

Clinton
County,
Michigan



Year Ended
December 31,
2012

Financial
Statements

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CLINTON COUNTY, MICHIGAN

ELECTED OFFICERS

For the Year Ended December 31, 2012

BOARD OF COMMISSIONERS

Robert Showers
Chair

David Pohl
Vice Chair

Larry Martin
Bruce DeLong
Jack Enderle

Adam Stacey
Anne Hill

Ryan Wood
Administrator

Tina Ward
Treasurer

Diane Zuker
Clerk

Michelle Wilsey
Register of Deeds

Phil Hanses
Drain Commissioner

Charles Sherman
Prosecuting Attorney

Wayne Kangas
Sheriff

Lisa Sullivan
Probate Court Judge

Richard Wells
District Court Judge

Randy Tahvonen
Circuit Court Judge

Michelle Rick
Circuit Court Judge

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CLINTON COUNTY, MICHIGAN

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

May 3, 2013

Board of Commissioners
Clinton County
St. Johns, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of *Clinton County, Michigan*, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Road Commission Component Unit, which represent 69 percent, 71 percent, and 90 percent, respectively, of the assets, fund balances, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Road Commission Component Unit, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of *Clinton County, Michigan*, as of December 31, 2012, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons of the general fund and each major special revenue fund, for the year then ended in conformity with accounting principles general accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the pension and postemployment benefit information on pages 80 and 81 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise *Clinton County, Michigan's* basic financial statements. The combining and individual fund financial statements 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 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 3, 2013, on our consideration of Clinton County, Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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Ryan L. Wood
County Administrator

Craig Longnecker
Deputy Administrator



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Management's Discussion and Analysis

As management of Clinton County, we offer this narrative overview and analysis of the financial activities of the County for the year ended December 31, 2012.

Financial Highlights

- The assets of the County's primary government exceeded its liabilities at the close of the fiscal year by approximately \$75.9 million (net position). Of this amount, approximately \$30.3 million (unrestricted net position) may be used to meet the government's ongoing obligations.
- The government's total net position increased by approximately \$3.7 million, or 5.2 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 \$25.3 million, a decrease of \$716,000, or 2.8 percent over the prior year. Of this total, approximately \$7 million or 27.7 percent is classified as unassigned and available for spending at the government's discretion. Approximately \$528,000 is assigned and approximately \$257,000 is considered nonspendable. The remaining \$17.5 million is made up of restricted funds and those committed to specific purposes by the Board of Commissioners.
- At the end of the fiscal year, the unassigned fund balance for the General Fund was approximately \$7 million, an amount equal to 30.9 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 \$2.5 million or 20 percent during the current fiscal year.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

The County maintains 21 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Public Improvement, and 911 Central Dispatch funds, each of which is considered to be a major fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

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

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

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

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

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

Government-wide Financial Analysis

Statement of Net Position

	Clinton County's Net Position					
	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Assets						
Current assets	\$35,419,747	\$35,500,854	\$15,901,968	\$15,186,998	\$51,321,715	\$ 50,687,852
Non-current assets	34,071,966	32,701,343	206,345	275,469	34,278,311	32,976,812
Total assets	69,491,713	68,202,197	16,108,313	15,462,467	85,600,026	83,664,664
Liabilities						
Current	3,153,713	2,814,442	28,917	27,877	3,182,630	2,842,319
Non-current	6,500,440	8,631,497	-	-	6,500,440	8,631,497
Total liabilities	9,654,153	11,445,939	28,917	27,877	9,683,070	11,473,816
Net position						
Invested in capital assets-net of related debt	23,440,363	20,712,473	10,557	16,960	23,450,920	20,729,433
Restricted	22,180,161	24,092,132	-	-	22,180,161	24,092,132
Unrestricted	14,217,036	11,951,653	16,068,839	15,417,630	30,285,875	27,369,283
Total net position	\$59,837,560	\$56,756,258	\$16,079,396	\$15,434,590	\$75,916,956	\$ 72,190,848

As noted previously, net position serves over time as a useful indicator of a government's financial position. In the case of Clinton County, assets exceeded liabilities by approximately \$75.9 million at the close of the fiscal year. This amount compares favorably with the prior year where net position totaled \$72.2 million.

The County's net position includes approximately \$23.5 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 position apply due primarily to legal restrictions. Restrictions on net position total approximately \$22.2 million. The remaining balance of unrestricted net position (\$30.3 million or 39.9 percent) may be used to meet the government's ongoing obligations.

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

Statement of Activities

	Clinton County's Changes in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues						
Program revenue:						
Charges for services	\$ 6,011,474	\$ 5,629,289	\$ 1,264,103	\$ 1,412,672	\$ 7,275,577	\$ 7,041,961
Operating grants and contributions	3,562,435	2,754,383	-	-	3,562,435	2,754,383
Capital grants and contributions	2,159	70,413	-	-	2,159	70,413
General revenues:						
Property taxes	13,934,074	14,205,194	-	-	13,934,074	14,205,194
State Revenue Sharing	317,937	257,773	-	-	317,937	257,773
Investment earnings	115,979	124,573	129,326	282,018	245,305	406,591
911 Surcharge	2,213,430	2,091,621	-	-	2,213,430	2,091,621
Transfers	404,002	399,942	(404,002)	(399,942)	-	-
Total revenues	26,561,490	25,533,188	989,427	1,294,748	27,550,917	26,827,936
Expenses						
General government	9,579,703	9,130,561	-	-	9,579,703	9,130,561
Public safety	9,083,841	8,623,632	-	-	9,083,841	8,623,632
Public works	529,662	432,281	-	-	529,662	432,281
Health and welfare	2,344,364	2,280,039	-	-	2,344,364	2,280,039
Comm and Econ Development	603,402	522,527	-	-	603,402	522,527
Recreation and Culture	323,735	279,689	-	-	323,735	279,689
Other	736,062	1,011,177	-	-	736,062	1,011,177
Interest on long-term debt	279,419	345,127	-	-	279,419	345,127
Delinquent tax collection and other Business-type activities	-	-	344,621	293,396	344,621	293,396
Total expenses	23,480,188	22,625,033	344,621	293,396	23,824,809	22,918,429
Increase in net position	3,081,302	2,908,155	644,806	1,001,352	3,726,108	3,909,507
Net position, beginning of year	56,756,258	53,848,103	15,434,590	14,433,238	72,190,848	68,281,341
Net position, end of year	\$59,837,560	\$56,756,258	\$16,079,396	\$15,434,590	\$75,916,956	\$ 72,190,848

Governmental Activities

The preceding table shows that the net position of governmental activities increased by approximately \$3.1 million or 5.4 percent during 2012 as compared to approximately \$2.9 million in the prior year. The governmental activities section shows a modest increase in total revenue due primarily to grant revenue.

