Business-type Activities					
Accrued compensated absences	12,522	10,733	(11,245)	12,010	12,010
<b>TOTAL PRIMARY GOVERNMENT</b>	<u>14,497,914</u>	<u>744,077</u>	<u>(1,564,913)</u>	<u>13,677,078</u>	<u>1,652,164</u>
<b>COMPONENT UNITS</b>					
Department of Public Works:					
Water and sewer bonds	4,855,000	-	(585,000)	4,270,000	425,000
Drainage Districts:					
Drain bonds and notes	4,218,200	-	(749,785)	3,468,415	744,594
Road Commission:					
Installment purchase contract	7,500	-	(7,500)	-	-
Accrued compensated absences	681,912	-	(25,163)	656,749	-
<b>TOTAL COMPONENT UNITS</b>	<u>9,762,612</u>	<u>-</u>	<u>(1,367,448)</u>	<u>8,395,164</u>	<u>1,169,594</u>
<b>TOTAL REPORTING ENTITY</b>	<u>\$ 24,260,526</u>	<u>\$ 744,077</u>	<u>\$(2,932,361)</u>	<u>\$ 22,072,242</u>	<u>\$ 2,821,758</u>

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

**PRIMARY GOVERNMENT**

Direct County Obligations

The Clinton County Board of Commissioners is party to two (2) long-term lease agreements for rental of the Jail and the Courthouse from the Clinton County Building Authority. The lease agreements stipulate that the annual rental be paid by the County to the Building Authority in amounts sufficient to meet the annual principal and interest on bonds, which shall be pledged exclusively for that purpose. When all debt has been retired for the buildings, the rentals will cease, title to the buildings will be transferred to the County, and any cash balances remaining with the Building Authority will be returned to the County.

**Clinton County, Michigan**  
**NOTES TO FINANCIAL STATEMENTS**  
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Bonds payable at December 31, 2007, are as follows:

\$7,060,000 2006 Building Authority Refunding Bonds, dated March 14, 2006, due in annual installments ranging from \$595,000 to \$830,000 through May 1, 2019, with interest ranging from 3.625 to 3.8 percent, payable semi-annually.	\$ 7,060,000
\$2,200,000 2006 Capital Improvement Bonds, dated April 4, 2006, due in annual installments ranging from \$105,000 to \$195,000 through November 1, 2021, with interest ranging from 3.5 percent to 4.0 percent, payable semi-annually.	2,095,000
\$2,500,000 Building Authority Jail Construction Bonds, Series 2003, dated February 1, 2003, due in annual installments ranging from \$125,000 to \$225,000 through May 2018, with interest ranging from 2.25 to 4.125 percent, payable semi-annually.	1,990,000
\$14,500,000 Building Authority Courthouse Building Bonds Non-Refunded, Series 1999, dated January 1, 1999, due in annual installments ranging from \$590,000 to \$685,000 through May 1, 2009, with interest ranging from 4.05 to 5.35 percent, payable semi-annually.	<u>1,335,000</u>
Total Direct County Obligations	<u>\$ 12,480,000</u>

Advance refunding

On March 14, 2006, the County issued general obligation bonds of \$7,060,000. Proceeds from this bond issue were used to advance refund a portion of the 1999 Building Authority Bonds. The refunded bonds mature as scheduled on May 1, 2010 through 2019. The balance of the defeased debt outstanding at December 31, 2007, was \$8,935,000. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the government-wide statement of net assets. The refunding was undertaken to reduce total debt service payments by \$1,268,061 and resulted in an economic gain of \$458,674.

Lease Payable

For the year ended December 31, 2007, the County had an outstanding capital lease with Lease Consultants Corporation for mobile data computers of \$127,225. The original amount of the principal on the lease was \$212,878. The principal is due in annual installments ranging from \$1 to \$50,000. Interest on the lease is approximately 8%.

Accrued Compensated Absences

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

The dollar amount of these vested rights including related payroll taxes, amounted to \$416,211 and \$653,642 for vacation and sick, respectively, at December 31, 2007. Of the \$1,069,853 total liability, \$713,234 has been reported as a current liability and \$356,619 has been reported as a noncurrent liability.

**Clinton County, Michigan**  
**NOTES TO FINANCIAL STATEMENTS**  
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For the governmental activities, compensated absences are generally liquidated by the general fund and certain special revenue funds.

**COMPONENT UNIT – ROAD COMMISSION**

Accrued Employee Benefit Payable

In accordance with County Road Commission personnel policies and/or contracts negotiated with various employee groups of the County Road Commission, individual employees have vested rights upon termination of employment to receive payment for unused vacation, sick leave and longevity under formulas and conditions specified in their respective personnel policies and/or contracts. The dollar amount of these vested rights, including related payroll taxes amounted to \$178,446, \$387,362, and \$90,941 for vacation, sick and longevity, respectively, at December 31, 2007. This amount, \$656,749, has been reported as a noncurrent liability.

**COMPONENT UNIT – DEPARTMENT OF PUBLIC WORKS**

Indirect County Obligations - Water and Sewer Bonds

The County has irrevocably pledged its full faith and credit as collateral for the following water and sewer system bonds. These projects are administered by the Clinton County Drain Commission for local municipalities. 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, 2007, per respective construction projects serviced from the Component Unit Debt Service Funds of the Department of Public Works, are as follows:

\$3,550,000 Bath Township Sanitary Sewage Disposal System Bonds dated November 1, 1973, due in annual installments of \$100,000 to \$175,000 through November 1, 2013, with interest of 4.0 to 5.75 percent, payable semi-annually.	\$ 825,000
\$450,000 Dewitt Township Water System Bonds dated July 25, 1995, due in annual installments ranging from \$20,000 to \$40,000 through May 1, 2015, with interest ranging from 5.0 to 7.0 percent, payable semi-annually.	255,000
\$430,000 Bingham Township Sewer System Bonds dated August 28, 1990, due in annual installments ranging from \$20,000 to \$25,000 through October 1, 2010, with interest of 2.0 percent, payable semi-annually.	70,000
\$3,055,000 Bingham Township Sanitary Sewage Project Bonds dated June 2, 1999, due in annual installment of \$155,000 to \$160,000 through May 1, 2019 with interest of 4.25 to 5.0 percent, payable semi-annually.	1,920,000

Clinton County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2007

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COMPONENT UNIT – DEPARTMENT OF PUBLIC WORKS – CONTINUED

Indirect County Obligations - Water and Sewer Bonds

\$995,000 Watertown Township Sanitary Sewage Project Bonds dated June 29, 2000, due in annual installments of \$50,000 to \$60,000 through March 1, 2020, with interest of 5.1 to 7.5 percent, payable semi-annually.	\$ 780,000
\$600,000 Bath Township Sanitary Sewer Project Bonds dated January 1, 2001, due in annual installments ranging from \$25,000 to \$45,000 through May 1, 2019, with interest ranging from 4.5 to 5.2 percent, payable semi-annually.	<u>420,000</u>
Total Indirect County Obligations - Water and Sewer Bonds	<u>\$ 4,270,000</u>

Advance Refunding - Prior

On February 1, 1999, the Bath Charter Township, through the County Department of Public Works (DPW) defeased the entire outstanding balance, \$1,020,000 of the Clinton County Water Project Bonds - Bath Township (original issue \$1,170,000) which were due and payable May 1, 2000 through May 1, 2014. This was accomplished by establishing an irrevocable trust with an escrow agent composed of cash and U.S. government securities sufficient to meet the applicable principal and interest obligations. The township, working through the DPW, sold their water system to the Lansing Board of Water and Light (BWL). As part of the agreement between the DPW, the Township, and the BWL, the BWL was required to set sufficient funds aside in an escrow account to cover future debt principal and interest payments related to this bond issue. The BWL set aside \$1,070,488 to fund the escrow amounts to pay the future debt payments, which based on BWL legal council calculations will be sufficient. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the County's financial statements. At December 31, 2007, bonds due and payable May 1, 2008 through May 1, 2014, for the Clinton County Water Project Bonds - Bath Township in the amount of \$455,000 are considered defeased.

**Clinton County, Michigan**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2007**

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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, 2007, per respective Drain projects serviced from the Capital Projects Funds of the Component Unit Drainage Districts are as follows:

\$2,065,000 Hayworth and Extension Drain Bonds dated February 1, 1999, due in annual installments of \$175,000 through June 1, 2011, with interest of 3.8 to 4.35 percent, payable semi-annually.	\$ 700,000
\$995,000 John Voltz Drain District Bonds dated December 1, 2001, due in annual installments of \$100,000 through June 1, 2012, with interest ranging from 3.25 to 4.3 percent, payable semi-annually.	500,000
\$875,000 Loesch Drain Bonds dated September 1, 2003, due in annual installments ranging from \$85,000 to \$90,000 through June 1, 2013, with interest ranging from 2.3 to 4.3 percent, payable semi-annually.	535,000
\$980,000 Edwards Drain Bonds dated May 1, 2004, due in annual installments ranging from \$50,000 to \$75,000 through June 1, 2019, with interest ranging from 2.75 to 4.70 percent, payable semi-annually.	639,100
\$540,000 Creekside Drain Bonds dated August 1, 2006, due in annual installments ranging from \$50,000 to \$55,000 through June 1, 2016, with interest of 4.25 percent, payable semi-annually.	490,000
Various drain notes due in various annual installments and interest rates through 2013.	<u>604,315</u>
Total Indirect County Obligations – Drain Bonds and Notes	<u>\$ 3,468,415</u>

**Clinton County, Michigan**  
**NOTES TO FINANCIAL STATEMENTS**  
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Annual requirements to pay debt principal and interest outstanding are as follows:

**Primary Government**  
Direct County Obligations

Bonds Payable		
Year Ending December 31,	Principal	Interest
2008	\$ 900,000	\$ 455,256
2009	950,000	418,245
2010	870,000	382,999
2011	900,000	350,576
2012	940,000	316,789
2013-2017	5,330,000	1,018,485
2018-2021	<u>2,590,000</u>	<u>127,451</u>
Total	<u>\$ 12,480,000</u>	<u>\$ 3,069,801</u>

Capital Leases Payable		
Year Ending December 31,	Principal	Interest
2008	\$ 38,920	\$ 11,080
2009	42,310	7,690
2010	45,994	4,006
2011	<u>1</u>	<u>-</u>
Total	<u>\$ 127,225</u>	<u>\$ 22,776</u>

**Component Units**

Indirect County Obligations				
Year Ending December 31,	Department of Public Works Water and Sewer Bonds		Drainage Districts Drain Bonds and Notes	
	Principal	Interest	Principal	Interest
2008	\$ 425,000	\$ 207,928	\$ 744,594	\$ 136,848
2009	425,000	187,068	561,544	104,997
2010	425,000	165,935	523,394	82,113
2011	405,000	144,525	508,794	60,007
2012	435,000	123,153	333,794	42,369
2013-2017	1,570,000	337,158	680,795	87,293
2018-2021	<u>585,000</u>	<u>36,260</u>	<u>115,500</u>	<u>5,400</u>
Total	<u>\$ 4,270,000</u>	<u>\$ 1,202,027</u>	<u>\$ 3,468,415</u>	<u>\$ 519,027</u>

**Clinton County, Michigan**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2007**

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**IV. OTHER INFORMATION**

**A: EMPLOYEE RETIREMENT SYSTEM**

PRIMARY GOVERNMENT AND COMPONENT UNITS (EXCEPT ROAD COMMISSION)

The County participates in the Michigan Municipal Employees Retirement System (MERS), an agent multiple employer public retirement system. MERS is authorized and operated under State law, Act 135 of the Public Acts of 1945, as amended. The Michigan Municipal Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the System at 1134 Municipal Way, Lansing, Michigan 48917. All full-time and part-time County employees who work 20 hours or more per week are covered by the retirement system with exception of the Road Commission employees. The Road Commission employees are covered under a separate retirement plan.

The benefits and conditions outlined below are for general information only. Public Act 427 of 1984, as amended, covers the benefits and conditions of the Municipal Retirement systems.

Normal Retirement:

Union:

Age 55 with 20 or more years of credited service  
Age 60 with 10 or more years of credited service  
Mandatory Retirement: None

Non-union:

Age 55 with 30 or more years of credited service  
Age 60 with 10 or more years of credited service  
Mandatory Retirement: None

Deferred Retirement:

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

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

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

Funding Policy

The County is required to contribute to the Retirement Plan at an actuarially determined rate. The current rate ranges from 7.46% to 17.32% as a percentage of annual covered payrolls and varies by the participating employee groups. These contributions are funded by the County on behalf of plan members. In addition, certain employee bargaining groups have negotiated benefits whereby the



## Clinton County, Michigan

### NOTES TO FINANCIAL STATEMENTS

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participating members are required to contribute to the Plan. These participation levels range from 2% to 6.7% of their annual covered payroll. The contribution requirements of the County are established and may be amended by the MERS Retirement Board. The contribution requirements of plan members are established and may be amended by the County, depending on the MERS contribution program adopted and/or negotiated by the County.

#### Annual Pension Cost and Net Pension Asset

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

Annual required contribution	\$ 1,290,212
Less: Interest on net pension asset	(27,243)
Plus: Adjustment to annual required contribution	<u>62,234</u>
Annual pension cost	1,325,203
Contributions made	<u>1,390,212</u>
(Increase) in net pension asset	(65,009)
Net pension (asset), beginning of year	<u>(340,540)</u>
Net pension (asset), end of year	<u>\$ (405,549)</u>

The annual required contribution was determined as part of an actuarial valuation of the plan as of December 31, 2005, using the entry actual age cost method. Significant actuarial assumptions used in determining the pension benefit obligation include (1) a rate of return on the investment of present and future assets of 8.0%, (2) projected salary increases of 4.5% per year compounded annually, attributable to inflation, (3) additional projected salary increases ranging from 0.0% to 4.2% per year, depending on age, attributable to seniority/merit. The employer contribution rate has been determined based on the entry age normal funding method. Under the entry age normal cost funding method, the total employer contribution is comprised of the normal cost plus the level annual percentage of payroll payment required to amortize the unfunded actuarial accrued liability over 30 years. The employer normal cost is, for each employee, the level percentage of payroll contribution (from entry age to retirement) required to accumulate sufficient assets at the member's retirement to pay for his or her projected benefit.

#### Three Year Trend Information for GASB Statement No. 27

	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
2005	\$1,228,776	106%	\$(269,197)
2006	1,314,889	105%	(340,540)
2007	1,325,203	105%	(405,549)

**Clinton County, Michigan**  
**NOTES TO FINANCIAL STATEMENTS**  
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Required Supplementary Information for GASB Statement No. 27

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Liability (AAL) – Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/04	\$20,754,444	\$28,426,707	\$7,672,263	73%	\$8,076,746	95%
12/31/05	22,397,270	30,115,835	7,718,565	74%	8,268,999	93%
12/31/06	24,446,212	32,626,474	8,180,262	75%	8,537,396	96%

This trend information was obtained from the most recently issued actuarial reports.

**COMPONENT UNIT - ROAD COMMISSION**

Description of Plan and Plan Assets

The Clinton County Road Commission is in an agent multiple-employer defined benefit pension plan with the Municipal Employees' Retirement System (MERS). The system provides the following provisions: normal retirement, deferred retirement, service retirement allowance, disability retirement allowance, nonduty-connected death, duty-connected death, and post-retirement adjustments to plan members and their beneficiaries. The service requirement for all qualified employees is computed using credited service at the time of termination of membership multiplied by the sum of 2.5% times the final average compensation (FAC) with 5-year averaging for office and road union and 3-year averaging for administrative salaries, with a maximum benefit of 80% of the FAC. Administrative retirees have a benefit 'E-1 and E-2' plan allowing for a 2.5% annual increase. Administrative salaried employees hired after January 1, 2007 will have the MERS Hybrid Retirement Plan with the Road Commission contributing 1.5% of the employee's applicable salary into the defined benefit portion and 1% of the employee's applicable salary into the defined contribution portion. The MERS Hybrid Retirement Plan has a 6 year vesting requirement, a 3 year FAC, and is payable at age 60. The most recent period for which actuarial data was available was for the year ended December 31, 2006.

MERS was organized pursuant to Section 12a of Public Act 156 of 1851; MCL 46.12(a)), as amended, State of Michigan. MERS is regulated under Public Act 427 of 1984, sections of which have been approved by the State Pension Commission. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to MERS at 1134 Municipal Way, Lansing, Michigan 48917.

Funding Policy

The Road Commission is required to contribute at an actuarially determined rate. Based on the 2004 actuarial valuation, the 2006 rate for general-union/AFLCIO, administrative salary and administrative hourly employees was 9.27%, 12.80% and 6.59%, respectively, of annual compensation. For 2007, the actuarial valuation was based on the 2005 rate for general union/AFLCIO, administrative salary and administrative hourly employees which was 9.94%, 20.28% and 6.58%, respectively, of annual compensation. Each member is required to contribute 3% of his or her annual compensation and 3% was paid by the employees for both years.

**Clinton County, Michigan**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2007**

Annual Pension Cost

During the year ended December 31, 2007, the Road Commission's contributions totaled \$264,231 and the employee contributions totaled \$75,925 and were made in accordance with contribution requirements determined by an actuarial valuation of the plan as of December 31, 2005, and 3% employee share. The Road Commission was required to contribute an estimated \$321,060 based upon the 2005 actuarial report. The employer contribution rate has been determined based on the entry age normal funding method. Under the entry age normal cost funding method, the total employer contribution is comprised of the normal cost plus the level annual percentage of payroll payment required to amortize the unfunded actuarial accrued liability over 30 years. The employer normal cost is, for each employee, the level percentage of payroll contribution (from entry age to retirement) required to accumulate sufficient assets at the member's retirement to pay for his or her projected benefit.

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

Three Year Trend Information for GASB Statement No. 27

	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2004	\$ 275,439	100%	\$ 0
2005	298,745	100%	0
2006	340,155	100%	0

Required Supplementary Information for GASB Statement No. 27

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) – Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/04	\$9,824,701	\$11,443,164	\$1,618,463	86%	\$2,411,623	67%
12/31/05	10,178,132	12,843,023	2,664,891	79%	2,448,290	109%
12/31/06	10,793,942	13,354,761	2,560,819	81%	2,420,068	106%

## Clinton County, Michigan

### NOTES TO FINANCIAL STATEMENTS

December 31, 2007

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#### **B. DEFINED CONTRIBUTION PLAN**

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

#### **C. DEFERRED COMPENSATION PLAN - ROAD COMMISSION**

The Clinton County Board of Road Commissioners offers all Road Commission employees deferred compensation plans created in accordance with the Internal Revenue Code, Section 457 with Public Employees' Benefit Services Corporation (PEBSCO). The assets of the plans were held in a trust, custodial account or annuity contract described in IRS Section 457(g) for the exclusive benefit of the participants (employees) and their beneficiaries. The custodial account is held by the custodian thereof for the exclusive benefit of the participants and beneficiaries of this Section 457 plan and the assets may not be diverted to any other use. The administrators are agents of the employer for purposes of providing direction to the custodian of the custodial account from time to time to the investment of the funds held in the account, transfer of assets to or from the account, and all other matters. In accordance with the provisions of GASB Statement No. 32 requirements, plan balances and activities are not reflected in the Road Commission's financial statements.