Business-type Activities

Net position of the County's business-type activities increased by approximately \$645,000 in 2012. Net position of the Delinquent Tax fund increased by \$538,000 while net position of the other nonmajor enterprise funds increased by approximately \$107,000.

Financial Analysis of the Government's Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. At the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of approximately \$25.3 million. This represents a slight decrease in comparison with the prior year.

Approximately \$7 million or 27.7 percent of total fund balance is classified as unassigned and available for spending at the government's discretion. Approximately \$528,000 is assigned and approximately \$257,000 is considered nonspendable. The remaining \$17.5 million is made up of restricted funds and those committed to specific purposes by the Board of Commissioners.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, the total fund balance was approximately \$13.3 million, the unassigned fund balance of the General Fund was approximately \$7 million, an amount equal to 30.9 percent of total General Fund expenditures and transfers. This level of General Fund unassigned fund balance is on the high end of recognized benchmarks that governments should strive to maintain.

The fund balance of the County's General Fund increased by approximately \$539,000 during the current fiscal year. This increase is the result of additional revenue and expenditure savings achieved through an effective system of budgetary control. (See subsequent section entitled "General Fund Budgetary Highlights").

The Public Improvement Fund is used to address infrastructure needs by financing capital projects. The fund currently has a total fund balance of approximately \$4.2 million. The budget document contains a five year capital improvement plan listing all major projects, their costs, and their priority for implementation.

The 911 Central Dispatch Fund has a total fund balance of approximately \$1.8 million. The fund accounts for the collection of the 911 telephone surcharges. The primary function of Central Dispatch is to handle emergency and non-emergency requests for police, fire, and medical service, determine the dispatch needed, and dispatch the appropriate personnel to the requested location.

General Fund Budgetary Highlights

The original General Fund budget of \$20.9 million was revised to \$23.4 million; however, actual expenditures and transfers totaled only \$22.7 million or 2.9 percent under the revised budget. Actual revenues came in at \$23.3 million or slightly less than the revised budget. However, operating revenues actually exceeded the revised budget.

Capital Asset and Debt Administration

Capital assets. As of December 31, 2012, the County's investment in capital assets, net of accumulated depreciation, totaled \$30.2 million for its governmental and business type activities, and \$20.8 million for the Drain Commission component unit. (These capital assets do not include those of the separately audited Road Commission component unit). This investment in capital assets includes land and improvements, buildings and improvements, construction in progress, vehicles, machinery and equipment. For the Drain Commission, capital assets include drainage districts system infrastructure.

Clinton County's Capital Assets

(net of depreciation)

	Primary Government	Drain Commission Component Unit
Land and land improvements	\$ 1,194,836	\$ -
Buildings and improvements	23,506,633	-
Furniture, fixtures, and equipment	4,572,453	-
Vehicles	604,046	-
Construction in progress	277,952	261,480
Infrastructure	-	20,503,376
Total	\$ 30,155,920	\$ 20,764,856

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

Long-term debt. At the end of the current fiscal year, the County Primary Government and its Drain Commission and Department of Public Works component units had total general obligation bonds outstanding of \$9,984,250 (This amount does not include the debt of the separately audited Road Commission component unit). All of the bonds are backed by the County’s full faith and credit.

Clinton County’s Bond Indebtedness

	Primary Government		Drain Commission and DPW Component Units		Total
General obligations bonds	\$	6,705,000	\$	3,279,250	\$ 9,984,250

The net decrease in the County’s total general obligation bonded debt was approximately \$2,482,750 or 20 percent during the current fiscal year. The County does not intend to issue any bonds in the near future.

Standard and Poor’s bond rating for both general obligation unlimited and limited tax bonds is “AA”.

Additionally, the Clinton County Drain Commissioner has long-term notes payable totaling \$632,211 at December 31, 2012 for which it has pledged its full faith and credit. The balance on these notes payable decreased by \$135,097 or 17.6 percent. The County (primary government) also has accrued compensated absences at December 31, 2012 of \$1,195,057.

The County’s outstanding general obligation debt is well within its current debt limitation of \$289,440,544 (10 percent of total assessed valuation).

Additional information regarding the County’s long-term debt can be found in Note 7 of the financial statements.

Economic Factors and Next Year’s Budgets and Rates

The following factors were considered in preparing the County’s budget for the 2013 fiscal year:

- The Revenue Sharing Reserve Fund was established by the State in order to replace State Revenue Sharing payments to counties.
- The continued uncertainty over the State’s budget situation may lead to decreases in other areas of state funding.
- Declining property values will continue downward pressure on property tax revenue.
- Healthcare costs will continue to escalate at a rate higher than inflation and require continued cost containment measures.