#### **D. CONTINGENT LIABILITIES**

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

#### **E. RISK MANAGEMENT**

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

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

# Clinton County, Michigan

## NOTES TO FINANCIAL STATEMENTS

December 31, 2007

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

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

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

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

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

<u>Type Of Risk</u>	<u>Maximum Retention per Occurrence</u>
General and Auto Liability	\$ 75,000
Motor Vehicle Physical Damage	30,000
Property Coverage	10,000

The limit of insurance for general and auto liability was \$15,000,000. The property damage blanket limit of insurance at December 31, 2007, was \$46,003,921.

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. Losses incurred within the established limits are general obligations of the Authority. 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.

## Clinton County, Michigan

### NOTES TO FINANCIAL STATEMENTS

December 31, 2007

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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.

#### ROAD COMMISSION - COMPONENT UNIT

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

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

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

#### F. PROPERTY TAXES AND TAXES RECEIVABLE

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

Taxable values are established annually by the local municipalities and are equalized by the County based on State statutes at an estimated percentage of the current market value. Real and personal property in Clinton County for the 2007 levy had a taxable value of \$2,417,727,124 on which ad valorem taxes levied for County general operating purposes was 5.7068 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.

## Clinton County, Michigan

### NOTES TO FINANCIAL STATEMENTS

December 31, 2007

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

#### **G. POST-EMPLOYMENT HEALTH CARE BENEFITS**

##### PRIMARY GOVERNMENT AND COMPONENT UNITS (EXCEPT ROAD COMMISSION)

In addition to providing pension benefits, the County provides certain health care benefits, including prescription drug benefits for employees who have retired. Substantially all of the County's employees may become eligible for those benefits when they reach twenty (20) years of service and 60 years of age. Under this program the County pays \$424 per month for each eligible employee and out-of-area eligible employee under age 65, and \$308 per month for each eligible employee and out-of-area eligible employee age 65 or older.

In 2002 the County established a trust fund (the Trust) for the purpose of providing retiree health care benefits under County policy. Based on an actuarially determined liability and funding schedule, it is the County's intention to fund the Trust at a rate of 2.9% of payroll through 2006. Future years will be determined by the 2005 actuarial valuation. 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.

The Trust is being funded based on 165 employees and retirees. Contributions required and made during the year were made in the amount of \$703,138. As of December 31, 2007, there was \$3,648,288 of net assets available for benefits. The total actuarially determined liability for these benefits is \$8,750,362 and the total unfunded liability was \$6,325,146 based on the December 30, 2005, actuarial valuation. The County has chosen to fund the Trust based on assumptions of 8% annual cost increases for benefits and a 8% return on investments.

##### COMPONENT UNIT - ROAD COMMISSION

The Road Commission agrees to pay the full premium for hospitalization medical coverage for retired employees and their spouses, in accordance with the agreement between the Road Commission management and the American Federation of State, county, and municipal employees, AFL-CIO – Office Union employees must retire with a minimum of 25 years of service and age 55 to be eligible for Road Commission paid health insurance for the retiree and spouse. If the retired employee wishes to purchase full family coverage, he shall pay the difference between the two-person and the full family rate. This provision applies to employees who retire after January 1, 1975 and who qualify under the MERS retirement program. Upon death of the retired employee, the Road Commission agrees to continue the above stated hospitalization insurance for the surviving spouse. For administrative employees, the Road Commission agrees to pay the full premium for hospitalization medical coverage for retired employees and their spouses. If an employee dies with 20 years service time, the spouse is covered. Expenditures are recognized on a pay as you go basis as premiums come due. During 2007, 40 retirees and/or spouses were eligible for benefits, and \$436,269 was recognized for post-employment health insurance.

The Road Commission also provides dental and vision coverage for retirees and their spouses and supplemental insurance for Medicare eligible retirees and spouses. The cost of dental, vision and Medicare supplemental insurance coverage is included in total health insurance expenditures reported in the preceding paragraph.

Contributions made to the Retiree Health Care Trust Fund are recognized as expenditures in the Road Commission Operating Fund at the time the contribution is made. During the year, post-employment expenditures were \$60,000 for contributions made to the Retiree Health Care Trust

Clinton County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2007

Fund. In preparation for the upcoming reporting change discussed below, the Road Commission established a plan to hold and invest monies that will be used to fund future retiree health care benefit obligations. During 2006 and 2007, the Road Commission contributed a total of \$120,000 into the trust as explained above. The trust had a balance on January 1, 2007 of \$64,071. Contributions in 2007 of \$60,000, investment earnings of \$6,526, less fees of \$259 resulted in a December 31, 2007 balance of \$130,388. The Road Commission has excluded the retiree health care benefit plan from the December 31, 2007, financial statements. The Road Commission is not required to begin including the plan in its financial statements until 2008 as described below.

UPCOMING REPORTING CHANGE

The Governmental Accounting Standards Board has recently release Statement Number 45, *Accounting and Reporting By Employers for Post-employment Benefits Other Than Pensions*. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any "other" post-employment benefits (other than pensions). The new rules will cause the government-wide financial statements to recognize the cost of providing retiree health care coverage over the working life of the employee, rather than at the time the health care premiums are paid. The new pronouncement is effective for the year ending December 31, 2008.

H. FEDERAL GRANTS - ROAD COMMISSION

The Michigan Department of Transportation (MDOT) requires that road commissions report all Federal and State grants pertaining to their county. During the calendar year ended December 31, 2007, the Federal aid received and expended by the Road Commission was \$2,511,307 for contracted projects. Contracted projects are defined as projects performed by private contractors paid for and administered by MDOT. The contracted Federal projects are not subject to single audit requirements by the road commissions, as they are included in MDOT's single audit.

During the calendar year ended December 31, 2007, the Road Commission did not receive any Federal grants for negotiated projects. Negotiated projects are projects that are performed by the Road Commission and are subject to single audit requirements, if the amount expended is \$500,000 or more. A single audit was not required to be performed for the calendar year ended December 31, 2007, by the Road Commission auditors. If a single audit had been performed it would have been issued under a separate cover and those funds would be excluded from the County's single audit.

I. FUND EQUITY DESIGNATIONS

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

The following are the various net asset designations as of December 31, 2007:

Delinquent Tax Revolving Fund	
Designated for animal shelter project	\$ 1,000,000
Designated for retirement unfunded liability	2,500,000
Designated for retiree health insurance	1,000,000
Designated for property tax settlements	5,000,000
Designated for jail renovation	<u>2,100,000</u>
Total	<u>\$11,600,000</u>



Clinton County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2007

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**J. RESTRICTED NET ASSETS**

Restrictions of net assets shown in the Government-wide financial statements indicate that restrictions imposed by the funding source or some other outside source which precludes their use for unrestricted purposes. The following are the various net asset restrictions as of December 31, 2007:

**PRIMARY GOVERNMENT**

Governmental Activities

Restricted for:

Public safety

911 central dispatch	\$ 1,621,879
Corrections training	24,126
Drug forfeiture	28,790
Probation enhancement	22,996
Community corrections	21,893
Act 302 training	<u>4,094</u>

\$ 1,723,778

Debt Service (net of accrued interest) \$ 2,467,490

Revenue Sharing \$ 8,015,949

Public Improvement \$ 1,336,517

Other Purposes:

Family counseling	\$ 23,477
Friend of the Court	139,206
Waste management	294,523
Register of Deeds automation	128,551
Budget stabilization	200,000
Law library	32,796
Economic development	107,515
Child care	964,046
Soldiers and sailors	2,267
Veteran trust	1,589
Homestead property tax exemption	1,431
Cemetery perpetual care	3,850
Employee benefits	<u>3,215,340</u>

\$ 5,114,591

**COMPONENT UNITS**

Road Commission

Restricted for County roads \$ 4,569,476

Drainage Districts

Restricted for debt service (net of accrued interest) \$ 1,267,701

Restricted for other purposes

Drain projects \$ 5,023,946

## Clinton County, Michigan

### NOTES TO FINANCIAL STATEMENTS

December 31, 2007

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#### K. FLEXIBLE BENEFITS PLAN

In April 1990 the County implemented a flexible benefits cafeteria plan established under Section 125 of the Internal Revenue Code. The plan is available to all employees who have completed 120 days of full-time employment with the County and normally work not less than 20 hours per week for the County and normally are scheduled to work at least six months during the plan year. The plan permits them to reduce their salary and put these amounts into a flexible benefits account up to certain limits. The plan allows the employee to reduce their salary and apply it to dependent care benefits, medical expense reimbursement benefits or medical benefits. A participating employee may elect instead a cash alternative to supplement salary compensation in lieu of a nontaxable health benefit. An employee's elected cash alternative will be considered a taxable benefit under the Flexible Benefit Plan.

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

Clinton County, Michigan

General Fund

BUDGETARY COMPARISON SCHEDULE - REVENUES AND  
OTHER FINANCING SOURCES

Year Ended December 31, 2007

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Taxes				
Current and delinquent property taxes	\$ 13,010,000	\$ 14,010,000	\$ 14,175,242	\$ 165,242
Mobile home park taxes	12,000	12,000	13,227	1,227
Other tax revenue	10,000	10,000	26,374	16,374
<b>Total taxes</b>	<b>13,032,000</b>	<b>14,032,000</b>	<b>14,214,843</b>	<b>182,843</b>
Licenses and permits				
Dog licenses	106,000	166,000	171,678	5,678
Other licenses and permits	16,000	16,000	12,850	(3,150)
Building and planning permits	30,000	30,000	30,287	287
Soil erosion	78,820	78,820	50,645	(28,175)
<b>Total licenses and permits</b>	<b>230,820</b>	<b>290,820</b>	<b>265,460</b>	<b>(25,360)</b>
Intergovernmental - Federal/State				
CRP - Prosecuting Attorney	65,000	65,000	78,744	13,744
Employment service	44,675	89,350	87,361	(1,989)
Support incentive	25,000	105,000	133,767	28,767
Michigan natural resource	-	251,600	258,985	7,385
Strong family/safe child	-	8,585	15,720	7,135
Work of heart	-	32,912	32,911	(1)
Housing grant	100,500	161,632	156,047	(5,585)
Liquor license	5,000	5,000	5,756	756
Liquor convention facility	192,284	192,284	187,784	(4,500)
Victims' Rights	55,700	59,358	59,357	(1)
Drivers license restoration	-	-	364	364
Probate court judge salary	94,195	94,195	94,195	-
Circuit court judge	91,448	91,448	72,392	(19,056)
District court judge	45,724	45,724	45,724	-
Probate court judge	45,724	45,724	53,798	8,074
Juvenile court director	27,317	27,317	27,317	-
District court state aid	15,000	15,000	26,402	11,402
Cigarette tax	36,169	36,169	31,250	(4,919)
Marine safety	-	4,609	4,580	(29)
Prosecuting Attorney Food Stamp	-	-	4,646	4,646
Homeland security	-	70,700	95,175	24,475
PA 345	92,356	112,720	112,720	-
Court equity	200,000	260,000	268,119	8,119
Road Patrol	102,452	120,819	118,077	(2,742)
Highway safety	-	63,279	63,278	(1)

Clinton County, Michigan

General Fund

BUDGETARY COMPARISON SCHEDULE - REVENUES AND  
OTHER FINANCING SOURCES - CONTINUED

Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES - CONTINUED</b>				
Intergovernmental - Federal/State - continued				
Emergency management	\$ 25,000	\$ 25,000	\$ 27,418	\$ 2,418
Other	4,000	4,000	12,134	8,134
Total intergovernmental - Federal/State	1,267,544	1,987,425	2,074,021	86,596
Charges for services				
Sheriff	50,890	50,890	68,814	17,924
Treasurer fees	3,000	3,000	11,048	8,048
Drain commissioner	1,000	1,000	1,667	667
Friend of the Court service fees	32,500	32,500	50,372	17,872
District court	1,405,000	1,725,000	1,725,591	591
Probation - juvenile	2,000	2,000	3,327	1,327
Clerk	142,000	177,000	198,665	21,665
Register of deeds	566,000	496,000	514,316	18,316
Tax processing	10,000	10,000	399	(9,601)
Probate Court	20,000	20,000	21,750	1,750
Planning department	-	-	152	152
Care of prisoners	1,147,000	1,397,000	1,390,616	(6,384)
Total charges for services	3,379,390	3,914,390	3,986,717	72,327
Interest and rents				
Interest	225,000	500,000	553,903	53,903
Rents	10,000	10,000	10,940	940
Total interest and rents	235,000	510,000	564,843	54,843
Other				
Contributions	15,000	15,000	15,731	731
Sale of equipment	-	-	417	417
Reimbursements - indirect costs	610,216	610,216	622,364	12,148
Reimbursements - other	397,151	323,616	360,508	36,892
Total other	1,022,367	948,832	999,020	50,188
TOTAL REVENUES	19,167,121	21,683,467	22,104,904	421,437
<b>OTHER FINANCING SOURCES</b>				
Transfers from other funds	1,159,514	1,266,478	1,257,760	(8,718)
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 20,326,635	\$ 22,949,945	\$ 23,362,664	\$ 412,719

Clinton County, Michigan

General Fund

BUDGETARY COMPARISON SCHEDULE - EXPENDITURES AND  
OTHER FINANCING USES BY ACTIVITY

Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>EXPENDITURES</b>				
General government				
Board of commissioners	\$ 328,960	\$ 340,552	\$ 274,620	\$ 65,932
Circuit court	500,092	459,781	406,778	53,003
District court	1,051,365	1,070,823	1,016,481	54,342
Probate court	1,077,901	1,150,478	1,112,732	37,746
Family counseling	10,000	10,000	7,519	2,481
Jury board	9,586	9,586	4,515	5,071
Adult probation	5,950	5,950	4,938	1,012
County administrator	455,037	444,123	419,798	24,325
Accounting	231,049	231,049	219,076	11,973
Elections	90,478	90,478	50,178	40,300
Clerk	408,361	410,702	395,205	15,497
Equalization	281,804	289,778	279,293	10,485
Prosecuting attorney	936,209	939,867	900,549	39,318
Microfilming	82,418	72,247	50,308	21,939
Register of deeds	281,195	271,552	265,782	5,770
County survey and remonumentation	92,356	112,720	112,720	-
Record copying	42,500	42,500	34,399	8,101
Treasurer	282,018	325,782	310,699	15,083
Cooperative extension	310,725	371,245	359,458	11,787
Courthouse and grounds	1,372,351	1,379,047	1,195,064	183,983
Drain commissioner	680,711	592,946	561,234	31,712
Soil conservation	22,000	22,000	22,000	-
Other	20,000	20,550	20,550	-
<b>Total general government</b>	<b>8,573,066</b>	<b>8,663,756</b>	<b>8,023,896</b>	<b>639,860</b>
Public safety				
Sheriff - general	2,594,230	2,662,435	2,662,434	1
Highway safety	-	63,279	63,277	2
Marine safety	-	4,609	4,580	29
Secondary road patrol	102,452	120,819	118,076	2,743
Metro squad	62,201	7,201	7,041	160
Jail	2,821,071	2,848,828	2,834,623	14,205
Emergency services	92,840	175,106	183,346	(8,240)
Animal control	174,976	185,976	183,154	2,822
<b>Total public safety</b>	<b>5,847,770</b>	<b>6,068,253</b>	<b>6,056,531</b>	<b>11,722</b>

## Clinton County, Michigan

## General Fund

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

Year Ended December 31, 2007

EXPENDITURES - CONTINUED	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Public works				
Drains at large	\$ 66,000	\$ 66,000	\$ 59,881	\$ 6,119
Department of public works	11,379	11,379	9,760	1,619
Road Commission	-	100,000	100,000	-
Total public works	77,379	177,379	169,641	7,738
Health and welfare				
Contagious disease	8,000	8,000	4,916	3,084
Tri-county aging consortium	37,630	37,630	37,630	-
Building stronger community council	15,500	15,500	15,500	-
Substance abuse appropriation	96,142	96,142	93,892	2,250
Medical examiner	58,064	58,064	46,739	11,325
District health department	394,344	400,346	400,345	1
Mental health	224,279	224,280	224,279	1
Veterans burials	19,685	24,685	23,985	700
Total health and welfare	853,644	864,647	847,286	17,361
Community and economic development				
MSHDA housing	100,500	161,632	161,632	-
Planning department	309,914	309,914	281,827	28,087
Plat board	2,440	2,440	638	1,802
Zoning board	3,412	3,412	-	3,412
Construction board	1,175	1,175	-	1,175
Tri-county regional planning commission	58,193	58,629	58,629	-
Economic development	-	25,625	25,015	610
Employment services	44,675	89,350	87,557	1,793
Total community and economic development	520,309	652,177	615,298	36,879
Recreation and culture				
Parks and recreation	49,581	389,581	375,957	13,624
Other				
Insurance and bonds	383,250	383,250	365,614	17,636
Other	294,496	183,762	134,638	49,124
Total other	677,746	567,012	500,252	66,760
TOTAL EXPENDITURES	16,599,495	17,382,805	16,588,861	793,944

Clinton County, Michigan

General Fund

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

Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
OTHER FINANCING USES				
Transfers to other funds				
Friend of the Court	\$ 330,000	\$ 330,000	\$ 330,000	\$ -
Law Library Fund	14,000	14,000	14,000	-
Central Telephone	20,000	20,000	20,000	-
MIS	438,070	688,070	688,070	-
Building Authority Funds	1,424,676	1,524,676	1,524,676	-
Public Improvement Fund	200,000	1,060,000	1,060,000	-
County Vehicles Fund	162,570	162,570	162,570	-
Community Corrections Fund	-	30,000	30,000	-
Child Care Fund	675,800	1,175,800	1,175,800	-
Soldiers and Sailors Relief Fund	1,000	1,000	1,000	-
Insurance	454,514	-	-	-
Retirement	-	554,514	554,514	-
4-H Fair	6,510	6,510	6,510	-
<b>TOTAL OTHER FINANCING USES</b>	<b>3,727,140</b>	<b>5,567,140</b>	<b>5,567,140</b>	<b>-</b>
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<b>\$ 20,326,635</b>	<b>\$ 22,949,945</b>	<b>\$ 22,156,001</b>	<b>\$ 793,944</b>