Highlights of the 2013 budget are as follows:

- Major Capital Improvements totaling \$4,821,226
- Ordinary Capital Improvements totaling \$250,300
- 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

BASIC FINANCIAL STATEMENTS

CLINTON COUNTY, MICHIGAN

Statement of Net Position

December 31, 2012

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 7,853,044	\$ 6,651,893	\$ 14,504,937	\$ 4,532,169
Investments	25,032,736	6,214,199	31,246,935	1,000,000
Receivables	1,502,263	3,033,679	4,535,942	2,134,591
Due from other governmental units	1,019,775	-	1,019,775	1,052,909
Internal balances	479	(479)	-	-
Inventory	11,450	2,676	14,126	857,383
Current portion of lease receivable	-	-	-	487,688
Net pension and other postemployment benefits asset	3,796,603	-	3,796,603	-
Advance to component unit	130,000	-	130,000	-
Advance to governmental activities	-	195,788	195,788	-
Lease receivable	-	-	-	1,690,000
Capital assets, net:				
Assets not being depreciated	1,472,788	-	1,472,788	7,908,295
Assets being depreciated	28,672,575	10,557	28,683,132	67,381,323
Total assets	69,491,713	16,108,313	85,600,026	87,044,358
Liabilities				
Accounts payable	1,064,827	16,894	1,081,721	133,195
Accrued liabilities	489,450	5,461	494,911	235,952
Due to other governmental units	-	-	-	136,346
Unearned revenue	22,398	-	22,398	-
Deposits payable	4,500	-	4,500	-
Current portion of compensated absences	767,538	6,562	774,100	-
Current portion of long-term debt	805,000	-	805,000	958,677
Long-term liabilities:				
Advance from primary government	-	-	-	130,000
Advances from State	-	-	-	207,081
Advances from business activities	195,788	-	195,788	-
Noncurrent portion of compensated absences	404,652	-	404,652	595,599
Noncurrent portion of other postemployment benefits payable	-	-	-	2,527,483
Noncurrent portion of long-term debt	5,900,000	-	5,900,000	2,952,784
Total liabilities	9,654,153	28,917	9,683,070	7,877,117

CLINTON COUNTY, MICHIGAN

Statement of Net Position

December 31, 2012

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Net position				
Net investment in capital assets net of related debt	\$ 23,440,363	\$ 10,557	\$ 23,450,920	\$ 73,533,157
Restricted for:				
Public safety	2,014,422	-	2,014,422	-
Debt service	5,629,706	-	5,629,706	512,270
Revenue sharing	2,142,155	-	2,142,155	-
Public improvement	4,155,646	-	4,155,646	-
Other purposes	8,238,232	-	8,238,232	5,121,814
Unrestricted	14,217,036	16,068,839	30,285,875	-
Total net position	<u>\$ 59,837,560</u>	<u>\$ 16,079,396</u>	<u>\$ 75,916,956</u>	<u>\$ 79,167,241</u>

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

CLINTON COUNTY, MICHIGAN

Statement of Activities

For the Year Ended December 31, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities:					
General government	\$ 9,579,703	\$ 3,696,611	\$ 2,149,642	\$ -	\$ (3,733,450)
Public safety	9,083,841	1,837,532	376,242	2,159	(6,867,908)
Public works	529,662	421,976	-	-	(107,686)
Health and welfare	2,344,364	23,401	678,872	-	(1,642,091)
Community and economic development	603,402	29,644	354,149	-	(219,609)
Recreation and cultural	323,735	2,310	3,530	-	(317,895)
Other	736,062	-	-	-	(736,062)
Interest on long-term debt	279,419	-	-	-	(279,419)
Total governmental activities	23,480,188	6,011,474	3,562,435	2,159	(13,904,120)
Business-type activities:					
Delinquent tax	33,613	862,993	-	-	829,380
Other	311,008	401,110	-	-	90,102
Total business-type activities	344,621	1,264,103	-	-	919,482
Total primary government	\$ 23,824,809	\$ 7,275,577	\$ 3,562,435	\$ 2,159	\$ (12,984,638)
Component units					
Drainage Districts	1,245,769	99,256	-	1,070,081	(76,432)
Department of Public Works	120,789	-	120,789	-	-
Road Commission	10,927,627	985,919	5,990,394	4,262,446	311,132
Total component units	\$ 12,294,185	\$ 1,085,175	\$ 6,111,183	\$ 5,332,527	\$ 234,700

Continued...

CLINTON COUNTY, MICHIGAN

Statement of Activities (Concluded) For the Year Ended December 31, 2012

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Changes in net position				
Net revenue (expense)	\$ (13,904,120)	\$ 919,482	\$ (12,984,638)	\$ 234,700
General revenues:				
Property taxes	13,934,074	-	13,934,074	-
State shared revenue	317,937	-	317,937	-
Investment earnings	115,979	129,326	245,305	7,085
Insurance recoveries	-	-	-	-
911 Surcharge	2,213,430	-	2,213,430	-
Gain on disposal of capital assets	-	-	-	246,925
Transfers - internal activities	404,002	(404,002)	-	-
Total general revenues and transfers	16,985,422	(274,676)	16,710,746	254,010
Change in net position	3,081,302	644,806	3,726,108	488,710
Net position, beginning of year	56,756,258	15,434,590	72,190,848	78,678,531
Net position, end of year	\$ 59,837,560	\$ 16,079,396	\$ 75,916,956	\$ 79,167,241

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

CLINTON COUNTY, MICHIGAN

Balance Sheet

Governmental Funds
December 31, 2012

	General Fund	Public Improvement	911 Central Dispatch	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 2,898,998	\$ 2,898,998
Investments	17,677,257	-	1,259,389	2,678,535	21,615,181
Receivables					
Taxes					
Current	894,236	-	-	-	894,236
Delinquent	24,799	-	-	-	24,799
Accounts	7,437	-	451,594	31,158	490,189
Interest	18,481	-	412	10,334	29,227
Due from other funds	2,273	4,157,181	337,185	318,275	4,814,914
Due from other governmental units					
Federal/State	327,073	-	53,273	329,675	710,021
Local	309,754	-	-	-	309,754
Advance to other funds	125,000	-	-	-	125,000
Advance to component unit	130,000	-	-	-	130,000
Total assets	19,516,310	4,157,181	2,101,853	6,266,975	32,042,319
Liabilities					
Accounts payable	325,070	1,535	1,903	99,697	428,205
Accrued liabilities	348,387	-	50,175	36,922	435,484
Deposits payable	-	-	4,500	-	4,500
Due to other funds	4,883,553	-	6,454	5,942	4,895,949
Unearned Revenue	3,462	-	-	18,936	22,398
Advance from other funds	-	-	195,788	90,000	285,788
Total liabilities	5,560,472	1,535	258,820	251,497	6,072,324
Deferred inflows of resources					
Unavailable revenue - property taxes	670,250	-	-	-	670,250
Fund balances (note 17)					
Nonspendable	255,000	-	-	2,350	257,350
Restricted	-	-	1,843,033	5,717,510	7,560,543
Committed	6,019,061	3,923,204	-	-	9,942,265
Assigned	-	232,442	-	295,618	528,060
Unassigned	7,011,527	-	-	-	7,011,527
Total fund balances	13,285,588	4,155,646	1,843,033	6,015,478	25,299,745
Total liabilities, deferred inflows of resources and fund balances	\$ 19,516,310	\$ 4,157,181	\$ 2,101,853	\$ 6,266,975	\$ 32,042,319

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

CLINTON COUNTY, MICHIGAN

Reconciliation

Fund Balances for Governmental Funds
 To Net Position of Governmental Activities
 December 31, 2012

Fund balances - total governmental funds \$ 25,299,745

Amounts reported for *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 in the fund statement.

Capital assets not being depreciated	1,472,788
Capital assets being depreciated, net	28,672,575

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

Net pension and other post employment benefits asset	3,796,603
------------------------------------------------------	-----------

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

Deferred personal property taxes	670,250
----------------------------------	---------

Internal service funds are used by management to charge the costs of certain activities, such as insurance and other centralized costs, to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities.

Net position of governmental activities accounted for in Internal Service Funds	8,770,129
Net capital assets of Internal Service Funds included in total capital assets above	(952,732)
Compensated absences of Internal Service Funds included in total compensated absences below	26,910

Certain liabilities, such as bonds payable, are not due and payable in the current period, and therefore are not reported in the funds.

Direct County obligations	(6,705,000)
Accrued interest payable	(41,518)
Compensated absences	(1,172,190)

Net position of governmental activities	\$ 59,837,560
------------------------------------------------	----------------------

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

CLINTON COUNTY, MICHIGAN

Statement of Revenue, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended December 31, 2012

	General Fund	Public Improvement	911 Central Dispatch
Revenues			
Taxes	\$ 13,980,062	\$ -	\$ -
Licenses and permits	222,081	-	-
Intergovernmental	1,875,412	51,668	-
Charges for services	4,182,450	-	2,223,030
Fines and forfeits	-	-	-
Interest and rents	101,963	-	6,749
Other	1,596,568	-	16,326
Total revenues	21,958,536	51,668	2,246,105
Expenditures			
Current:			
General government	7,723,589	-	-
Public safety	6,934,412	-	3,062,560
Public works	56,452	-	-
Health and welfare	922,983	-	-
Community and economic development	609,656	-	-
Recreation and cultural	107,356	-	-
Other	736,062	-	-
Capital outlay	-	340,116	-
Debt service	-	-	-
Total expenditures	17,090,510	340,116	3,062,560
Revenue over (under) expenditures	4,868,026	(288,448)	(816,455)
Other financing sources (uses)			
Transfers in	1,298,660	1,142,679	-
Transfers out	(5,627,891)	-	-
Total other financing sources (uses)	(4,329,231)	1,142,679	-
Net change in fund balances	538,795	854,231	(816,455)
Fund balances, beginning of year	12,746,793	3,301,415	2,659,488
Fund balances, end of year	\$ 13,285,588	\$ 4,155,646	\$ 1,843,033

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



Nonmajor Governmental Funds	Total Governmental Funds
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\$ -	\$ 13,980,062
-	222,081
1,300,655	3,227,735
544,735	6,950,215
57,906	57,906
18,108	126,820
8,027	1,620,921
<u>1,929,431</u>	<u>26,185,740</u>

1,012,221	8,735,810
110,355	10,107,327
361,857	418,309
1,344,867	2,267,850
-	609,656
4,530	111,886
-	736,062
-	340,116
<u>2,447,964</u>	<u>2,447,964</u>

<u>5,281,794</u>	<u>25,774,980</u>
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<u>(3,352,363)</u>	<u>410,760</u>
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3,358,005	5,799,344
<u>(1,298,660)</u>	<u>(6,926,551)</u>

<u>2,059,345</u>	<u>(1,127,207)</u>
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(1,293,018)	(716,447)
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<u>7,308,496</u>	<u>26,016,192</u>
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<u>\$ 6,015,478</u>	<u>\$ 25,299,745</u>
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CLINTON COUNTY, MICHIGAN

Reconciliation

Net Changes in Fund Balances of Governmental Funds
To Change in Net Assets of Governmental Activities
For the Year Ended December 31, 2012

Net change in fund balances - total governmental funds \$ (716,447)

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

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

Capital outlay	2,015,224
Depreciation expense	(1,442,334)

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

(48,520)

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

797,733

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	2,155,000
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Internal service funds are used by management to charge the costs of certain activities to individual funds.

Change in net assets of Internal Service Funds	329,641
Capital assets transactions of Internal Service Funds included in the total above	(369,389)
Depreciation expense of Internal Service Funds included in the total above	277,054
Change in accrued compensated absences of Internal Service Funds included in the total below	323

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

Change in accrued interest payable	13,545
Change in accrued compensated absences	69,472

Change in net position of governmental activities	\$ 3,081,302
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The accompanying notes are an integral part of these basic financial statements.