Clinton County, Michigan

Nonmajor Governmental Funds

COMBINING BALANCE SHEET

December 31, 2007

	Special			
	Friend of the Court	Waste Management	Register of Deeds Automation	Budget Stabilization
<b>ASSETS</b>				
Cash and cash equivalents	\$ 121,980	\$ 298,104	\$ 195,174	\$ 200,000
Investments	-	-	-	-
Receivables				
Accounts	-	30,084	-	-
Interest	-	-	-	-
Due from other governmental units - Federal/State	126,368	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 248,348</b>	<b>\$ 328,188</b>	<b>\$ 195,174</b>	<b>\$ 200,000</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 2,091	\$ 30,894	\$ 66,623	\$ -
Accrued payroll	12,058	2,353	-	-
Due to other funds	1,993	418	-	-
Advances from other funds	93,000	-	-	-
<b>TOTAL LIABILITIES</b>	<b>109,142</b>	<b>33,665</b>	<b>66,623</b>	<b>-</b>
<b>FUND BALANCES</b>				
Reserved for				
Perpetual care	-	-	-	-
Debt service	-	-	-	-
Unreserved				
Designated for capital improvement	-	-	-	-
Undesignated, reported in:				
Special revenue funds	139,206	294,523	128,551	200,000
<b>TOTAL FUND BALANCES</b>	<b>139,206</b>	<b>294,523</b>	<b>128,551</b>	<b>200,000</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 248,348</b>	<b>\$ 328,188</b>	<b>\$ 195,174</b>	<b>\$ 200,000</b>



Revenue

Public Improvement	Corrections Training	Drug Forfeiture	Law Library	County Library	Probation Enhancement	Economic Development
\$ 1,627,535	\$ 24,721	\$ 31,937	\$ 32,920	\$ -	\$ 24,942	\$ 107,515
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 1,627,535</u>	<u>\$ 24,721</u>	<u>\$ 31,937</u>	<u>\$ 32,920</u>	<u>\$ -</u>	<u>\$ 24,942</u>	<u>\$ 107,515</u>
\$ 37,006	\$ 595	\$ 3,147	\$ 124	\$ -	\$ 1,946	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>37,006</u>	<u>595</u>	<u>3,147</u>	<u>124</u>	<u>-</u>	<u>1,946</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,336,517	-	-	-	-	-	-
<u>254,012</u>	<u>24,126</u>	<u>28,790</u>	<u>32,796</u>	<u>-</u>	<u>22,996</u>	<u>107,515</u>
<u>1,590,529</u>	<u>24,126</u>	<u>28,790</u>	<u>32,796</u>	<u>-</u>	<u>22,996</u>	<u>107,515</u>
<u>\$ 1,627,535</u>	<u>\$ 24,721</u>	<u>\$ 31,937</u>	<u>\$ 32,920</u>	<u>\$ -</u>	<u>\$ 24,942</u>	<u>\$ 107,515</u>

Clinton County, Michigan

Nonmajor Governmental Funds

COMBINING BALANCE SHEET - CONTINUED

December 31, 2007

	Special			
	Community Corrections	Act 302 Training	Child Care	Soldiers and Sailors
<b>ASSETS</b>				
Cash and cash equivalents	\$ 6,092	\$ 4,094	\$ 934,252	\$ 2,750
Investments	-	-	-	-
Receivables				
Accounts	-	-	-	-
Interest	-	-	-	-
Due from other governmental units - Federal/State	24,986	-	156,878	-
<b>TOTAL ASSETS</b>	<b>\$ 31,078</b>	<b>\$ 4,094</b>	<b>\$ 1,091,130</b>	<b>\$ 2,750</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 1,067	\$ -	\$ 120,492	\$ 483
Accrued payroll	1,399	-	5,567	-
Due to other funds	6,719	-	1,025	-
Advances from other funds	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>9,185</b>	<b>-</b>	<b>127,084</b>	<b>483</b>
<b>FUND BALANCES</b>				
Reserved for				
Perpetual care	-	-	-	-
Debt service	-	-	-	-
Unreserved				
Designated for capital improvement	-	-	-	-
Undesignated, reported in:				
Special revenue funds	21,893	4,094	964,046	2,267
<b>TOTAL FUND BALANCES</b>	<b>21,893</b>	<b>4,094</b>	<b>964,046</b>	<b>2,267</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 31,078</b>	<b>\$ 4,094</b>	<b>\$ 1,091,130</b>	<b>\$ 2,750</b>

Veteran Trust	Revenue		Debt Service			Capital Projects
	Homestead Property Tax Exemption	911 Central Dispatch	Building Authority - Jail	Building Authority - Courthouse	Health Department	Health Department Construction
\$ 3,394	\$ 1,431	\$ 1,485,808	\$ 248,356	\$ 289,770	\$ 207,318	\$ -
-	-	-	-	-	-	-
-	-	120,458	-	-	-	-
-	-	1,087	-	-	-	-
210	-	37,721	-	-	-	-
<u>\$ 3,604</u>	<u>\$ 1,431</u>	<u>\$ 1,645,074</u>	<u>\$ 248,356</u>	<u>\$ 289,770</u>	<u>\$ 207,318</u>	<u>\$ -</u>
\$ 2,015	\$ -	\$ 5,437	\$ -	\$ -	\$ -	\$ -
-	-	15,454	-	-	-	-
-	-	2,304	-	-	-	-
-	-	-	-	-	-	-
<u>2,015</u>	<u>-</u>	<u>23,195</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	248,356	289,770	207,318	-
-	-	-	-	-	-	-
<u>1,589</u>	<u>1,431</u>	<u>1,621,879</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>1,589</u>	<u>1,431</u>	<u>1,621,879</u>	<u>248,356</u>	<u>289,770</u>	<u>207,318</u>	<u>-</u>
<u>\$ 3,604</u>	<u>\$ 1,431</u>	<u>\$ 1,645,074</u>	<u>\$ 248,356</u>	<u>\$ 289,770</u>	<u>\$ 207,318</u>	<u>\$ -</u>

Clinton County, Michigan

Nonmajor Governmental Funds

COMBINING BALANCE SHEET - CONTINUED

December 31, 2007

	<u>Permanent Cemetery Perpetual Care</u>	<u>Total Nonmajor Governmental Funds</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ -	\$ 5,848,093
Investments	3,850	3,850
Receivables		
Accounts	-	150,542
Interest	-	1,087
Due from other governmental units - Federal/State	-	346,163
	<u>-</u>	<u>346,163</u>
<b>TOTAL ASSETS</b>	<u>\$ 3,850</u>	<u>\$ 6,349,735</u>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ -	\$ 271,920
Accrued payroll	-	36,831
Due to other funds	-	12,459
Advances from other funds	-	93,000
	<u>-</u>	<u>93,000</u>
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>414,210</u>
<b>FUND BALANCES</b>		
Reserved for		
Perpetual care	3,850	3,850
Debt service	-	745,444
Unreserved		
Designated for capital improvement	-	1,336,517
Undesignated, reported in:		
Special revenue funds	-	3,849,714
	<u>-</u>	<u>3,849,714</u>
<b>TOTAL FUND BALANCES</b>	<u>3,850</u>	<u>5,935,525</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 3,850</u>	<u>\$ 6,349,735</u>

Clinton County, Michigan

Nonmajor Governmental Funds

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

Year Ended December 31, 2007

	Special			
	Friend of the Court	Waste Management	Register of Deeds Automation	Budget Stabilization
<b>REVENUES</b>				
Intergovernmental - Federal/State	\$ 524,165	\$ -	\$ -	\$ -
Charges for services	27,007	408,799	72,885	-
Fines and forfeits	-	-	-	-
Interest and rents	-	-	7,806	-
Other	-	1,470	-	-
<b>TOTAL REVENUES</b>	<b>551,172</b>	<b>410,269</b>	<b>80,691</b>	<b>-</b>
<b>EXPENDITURES</b>				
Current				
General government	893,002	-	127,801	-
Public safety	-	-	-	-
Public works	-	338,795	-	-
Health and welfare	-	-	-	-
Community and economic development	-	-	-	-
Recreation and cultural	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>893,002</b>	<b>338,795</b>	<b>127,801</b>	<b>-</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(341,830)</b>	<b>71,474</b>	<b>(47,110)</b>	<b>-</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	330,000	-	-	-
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>330,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(11,830)</b>	<b>71,474</b>	<b>(47,110)</b>	<b>-</b>
Fund balances, beginning of year	151,036	223,049	175,661	200,000
Fund balances, end of year	<u>\$ 139,206</u>	<u>\$ 294,523</u>	<u>\$ 128,551</u>	<u>\$ 200,000</u>

Revenue

Public Improvement	Corrections Training	Drug Forfeiture	Law Library	County Library	Probation Enhancement	Economic Development
\$ -	\$ -	\$ 885	\$ -	\$ -	\$ -	\$ -
600	16,650	-	-	-	-	-
-	-	1,297	6,500	5,164	3,875	-
-	-	90	-	-	-	3,791
2,900	-	-	-	-	-	-
<u>3,500</u>	<u>16,650</u>	<u>2,272</u>	<u>6,500</u>	<u>5,164</u>	<u>3,875</u>	<u>3,791</u>
-	-	-	17,091	-	-	-
-	22,492	10,024	-	-	6,575	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	1,725
-	-	-	-	5,164	-	-
1,020,714	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>1,020,714</u>	<u>22,492</u>	<u>10,024</u>	<u>17,091</u>	<u>5,164</u>	<u>6,575</u>	<u>1,725</u>
<u>(1,017,214)</u>	<u>(5,842)</u>	<u>(7,752)</u>	<u>(10,591)</u>	<u>-</u>	<u>(2,700)</u>	<u>2,066</u>
1,227,503	-	-	14,000	-	-	-
(93,400)	-	-	-	-	-	-
<u>1,134,103</u>	<u>-</u>	<u>-</u>	<u>14,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
116,889	(5,842)	(7,752)	3,409	-	(2,700)	2,066
<u>1,473,640</u>	<u>29,968</u>	<u>36,542</u>	<u>29,387</u>	<u>-</u>	<u>25,696</u>	<u>105,449</u>
<u>\$ 1,590,529</u>	<u>\$ 24,126</u>	<u>\$ 28,790</u>	<u>\$ 32,796</u>	<u>\$ -</u>	<u>\$ 22,996</u>	<u>\$ 107,515</u>