CLINTON COUNTY, MICHIGAN

Statement of Revenue, Expenditures and Changes in Fund Balances

Budget and Actual - General Fund

For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 13,523,285	\$ 13,523,285	\$ 13,980,062	\$ 456,777
Licenses and permits	253,989	253,989	222,081	(31,908)
Intergovernmental	1,676,970	1,895,262	1,875,412	(19,850)
Charges for services	3,182,380	4,138,058	4,182,450	44,392
Interest and rents	86,300	86,300	101,963	15,663
Other	922,135	1,530,400	1,596,568	66,168
Total revenues	19,645,059	21,427,294	21,958,536	531,242
Expenditures				
Current:				
General government	8,182,068	8,053,335	7,723,589	(329,746)
Public safety	6,631,756	7,052,677	6,934,412	(118,265)
Public works	58,100	58,100	56,452	(1,648)
Health and welfare	924,156	931,404	922,983	(8,421)
Community and economic development	737,141	629,921	609,656	(20,265)
Recreation and cultural	119,771	119,771	107,356	(12,415)
Other	784,847	924,786	736,062	(188,724)
Total expenditures	17,437,839	17,769,994	17,090,510	(679,484)
Revenue over (under) expenditures	2,207,220	3,657,300	4,868,026	1,210,726
Other financing sources (uses)				
Transfers in	1,270,318	1,970,591	1,298,660	(671,931)
Transfers out	(3,477,538)	(5,627,891)	(5,627,891)	-
Total other financing sources (uses)	(2,207,220)	(3,657,300)	(4,329,231)	(671,931)
Net change in fund balances	-	-	538,795	538,795
Fund balances, beginning of year	12,746,793	12,746,793	12,746,793	-
Fund balances, end of year	\$ 12,746,793	\$ 12,746,793	\$ 13,285,588	\$ 538,795

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

CLINTON COUNTY, MICHIGAN

Statement of Revenue, Expenditures and Changes in Fund Balances

Budget and Actual - Public Improvement Fund

For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental - Federal/State	\$ -	\$ 54,270	\$ 51,668	\$ (2,602)
Other	-	1,200	-	(1,200)
Total revenues	<u>-</u>	<u>55,470</u>	<u>51,668</u>	<u>(3,802)</u>
Expenditures				
Capital outlay	112,400	376,360	340,116	(36,244)
Revenue over (under) expenditures	<u>(112,400)</u>	<u>(320,890)</u>	<u>(288,448)</u>	<u>32,442</u>
Other financing sources (uses)				
Transfers in	112,400	320,890	1,142,679	821,789
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>112,400</u>	<u>320,890</u>	<u>1,142,679</u>	<u>821,789</u>
Net change in fund balances	-	-	854,231	854,231
Fund balances, beginning of year	3,301,415	3,301,415	3,301,415	-
Fund balances, end of year	<u>\$ 3,301,415</u>	<u>\$ 3,301,415</u>	<u>\$ 4,155,646</u>	<u>\$ 854,231</u>

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

CLINTON COUNTY, MICHIGAN

Statement of Revenue, Expenditures and Changes in Fund Balances Budget and Actual - 911 Central Dispatch For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Charges for services	\$ 2,171,813	\$ 2,171,813	\$ 2,223,030	\$ 51,217
Interest and rents	2,500	2,500	6,749	4,249
Other	15,000	15,000	16,326	1,326
Total revenues	<u>2,189,313</u>	<u>2,189,313</u>	<u>2,246,105</u>	<u>56,792</u>
Expenditures				
Public Safety	1,496,983	3,701,803	3,062,560	(639,243)
Debt Service	-	-	-	-
Total expenditures	<u>1,496,983</u>	<u>3,701,803</u>	<u>3,062,560</u>	<u>(639,243)</u>
Revenue over (under) expenditures	<u>692,330</u>	<u>(1,512,490)</u>	<u>(816,455)</u>	<u>696,035</u>
Other financing sources (uses)				
Transfers in	<u>(692,330)</u>	<u>1,512,490</u>	<u>-</u>	<u>(1,512,490)</u>
Net change in fund balances	-	-	(816,455)	(816,455)
Fund balances, beginning of year	<u>2,659,488</u>	<u>2,659,488</u>	<u>2,659,488</u>	<u>-</u>
Fund balances, end of year	<u>\$ 2,659,488</u>	<u>\$ 2,659,488</u>	<u>\$ 1,843,033</u>	<u>\$ (816,455)</u>

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

CLINTON COUNTY, MICHIGAN

Statement of Net Position

Proprietary Funds
December 31, 2012

	Business-type Activities			Governmental Activities
	Delinquent Tax Revolving	Nonmajor Enterprise Funds	Total	Internal Service Funds
Assets				
Cash and cash equivalents	\$ 6,135,343	\$ 516,550	\$ 6,651,893	\$ 4,954,046
Investments	6,214,199	-	6,214,199	3,417,555
Accounts receivable	1,931	12,277	14,208	59,816
Interest receivable	9,290	-	9,290	3,996
Delinquent taxes receivable	3,010,181	-	3,010,181	-
Inventory	-	2,676	2,676	11,450
Due from other funds	-	-	-	85,471
Advances to other funds	195,788	-	195,788	-
Capital assets, net	10,557	-	10,557	952,732
Total assets	15,577,289	531,503	16,108,792	9,485,066
Liabilities				
Accounts payable	9,345	7,549	16,894	636,622
Accrued liabilities	311	11,712	12,023	39,358
Advances from other funds	-	-	-	35,000
Due to other funds	-	479	479	3,957
Total liabilities	9,656	19,740	29,396	714,937
Net position				
Invested in capital assets	10,557	-	10,557	952,732
Restricted for employee benefits	-	-	-	5,635,651
Unrestricted	15,557,076	511,763	16,068,839	2,181,746
Total net position	\$ 15,567,633	\$ 511,763	\$ 16,079,396	\$ 8,770,129

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

CLINTON COUNTY, MICHIGAN

Statement of Revenues, Expenses, and Changes in Net Position

Proprietary Funds

For the Year Ended December 31, 2012

	Business-type Activities			Governmental Activities
	Delinquent Tax Revolving	Nonmajor Enterprise Funds	Total	Internal Service Funds
Operating revenues				
Interest and penalties on delinquent taxes	\$ 862,993	\$ -	\$ 862,993	\$ -
Charges for services	-	293,474	293,474	3,624,952
Sales	-	97,404	97,404	-
Rent	-	9,535	9,535	-
Other	-	697	697	220,839
Total operating revenues	862,993	401,110	1,264,103	3,845,791
Operating expenses				
Personal services and fringes	-	90,105	90,105	4,330,646
Supplies	10,752	126,601	137,353	72,196
Contracted services	4,490	43,178	47,668	72,973
Depreciation	3,519	2,884	6,403	277,054
Other	14,852	48,240	63,092	331,450
Total operating expenses	33,613	311,008	344,621	5,084,319
Operating income (loss)	829,380	90,102	919,482	(1,238,528)
Nonoperating revenues				
Interest revenue	129,326	-	129,326	20,268
Gain on sale of capital assets	-	-	-	16,692
Total nonoperating revenues	129,326	-	129,326	36,960
Income before transfers	958,706	90,102	1,048,808	(1,201,568)
Transfers				
Transfers in	-	16,710	16,710	1,531,209
Transfers out	(420,712)	-	(420,712)	-
Total transfers	(420,712)	16,710	(404,002)	1,531,209
Change in net position	537,994	106,812	644,806	329,641
Net position, beginning of year	15,029,639	404,951	15,434,590	8,440,488
Net position, end of year	\$ 15,567,633	\$ 511,763	\$ 16,079,396	\$ 8,770,129

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

CLINTON COUNTY, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended December 31, 2012

	Business-type Activities			Governmental Activities
	Delinquent Tax Revolving	Nonmajor Enterprise Funds	Total	Internal Service Funds
Cash flows from operating activities				
Receipts from customers and users	\$ 1,515,282	\$ 399,225	\$ 1,914,507	\$ 3,835,482
Payments to vendors	(30,694)	(301,924)	(332,618)	(485,672)
Benefit payments	-	-	-	(3,744,496)
Net cash provided by (used in) operating activities	1,484,588	97,301	1,581,889	(394,686)
Cash flows from capital and related financing activities				
Proceeds from sale of capital assets	-	-	-	16,692
Capital purchases	-	-	-	(369,389)
Net cash provided (used) by capital and related financing activities	-	-	-	(352,697)
Cash flows from noncapital financing activities				
Transfers in	-	16,710	16,710	1,531,209
Transfers out	(420,712)	-	(420,712)	-
Net cash provided (used) by noncapital financing activities	(420,712)	16,710	(404,002)	1,531,209
Cash flows from investing activities				
Purchase of investments	(6,214,199)	-	(6,214,199)	(3,417,555)
Maturity of investments	3,308,735	-	3,308,735	3,402,082
Interest revenue	129,326	-	129,326	20,268
Net cash provided by investing activities	(2,776,138)	-	(2,776,138)	4,795
Net increase (decrease) in cash	(1,712,262)	114,011	(1,598,251)	788,621
Cash and cash equivalents, beginning of year	7,847,605	402,539	8,250,144	4,165,425
Cash and cash equivalents, end of year	\$ 6,135,343	\$ 516,550	\$ 6,651,893	\$ 4,954,046

Continued...

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

CLINTON COUNTY, MICHIGAN

Statement of Cash Flows (Concluded) Proprietary Funds For the Year Ended December 31, 2012

	Business-type Activities			Governmental Activities
	Delinquent Tax Revolving	Nonmajor Enterprise Funds	Total	Internal Service Funds
Operating income (loss)	\$ 829,380	\$ 90,102	\$ 919,482	\$ (1,238,528)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	3,519	2,884	6,403	277,054
Change in:				
Accounts receivable	589,568	(1,945)	587,623	(1,212)
Inventory	-	4,560	4,560	(6,227)
Due from other funds	-	-	-	(9,097)
Advance to other funds	62,721	-	62,721	-
Accounts payable	60	1,795	1,855	595,881
Accrued liabilities	(660)	(155)	(815)	(1,288)
Due to other funds	-	60	60	(11,269)
Net cash provided by (used in) operating activities	<u>\$ 1,484,588</u>	<u>\$ 97,301</u>	<u>\$ 1,581,889</u>	<u>\$ (394,686)</u>

CLINTON COUNTY, MICHIGAN

Statement of Net Position

Fiduciary Funds
December 31, 2012

	Post Employment Healthcare	Agency Funds
Assets		
Cash and cash equivalents	\$ 726,847	\$ 421,338
Investments	7,719,011	100,000
Total assets	<u>8,445,858</u>	<u>\$ 521,338</u>
Liabilities		
Undistributed collections payable	-	\$ 3,019
Due to other governmental units		
Federal/State	-	154,994
Local	-	194,736
Due to individuals and agencies	-	168,589
Total liabilities	<u>-</u>	<u>\$ 521,338</u>
Net position		
Restricted for benefit payments	<u>\$ 8,445,858</u>	

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

CLINTON COUNTY, MICHIGAN

Statement of Changes in Net Position

Fiduciary Funds

For the Year Ended December 31, 2012

	Post Employment Healthcare
Additions	
Contributions	\$ 1,057,889
Net increase in fair value of investments	<u>889,700</u>
Total additions	1,947,589
Deductions	
Retiree benefits	<u>308,093</u>
Change in net position	1,639,496
Net position, beginning of year	<u>6,806,362</u>
Net position, end of year	<u><u>\$ 8,445,858</u></u>