Clinton County, Michigan

Nonmajor Governmental Funds

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

Year Ended December 31, 2007

	Special			
	Community Corrections	Act 302 Training	Child Care	Soldiers and Sailors
<b>REVENUES</b>				
Intergovernmental - Federal/State	\$ 85,097	\$ 7,119	\$ 609,585	\$ -
Charges for services	-	-	40,943	-
Fines and forfeits	-	-	-	-
Interest and rents	-	-	-	-
Other	-	-	-	-
<b>TOTAL REVENUES</b>	<b>85,097</b>	<b>7,119</b>	<b>650,528</b>	<b>-</b>
<b>EXPENDITURES</b>				
Current				
General government	-	-	-	-
Public safety	103,177	11,732	-	-
Public works	-	-	-	-
Health and welfare	-	-	1,584,872	533
Community and economic development	-	-	-	-
Recreation and cultural	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>103,177</b>	<b>11,732</b>	<b>1,584,872</b>	<b>533</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(18,080)</b>	<b>(4,613)</b>	<b>(934,344)</b>	<b>(533)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	30,000	-	1,175,800	1,000
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>30,000</b>	<b>-</b>	<b>1,175,800</b>	<b>1,000</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>11,920</b>	<b>(4,613)</b>	<b>241,456</b>	<b>467</b>
Fund balances, beginning of year	9,973	8,707	722,590	1,800
Fund balances, end of year	<u>\$ 21,893</u>	<u>\$ 4,094</u>	<u>\$ 964,046</u>	<u>\$ 2,267</u>

Veteran Trust	Revenue		Debt Service			Capital Projects
	Homestead Property Tax Exemption	911 Central Dispatch	Building Authority - Jail	Building Authority - Courthouse	Health Department	Health Department Construction
\$ 12,196	\$ -	\$ 84,599	\$ -	\$ -	\$ -	\$ -
-	-	1,695,903	-	-	-	-
-	-	-	-	-	-	-
-	-	39,231	10,649	7,956	5,020	15,247
-	-	16,628	-	-	-	2,320
<u>12,196</u>	<u>-</u>	<u>1,836,361</u>	<u>10,649</u>	<u>7,956</u>	<u>5,020</u>	<u>17,567</u>
-	-	-	250	500	200	-
-	-	1,439,611	-	-	-	-
-	-	-	-	-	-	-
12,177	-	-	-	-	-	112,905
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	50,000	210,369	949,428	189,512	-
<u>12,177</u>	<u>-</u>	<u>1,489,611</u>	<u>210,619</u>	<u>949,928</u>	<u>189,712</u>	<u>112,905</u>
19	-	346,750	(199,970)	(941,972)	(184,692)	(95,338)
-	-	-	210,370	1,129,978	289,513	-
-	-	-	-	-	-	(167,503)
-	-	-	210,370	1,129,978	289,513	(167,503)
19	-	346,750	10,400	188,006	104,821	(262,841)
1,570	1,431	1,275,129	237,956	101,764	102,497	262,841
<u>\$ 1,589</u>	<u>\$ 1,431</u>	<u>\$ 1,621,879</u>	<u>\$ 248,356</u>	<u>\$ 289,770</u>	<u>\$ 207,318</u>	<u>\$ -</u>



Clinton County, Michigan

Nonmajor Governmental Funds

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

Year Ended December 31, 2007

	<u>Permanent Cemetery Perpetual Care</u>	<u>Total Nonmajor Governmental Funds</u>
<b>REVENUES</b>		
Intergovernmental - Federal/State	\$ -	\$ 1,323,646
Charges for services	-	2,262,787
Fines and forfeits	-	16,836
Interest and rents	-	89,790
Other	-	23,318
	<u>-</u>	<u>3,716,377</u>
<b>TOTAL REVENUES</b>		
<b>EXPENDITURES</b>		
Current		
General government	-	1,038,844
Public safety	-	1,593,611
Public works	-	338,795
Health and welfare	-	1,710,487
Community and economic development	-	1,725
Recreation and cultural	-	5,164
Capital outlay	-	1,020,714
Debt service	-	1,399,309
	<u>-</u>	<u>7,108,649</u>
<b>TOTAL EXPENDITURES</b>		
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>		
	<u>-</u>	<u>(3,392,272)</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers in	-	4,408,164
Transfers out	-	(260,903)
	<u>-</u>	<u>4,147,261</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>		
<b>NET CHANGE IN FUND BALANCES</b>		
	-	754,989
Fund balances, beginning of year	<u>3,850</u>	<u>5,180,536</u>
Fund balances, end of year	<u>\$ 3,850</u>	<u>\$ 5,935,525</u>

Clinton County, Michigan

Nonmajor Enterprise Funds

COMBINING STATEMENT OF NET ASSETS

December 31, 2007

	Jail Commissary	Building Department	County Extension Community Center	Total
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 10,163	\$ 259,145	\$ 8,032	\$ 277,340
Accounts receivable	-	5,577	-	5,577
Inventory	4,612	-	-	4,612
<b>Total current assets</b>	<b>14,775</b>	<b>264,722</b>	<b>8,032</b>	<b>287,529</b>
Noncurrent assets				
Capital assets, net	-	43,598	-	43,598
<b>TOTAL ASSETS</b>	<b>14,775</b>	<b>308,320</b>	<b>8,032</b>	<b>331,127</b>
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	5,019	1,068	2,572	8,659
Accrued liabilities	-	15,488	1,600	17,088
Due to other funds	-	509	-	509
<b>TOTAL LIABILITIES</b>	<b>5,019</b>	<b>17,065</b>	<b>4,172</b>	<b>26,256</b>
<b>NET ASSETS</b>				
Invested in capital assets	-	43,598	-	43,598
Unrestricted	9,756	247,657	3,860	261,273
<b>TOTAL NET ASSETS</b>	<b>\$ 9,756</b>	<b>\$ 291,255</b>	<b>\$ 3,860</b>	<b>\$ 304,871</b>

Clinton County, Michigan

Nonmajor Enterprise Funds

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

Year Ended December 31, 2007

	Jail Commissary	Building Department	Community Extension Community Center	Total
<b>OPERATING REVENUES</b>				
Sales	\$ 92,129	\$ -	\$ -	\$ 92,129
Rent	-	-	9,818	9,818
Building and trade permits	-	224,953	-	224,953
Other revenue	-	-	505	505
<b>TOTAL OPERATING REVENUES</b>	<b>92,129</b>	<b>224,953</b>	<b>10,323</b>	<b>327,405</b>
<b>OPERATING EXPENSES</b>				
Personal services and fringes	-	207,878	-	207,878
Operating supplies	85,294	5,624	21,588	112,506
Contracted services	-	57,180	-	57,180
Depreciation	-	14,387	-	14,387
Other	-	75,316	-	75,316
<b>TOTAL OPERATING EXPENSES</b>	<b>85,294</b>	<b>360,385</b>	<b>21,588</b>	<b>467,267</b>
<b>OPERATING INCOME (LOSS)</b>	<b>6,835</b>	<b>(135,432)</b>	<b>(11,265)</b>	<b>(139,862)</b>
<b>TRANSFERS</b>				
Transfers in	-	-	6,510	6,510
<b>CHANGE IN NET ASSETS</b>	<b>6,835</b>	<b>(135,432)</b>	<b>(4,755)</b>	<b>(133,352)</b>
Net assets, beginning of year	2,921	426,687	8,615	438,223
Net assets, end of year	<u>\$ 9,756</u>	<u>\$ 291,255</u>	<u>\$ 3,860</u>	<u>\$ 304,871</u>

Clinton County, Michigan

Nonmajor Enterprise Funds

COMBINING STATEMENT OF CASH FLOWS

Year Ended December 31, 2007

	<u>Jail Commissary</u>	<u>Building Department</u>	<u>County Extension Community Center</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash receipts from customers	\$ 92,129	\$ 221,352	\$ 10,323	\$ 323,804
Cash paid to suppliers	(86,747)	(348,433)	(19,829)	(455,009)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>5,382</b>	<b>(127,081)</b>	<b>(9,506)</b>	<b>(131,205)</b>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>				
Capital purchases	-	(11,005)	-	(11,005)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers from other funds	-	-	6,510	6,510
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>5,382</b>	<b>(138,086)</b>	<b>(2,996)</b>	<b>(135,700)</b>
Cash and cash equivalents, beginning of year	4,781	397,231	11,028	413,040
Cash and cash equivalents, end of year	<u>\$ 10,163</u>	<u>\$ 259,145</u>	<u>\$ 8,032</u>	<u>\$ 277,340</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	\$ 6,835	\$ (135,432)	\$ (11,265)	\$ (139,862)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation	-	14,387	-	14,387
(Increase) decrease in receivables	-	(3,527)	-	(3,527)
(Increase) decrease in inventory	1,948	-	-	1,948
Increase (decrease) in accounts payable	(3,401)	(774)	1,959	(2,216)
Increase (decrease) in accrued liabilities	-	(1,661)	(200)	(1,861)
Increase (decrease) due to other funds	-	(74)	-	(74)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u><b>\$ 5,382</b></u>	<u><b>\$ (127,081)</b></u>	<u><b>\$ (9,506)</b></u>	<u><b>\$ (131,205)</b></u>