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

CLINTON COUNTY, MICHIGAN

Statement of Net Position

Component Units
December 31, 2012

	Drainage Districts	Department of Public Works	Road Commission	Total Component Units
Assets				
Cash and cash equivalents	\$ 1,239,865	\$ -	\$ 3,292,304	\$ 4,532,169
Investments	1,000,000	-	-	1,000,000
Accrued interest receivable	1,214	-	-	1,214
Accounts receivable	2,160	-	8,439	10,599
Due from other governmental units	-	-	1,052,909	1,052,909
Special assessments receivable	2,122,778	-	-	2,122,778
Inventory	-	-	857,383	857,383
Current portion of lease receivable	-	487,688	-	487,688
Cash - restricted	-	-	-	-
Lease receivable	-	1,690,000	-	1,690,000
Capital assets, net:				
Assets not being depreciated	261,480	-	7,646,815	7,908,295
Assets being depreciated	20,503,376	-	46,877,947	67,381,323
Total assets	\$ 25,130,873	\$ 2,177,688	\$ 59,735,797	\$ 87,044,358
Liabilities				
Accounts payable	\$ 58,725	\$ -	\$ 74,470	\$ 133,195
Accrued liabilities	11,500	-	183,586	195,086
Accrued interest payable	18,178	22,688	-	40,866
Due to other governmental units	-	-	136,346	136,346
Current portion of long-term debt	493,677	465,000	-	958,677
Long-term liabilities:				
Advances from primary government	130,000	-	-	130,000
Advances from State	-	-	207,081	207,081
Compensated absences	-	-	595,599	595,599
Postemployment benefits payable	-	-	2,527,483	2,527,483
Long-term debt	1,262,784	1,690,000	-	2,952,784
Total liabilities	1,974,864	2,177,688	3,724,565	7,877,117
Net position				
Invested in capital assets net of related debt	\$ 19,008,395	\$ -	\$ 54,524,762	\$ 73,533,157
Restricted for:				
Other purpose	3,635,344	-	1,486,470	5,121,814
Debt service	512,270	-	-	512,270
Total net position	\$ 23,156,009	\$ -	\$ 56,011,232	\$ 79,167,241

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

CLINTON COUNTY, MICHIGAN

Statement of Activities

Component Units

For the Year Ended December 31, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Component units					
Drainage districts	\$ 1,245,769	\$ 99,256	\$ -	\$ 1,070,081	(76,432)
Department of public works	120,789	-	120,789	-	-
Road commission	10,927,627	985,919	5,990,394	4,262,446	311,132
Total component units	<u>12,294,185</u>	<u>1,085,175</u>	<u>6,111,183</u>	<u>5,332,527</u>	<u>234,700</u>

Continued...

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

CLINTON COUNTY, MICHIGAN

Statement of Activities (Concluded)

Component Units

For the Year Ended December 31, 2012

	Component Units			
	Drainage Districts	Department of Public Works	Road Commission	Total
Changes in net assets				
Net revenue (expense)	\$ (76,432)	\$ -	\$ 311,132	\$ 234,700
General revenues:				
Investment earnings	7,085	-	-	7,085
Gain on disposal of capital assets	-	-	246,925	246,925
Total general revenues	7,085	-	246,925	254,010
Change in net position	(69,347)	-	558,057	488,710
Net position, beginning of year	23,225,356	-	55,453,175	78,678,531
Net position, end of year	<u>\$ 23,156,009</u>	<u>\$ -</u>	<u>\$ 56,011,232</u>	<u>\$ 79,167,241</u>

NOTES TO FINANCIAL STATEMENTS

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Financial Reporting Entity

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

Blended Component Unit

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

Discretely Presented Component Units

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

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

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

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

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

Joint Ventures

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

Clinton County is responsible to fund approximately 36% of the required local contribution to cover operational costs. For the year ended December 31, 2012, the County contributed \$393,830 to cover its share of operational costs. In addition, the treasury function for the Mid-Michigan District Health Department rests with the Montcalm County Treasurer. For this reason the Department is discretely presented in the Montcalm County Financial Statements.

The financial activities of the Mid-Michigan District Health Department are accounted for and reported separately from the participating units. Separate audited financial statements for their year ended September 30, 2012, are available at the Department's administrative offices. As of September 30, 2012, the Department had total net assets of \$1,744,412.

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

Jointly Governed Organizations

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

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

The Commission must adopt a proposed budget at its February meeting and submit the same to the Board of Commissioners of the three (3) Counties it serves and to the Lansing City Council with its request for allocation of funds. Each government unit contributes an equal share of the total annual budget. For the year ended December 31, 2012, the County's contribution to the Commission was \$61,740.

Tri-County Office on Aging - The organization provides comprehensive services to older individuals residing in Ingham, Eaton, and Clinton Counties. Operating revenues are derived from Federal, State, and local governments as well as fees for services. The Tri-County Office on Aging is governed by a thirteen (13) member Board appointed by the Board of Commissioners of the three (3) Counties it services. For the year ended December 31, 2012, the County's contribution to the Commission was \$41,230.

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

Tri-County Community Mental Health - The Board provides comprehensive mental health services to Ingham, Eaton, and Clinton Counties. Operation revenues are derived from Federal, State, and local governments as well as from fees for services. The Tri-County Community Mental Health is governed by a twelve (12) member Board appointed by the Board of Commissioners of the three (3) Counties it services. For the year ended December 31, 2012, the County's contribution to the Commission was \$208,537.

Mid-South Substance Abuse Commission - Clinton County, in conjunction with nine (9) other Counties, has entered into an agreement that created the Mid-South Substance Abuse Commission. This Organization's Board is composed of seventeen (17) members, of which one (1) is appointed by Clinton County. The County's financial responsibility is to pass through 50% of the Convention and Tourism revenues received to the Commission. Also, if the Commission were to need additional operating funds, the County would be responsible to contribute a portion based on the percentage of Board membership (currently 6%). For the year ended December 31, 2012, the County passed through \$156,975 and was not required to make any additional appropriation.

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

Government - Wide and Fund Financial Statements

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

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

The major governmental funds of the County are:

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

The *public improvement fund* accounts for the collection and distribution of monies specifically earmarked for statutory public improvements. Money for the operation of this fund is supplied from "Non-Tax" Revenue: charges for services, licenses and permits, sales of capital assets, state shared revenues, and interest earned. Once money is placed in this fund, it becomes committed and cannot be expended or transferred for purposes other than the public improvements specified by statute or local ordinance. It is subject to the budgetary requirements of Act 2 of the Public Acts of 1968, as amended.

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

The major proprietary fund of the County is:

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

Additionally, the County reports the following fund types:

Special revenue funds account for revenue sources that are legally restricted to expenditures for specific purposes not including trust or major capital projects.

Debt service funds account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

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

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

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

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

The *Pension and Other Postemployment Healthcare Trust Funds* accounts for activities of the Employees' Retirement Plan and a defined-benefit pension plan, which accumulate resources for retirement and other postemployment benefit payments to qualified employees.

Agency funds are used to account for assets held for other governments in an agency capacity, including tax collections.