Clinton County, Michigan

Internal Service Funds

COMBINING STATEMENT OF NET ASSETS

December 31, 2007

	Central Stores	Central Telephone	MIS	Drain Equipment Revolving
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 17,019	\$ 206,376	\$ 846,786	\$ 140,866
Investments	-	-	-	-
Accounts receivable	107	56	15,591	-
Interest receivable	-	-	-	-
Inventory	8,019	-	-	-
Prepaid expenses	-	-	-	-
Due from other funds	-	-	-	-
Total current assets	<u>25,145</u>	<u>206,432</u>	<u>862,377</u>	<u>140,866</u>
Noncurrent assets				
Advances to other funds	-	-	3,000	-
Capital assets				
Equipment and vehicles	-	290,614	1,268,424	152,203
Less: Accumulated depreciation	-	(213,880)	(587,515)	(87,803)
Total noncurrent assets	<u>-</u>	<u>76,734</u>	<u>683,909</u>	<u>64,400</u>
<b>TOTAL ASSETS</b>	<u>25,145</u>	<u>283,166</u>	<u>1,546,286</u>	<u>205,266</u>
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	-	4,160	14,497	23,518
Accrued liabilities	-	-	23,207	-
Advances from other funds	25,000	-	-	10,000
Due to other funds	-	-	642	2,221
<b>TOTAL LIABILITIES</b>	<u>25,000</u>	<u>4,160</u>	<u>38,346</u>	<u>35,739</u>
<b>NET ASSETS</b>				
Invested in capital assets	-	76,734	680,909	64,400
Restricted for employee benefits	-	-	-	-
Unrestricted	<u>145</u>	<u>202,272</u>	<u>827,031</u>	<u>105,127</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 145</u>	<u>\$ 279,006</u>	<u>\$ 1,507,940</u>	<u>\$ 169,527</u>

<u>County Vehicles</u>	<u>Employee Retirement</u>	<u>Insurance</u>	<u>Unemployment</u>	<u>Workers Compensation</u>	<u>Total</u>
\$ 290,945	\$ 73,041	\$ 236,123	\$ 187,504	\$ 214,477	\$ 2,213,137
-	1,209,608	1,061,376	-	103,544	2,374,528
-	-	-	-	-	15,754
-	13,395	10,386	-	1,097	24,878
-	-	-	-	-	8,019
-	-	100,033	-	-	100,033
-	26,712	12,263	789	3,491	43,255
<u>290,945</u>	<u>1,322,756</u>	<u>1,420,181</u>	<u>188,293</u>	<u>322,609</u>	<u>4,779,604</u>
-	-	-	-	-	3,000
790,311	-	-	-	-	2,501,552
(438,947)	-	-	-	-	(1,328,145)
<u>351,364</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,176,407</u>
<u>642,309</u>	<u>1,322,756</u>	<u>1,420,181</u>	<u>188,293</u>	<u>322,609</u>	<u>5,956,011</u>
-	-	34,238	-	-	76,413
-	-	4,117	-	-	27,324
-	-	-	-	-	35,000
-	-	144	-	-	3,007
<u>-</u>	<u>-</u>	<u>38,499</u>	<u>-</u>	<u>-</u>	<u>141,744</u>
351,364	-	-	-	-	1,173,407
-	1,322,756	1,381,682	188,293	322,609	3,215,340
290,945	-	-	-	-	1,425,520
<u>\$ 642,309</u>	<u>\$ 1,322,756</u>	<u>\$ 1,381,682</u>	<u>\$ 188,293</u>	<u>\$ 322,609</u>	<u>\$ 5,814,267</u>

## Clinton County, Michigan

## Internal Service Funds

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

Year Ended December 31, 2007

	Central Stores	Central Telephone	MIS	Drain Equipment Revolving
<b>OPERATING REVENUES</b>				
Charges for services	\$ 75,948	\$ 63,650	\$ 4,020	\$ 25,774
Other	-	-	-	40,369
<b>TOTAL OPERATING REVENUES</b>	<b>75,948</b>	<b>63,650</b>	<b>4,020</b>	<b>66,143</b>
<b>OPERATING EXPENSES</b>				
Personal services and fringes	-	-	183,120	-
Supplies	75,948	-	3,444	3,802
Contracted services	-	1,122	42,009	-
Depreciation	-	26,916	141,761	10,549
Other	-	60,675	39,212	57,254
<b>TOTAL OPERATING EXPENSES</b>	<b>75,948</b>	<b>88,713</b>	<b>409,546</b>	<b>71,605</b>
<b>OPERATING INCOME (LOSS)</b>	<b>-</b>	<b>(25,063)</b>	<b>(405,526)</b>	<b>(5,462)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest revenue	-	-	-	-
Loss on sale of capital assets	-	-	-	-
Gain on sale of capital assets	-	-	-	-
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<b>-</b>	<b>(25,063)</b>	<b>(405,526)</b>	<b>(5,462)</b>
<b>TRANSFERS</b>				
Transfers in	-	20,000	688,070	-
<b>CHANGE IN NET ASSETS</b>	<b>-</b>	<b>(5,063)</b>	<b>282,544</b>	<b>(5,462)</b>
Net assets, beginning of year	145	284,069	1,225,396	174,989
Net assets, end of year	\$ 145	\$ 279,006	\$ 1,507,940	\$ 169,527

<u>County Vehicles</u>	<u>Employee Retirement</u>	<u>Insurance</u>	<u>Unemployment</u>	<u>Workers Compensation</u>	<u>Total</u>
\$ -	\$ 1,455,279	\$ 1,762,187	\$ -	\$ -	\$ 3,386,858
400	-	-	35,263	207,358	283,390
400	1,455,279	1,762,187	35,263	207,358	3,670,248
-	1,411,343	1,696,806	13,356	175,962	3,480,587
-	-	-	-	-	83,194
-	-	35,675	-	-	78,806
92,366	-	-	-	-	271,592
18,338	-	9,723	-	-	185,202
110,704	1,411,343	1,742,204	13,356	175,962	4,099,381
(110,304)	43,936	19,983	21,907	31,396	(429,133)
-	46,248	62,588	3,056	11,532	123,424
(6,082)	-	-	-	-	(6,082)
1,868	-	-	-	-	1,868
(4,214)	46,248	62,588	3,056	11,532	119,210
(114,518)	90,184	82,571	24,963	42,928	(309,923)
162,570	554,514	-	-	-	1,425,154
48,052	644,698	82,571	24,963	42,928	1,115,231
594,257	678,058	1,299,111	163,330	279,681	4,699,036
<u>\$ 642,309</u>	<u>\$ 1,322,756</u>	<u>\$ 1,381,682</u>	<u>\$ 188,293</u>	<u>\$ 322,609</u>	<u>\$ 5,814,267</u>



## Clinton County, Michigan

## Internal Service Funds

## COMBINING STATEMENT OF CASH FLOWS

Year Ended December 31, 2007

	Central Stores	Central Telephone	MIS	Drain Equipment Revolving
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash receipts from users	\$ 76,048	\$ 63,647	\$ 27,981	\$ 66,143
Cash paid to suppliers	(79,874)	(62,668)	(96,559)	(35,923)
Cash paid for employee benefits	-	-	(183,120)	-
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>(3,826)</b>	<b>979</b>	<b>(251,698)</b>	<b>30,220</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Proceeds from sale of capital assets	-	-	-	-
Capital purchases	-	(14,682)	(295,646)	(22,645)
<b>NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>-</b>	<b>(14,682)</b>	<b>(295,646)</b>	<b>(22,645)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers in	-	20,000	688,070	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of investments	-	-	-	-
Maturity of investments	-	-	-	-
Interest revenue	-	-	-	-
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(3,826)</b>	<b>6,297</b>	<b>140,726</b>	<b>7,575</b>
Cash and cash equivalents, beginning of year	20,845	200,079	706,060	133,291
Cash and cash equivalents, end of year	<u>\$ 17,019</u>	<u>\$ 206,376</u>	<u>\$ 846,786</u>	<u>\$ 140,866</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	\$ -	\$ (25,063)	\$ (405,526)	\$ (5,462)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation	-	26,916	141,761	10,549
(Increase) decrease in receivables	100	(3)	23,961	-
(Increase) in prepaid expenses	-	-	-	-
(Increase) decrease in due from other funds	-	-	-	-
(Increase) decrease in inventory	(3,926)	-	-	-
Increase (decrease) in accounts payable	-	(871)	(11,907)	23,131
Increase (decrease) in accrued liabilities	-	-	(53)	-
Increase (decrease) due to other funds	-	-	66	2,002
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ (3,826)</b>	<b>\$ 979</b>	<b>\$ (251,698)</b>	<b>\$ 30,220</b>

County Vehicles	Employee Retirement	Insurance	Unemployment	Workers Compensation	Total
\$ 400	\$ 1,439,911	\$ 1,745,689	\$ 35,120	\$ 206,391	\$ 3,661,330
(18,338)	(100,000)	(27,453)	-	-	(420,815)
-	(1,411,343)	(1,696,806)	(13,356)	(175,962)	(3,480,587)
(17,938)	(71,432)	21,430	21,764	30,429	(240,072)
4,342	-	-	-	-	4,342
(103,112)	-	-	-	-	(436,085)
(98,770)	-	-	-	-	(431,743)
162,570	554,514	-	-	-	1,425,154
-	(1,209,608)	(1,061,376)	-	(203,544)	(2,474,528)
-	512,543	841,126	-	-	1,353,669
-	46,248	62,588	3,056	11,532	123,424
-	(650,817)	(157,662)	3,056	(192,012)	(997,435)
45,862	(167,735)	(136,232)	24,820	(161,583)	(244,096)
245,083	240,776	372,355	162,684	276,060	2,357,233
<u>\$ 290,945</u>	<u>\$ 73,041</u>	<u>\$ 236,123</u>	<u>\$ 187,504</u>	<u>\$ 114,477</u>	<u>\$ 2,113,137</u>
\$ (110,304)	\$ 43,936	\$ 19,983	\$ 21,907	\$ 31,396	\$ (429,133)
92,366	-	-	-	-	271,592
-	(12,500)	(488)	-	(277)	10,793
-	-	(12,272)	-	-	(12,272)
-	(2,868)	(3,738)	(143)	(690)	(7,439)
-	-	-	-	-	(3,926)
-	(100,000)	17,027	-	-	(72,620)
-	-	888	-	-	835
-	-	30	-	-	2,098
<u>\$ (17,938)</u>	<u>\$ (71,432)</u>	<u>\$ 21,430</u>	<u>\$ 21,764</u>	<u>\$ 30,429</u>	<u>\$ (240,072)</u>

Clinton County, Michigan

Agency Funds

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

December 31, 2007

	<u>Agency funds</u>		
	<u>Trust and Agency</u>	<u>Library</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 372,545	\$ 104,573	\$ 477,118
Investments	-	125,000	125,000
<b>TOTAL ASSETS</b>	<b><u>\$ 372,545</u></b>	<b><u>\$ 229,573</u></b>	<b><u>\$ 602,118</u></b>
<b>LIABILITIES</b>			
Undistributed collections payable	\$ 5,796	\$ -	\$ 5,796
Due to other governmental units			
Federal/State	135,473	-	135,473
Local	-	229,573	229,573
Due to individuals and agencies	231,276	-	231,276
<b>TOTAL LIABILITIES</b>	<b><u>\$ 372,545</u></b>	<b><u>\$ 229,573</u></b>	<b><u>\$ 602,118</u></b>

Clinton County, Michigan

Component Units

BALANCE SHEET - DRAINAGE DISTRICTS

December 31, 2007

	Debt Service	Capital	
	Drain Debt Retirement	Regular Drain	Revolving Drain
<b>ASSETS</b>			
Cash and cash equivalents	\$ 608,035	\$ 568,715	\$ 14,138
Investments	189,382	1,250,000	-
Accrued interest receivable	832	10,101	-
Accounts receivable	-	15,496	-
Special assessments receivable	3,245,195	564,926	-
Due from other funds	-	-	116,372
	-	-	116,372
TOTAL ASSETS	\$ 4,043,444	\$ 2,409,238	\$ 130,510
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ 7,130	\$ 510
Accrued liabilities	135	15,016	-
Due to other funds	-	147,952	-
Advances from primary government	-	-	130,000
Deferred revenue	2,750,137	-	-
	2,750,137	-	-
TOTAL LIABILITIES	2,750,272	170,098	130,510
<b>FUND BALANCES</b>			
Fund balances			
Reserved for debt service	1,293,172	-	-
Unreserved			
Designated for capital expenditures	-	2,239,140	-
	-	2,239,140	-
TOTAL FUND BALANCES	1,293,172	2,239,140	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 4,043,444	\$ 2,409,238	\$ 130,510

<u>Projects</u>	
Revolving Drain Maintenance	<u>Total</u>
\$ 3,089	\$ 1,193,977
-	1,439,382
-	10,933
-	15,496
-	3,810,121
31,580	147,952
\$ 34,669	\$ 6,617,861
\$ -	\$ 7,640
-	15,151
-	147,952
-	130,000
-	2,750,137
-	3,050,880
-	1,293,172
34,669	2,273,809
34,669	3,566,981
\$ 34,669	\$ 6,617,861

Clinton County, Michigan

Component Units

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

December 31, 2007

**Total fund balance - governmental funds** \$ 3,566,981

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

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

The cost of capital assets is	\$ 24,302,349	
Accumulated depreciation is	<u>(3,073,516)</u>	
Capital assets, net		21,228,833

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

Deferred revenue		2,750,137
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Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.  
Long-term liabilities at year-end consist of:

Bonds and loans payable	3,468,415	
Accrued interest payable	<u>25,471</u>	
		<u>(3,493,886)</u>

**Net assets of governmental activities** \$ 24,052,065

Clinton County, Michigan

Component Units

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

Year Ended December 31, 2007

	Debt Service	Capital	
	Drain Debt Retirement	Regular Drain	Revolving Drain
<b>REVENUES</b>			
Charges for services	\$ -	\$ 223,928	\$ -
Interest	36,415	82,220	-
Other			
Special assessments	565,500	652,762	-
Miscellaneous	-	23,228	-
<b>TOTAL REVENUES</b>	<b>601,915</b>	<b>982,138</b>	<b>-</b>
<b>EXPENDITURES</b>			
Capital outlay	-	737,446	-
Debt service			
Principal	786,450	-	-
Interest and fiscal charges	160,531	-	-
<b>TOTAL EXPENDITURES</b>	<b>946,981</b>	<b>737,446</b>	<b>-</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(345,066)</b>	<b>244,692</b>	<b>-</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer in from component units	374,653	-	-
Transfer out to component units	-	(374,653)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>374,653</b>	<b>(374,653)</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>29,587</b>	<b>(129,961)</b>	<b>-</b>
Fund balances, beginning of year	1,263,585	2,369,101	-
Fund balances, end of year	<u>\$ 1,293,172</u>	<u>\$ 2,239,140</u>	<u>\$ -</u>

<u>Projects</u>	
Revolving Drain Maintenance	<u>Total</u>
\$ -	\$ 223,928
4,130	122,765
-	1,218,262
-	23,228
<u>4,130</u>	<u>1,588,183</u>
-	737,446
-	786,450
-	160,531
-	<u>1,684,427</u>
<u>4,130</u>	<u>(96,244)</u>
-	374,653
-	<u>(374,653)</u>
-	-
4,130	(96,244)
<u>30,539</u>	<u>3,663,225</u>
<u>\$ 34,669</u>	<u>\$ 3,566,981</u>



Clinton County, Michigan

Component Units

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

Year Ended December 31, 2007

**Net change in fund balances - total governmental funds** \$ (96,244)

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

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

Capital outlay	\$ 109,463
Contributed capital outlay	616,485
Depreciation expense	<u>(295,605)</u>

Excess of capital outlay over depreciation expense 430,343

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (825,137)

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

Bond and note principal retirements 749,785

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:

(Increase) in accrued interest payable 8,195

**Change in net assets of governmental activities** \$ 266,942

Clinton County, Michigan

Component Units

BALANCE SHEET - DEPARTMENT OF PUBLIC WORKS

December 31, 2007

	Debt			
	Bath Township #4	Dewitt Charter Township #7A & #7B	Watertown Charter Township #8	Dewitt Charter Township #13
ASSETS	\$ -	\$ -	\$ -	\$ -
FUND BALANCES Unreserved	\$ -	\$ -	\$ -	\$ -

Service

City of Dewitt/ Dewitt Charter Township #11	Bingham Township #6	Bingham Township #10	Bingham Township #14
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Clinton County, Michigan

Component Units

BALANCE SHEET - DEPARTMENT OF PUBLIC WORKS - CONTINUED

December 31, 2007

	Debt Service		Capital	Total
	Watertown Charter Township #15	Bath Township #16	Projects Township Projects	
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
FUND BALANCES				
Fund balances				
Unreserved				
Designated for capital expenditures	\$ -	\$ -	\$ -	\$ -

Clinton County, Michigan

Component Units

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

December 31, 2007

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

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

Long-term receivables are not available to pay for current period expenditures and therefore are not reported as assets in the funds. Long-term receivables at year-end consist of:

Lease receivable 4,312,713

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	\$ 42,713	
Bonds payable	<u>4,270,000</u>	<u>(4,312,713)</u>

**Net assets of governmental activities** \$ -

Clinton County, Michigan

Component Units

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

Year Ended December 31, 2007

	Debt			
	Bath Township #4	Dewitt Charter Township #7A & #7B	Watertown Charter Township #8	Dewitt Charter Township #13
REVENUES				
Intergovernmental - local	\$ 174,275	\$ 155,015	\$ -	\$ 41,585
EXPENDITURES				
Debt service				
Principal	125,000	150,000	-	25,000
Interest and fiscal charges	49,275	5,015	-	16,585
TOTAL EXPENDITURES	174,275	155,015	-	41,585
NET CHANGE IN FUND BALANCES	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ -	\$ -

Service

City of Dewitt/ Dewitt Charter Township #11	Bingham Township #6	Bingham Township #10	Bingham Township #14
\$ -	\$ 21,980	\$ 21,800	\$ 250,947
-	20,000	20,000	155,000
-	1,980	1,800	95,947
-	21,980	21,800	250,947
-	-	-	-
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Clinton County, Michigan

Component Units

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

Year Ended December 31, 2007

	Debt Service		Capital Projects	Total
	Watertown Charter Township #15	Bath Township #16	Township Projects	
REVENUES				
Intergovernmental - local	\$ 105,005	\$ 51,395	\$ -	\$ 822,002
EXPENDITURES				
Debt service				
Principal	60,000	30,000	-	585,000
Interest and fiscal charges	45,005	21,395	-	237,002
TOTAL EXPENDITURES	105,005	51,395	-	822,002
NET CHANGE IN FUND BALANCES	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ -	\$ -



Clinton County, Michigan

Component Units

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

Year Ended December 31, 2007

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

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

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

Bond principal retirement	585,000
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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	10,712	
Decrease in lease receivables	<u>(595,712)</u>	
		<u>(585,000)</u>

**Change in net assets of governmental activities** \$ -