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

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

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

Assets, Liabilities and Net Assets or Equity

Cash and Cash Equivalents

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

Investments

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

Receivables

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

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

Inventory

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

Lease Receivable

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

Advances

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

Capital Assets

Primary Government and Component Units (except Road Commission)

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

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

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

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

Component Unit - Road Commission

Capital assets, which include property, plant, equipment, and infrastructure assets (i.e., roads, bridges and similar items), are reported in the Road Commission financial statements. Capital assets are defined by Clinton County Road Commission as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of three years and/or have a schedule 'C' rental rate. Such assets are recorded at historical costs or estimated historical cost of purchase or construction. Donated capital assets are recorded at estimated fair market value at the date of donation.

The Clinton County Road Commission capitalized the current year's infrastructure and has reported the retroactive cost for major infrastructure in the Statement of Net Assets for periods ending after June 30, 1980.

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

	Years
Buildings	25-50 years
Road equipment	5-8 years
Shop equipment	10 years
Engineering equipment	10 years
Office equipment	4-10 years
Infrastructure - roads	8-30 years
infrastructure - bridges	12-50 years
Infrastructure - signals	15 years

Interfund Transactions

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

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

Long-Term Obligations

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

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

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

Deferred inflows of resources

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

Compensated Absences

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

Vested compensated absences earned as of December 31, 2012, including related payroll taxes, are recorded in the government-wide financial statements.

Fund Balance

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

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

Federal Programs

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

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

2. BUDGETARY INFORMATION

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

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

3. DEPOSITS AND INVESTMENTS

The County utilizes various pooled cash accounts and investments for 41 funds. The County's pooled cash accounts consist of a common checking account and mutual funds.

The County's pooled cash accounts and investments are utilized by the general fund, special revenue funds, debt service funds, internal service funds, trust and agency funds, and the component unit funds (with the exception of the Road Commission, which is separately maintained). Each fund's portion of these pooled accounts is included in the cash and cash equivalents caption on the applicable balance sheet or statement of net assets.

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

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

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:

	Primary Government	Component Units	Totals
Statement of Net Assets			
Cash and cash equivalents	\$ 14,504,937	\$ 4,532,169	\$ 19,037,106
Investments	31,246,935	1,000,000	32,246,935
Statement of Fiduciary Net Assets			
Postemployment healthcare fund:			
Cash and cash equivalents	726,847	-	726,847
Investments	7,719,011	-	7,719,011
Agency funds:			
Cash and cash equivalents	421,338	-	421,338
Investments	100,000	-	100,000
Total	\$ 54,719,068	\$ 5,532,169	\$ 60,251,237

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

Deposits and investments	
Bank deposits (checking accounts, savings accounts and certificates of deposit)	\$ 46,801,195
Investments:	
U.S. agencies	4,467,390
Commercial paper	499,540
Investment funds	7,719,011
Money market accounts	<u>756,851</u>
Total investments	13,442,792
Cash on hand	<u>7,250</u>
Total	<u>\$ 60,251,237</u>

	Fair Value	Investment Maturities (in Years)				Ratings
		Less Than 1	1 -5	6 - 10	> 10	Standard & Poors
U.S. Agencies	\$ 4,467,390	\$ 179,784	\$ 3,007,461	\$ 1,259,314	\$ 20,831	AAA
Commercial Paper	499,540	499,540				A1P1
Unrated funds	7,719,011					N/A
Rated Money market funds	<u>756,851</u>					AAA
Total	<u>\$ 13,442,792</u>					

Statutory Authority

State statutes authorize the County to invest in:

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

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

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

Bankers acceptances of United States banks.

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

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

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

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

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

Investment and deposit risk

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

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

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned. State law does not require and the County does not have a policy for deposit custodial credit risk. As of year-end \$10,565,601 of the County's bank balance of \$48,242,352 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.

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

4. RECEIVABLES

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

	Governmental Activities	Business-type Activities	Component Units
Taxes	\$ 919,035	\$ 3,010,181	\$ -
Special assessments			
Current	-	-	815,089
Non-current	-	-	1,307,689
Accounts	550,005	14,208	10,599
Interest	33,223	9,290	1,214
Total	\$ 1,502,263	\$ 3,033,679	\$ 2,134,591

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

	Unavailable	Unearned
Taxes receivable (general fund)	\$ 670,250	\$ -
Grant drawdowns prior to meeting all eligibility requirements (general fund)	-	3,462
Grant drawdowns prior to meeting all eligibility requirements (nonmajor governmental funds)	-	18,936
Total unavailable and unearned revenue	\$ 670,250	\$ 22,398

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

5. CAPITAL ASSETS

Primary government

Capital asset activity for the primary government for the year ended December 31, 2012, was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Governmental activities					
Capital assets, not being depreciated:					
Land and improvements	\$ 1,194,836	\$ -	\$ -	\$ -	\$ 1,194,836
Construction in progress	1,222,426	138,976	-	(1,083,450)	277,952
	<u>2,417,262</u>	<u>138,976</u>	<u>-</u>	<u>(1,083,450)</u>	<u>1,472,788</u>
Capital assets, being depreciated:					
Buildings and building improvements	32,129,102	-	-	-	32,129,102
Furniture, fixtures and equipment	7,360,303	1,736,219	(400,004)	1,083,450	9,779,968
Vehicles	1,214,010	140,029	(117,166)	-	1,236,873
	<u>40,703,415</u>	<u>1,876,248</u>	<u>(517,170)</u>	<u>1,083,450</u>	<u>43,145,943</u>
Less accumulated depreciation for:					
Buildings and building improvements	(7,807,644)	(814,825)	-	-	(8,622,469)
Furniture, fixtures and equipment	(5,136,614)	(481,462)	400,004	-	(5,218,072)
Vehicles	(603,946)	(146,047)	117,166	-	(632,827)
	<u>(13,548,204)</u>	<u>(1,442,334)</u>	<u>517,170</u>	<u>-</u>	<u>(14,473,368)</u>
Total capital assets being depreciated, net	<u>27,155,211</u>	<u>433,914</u>	<u>-</u>	<u>1,083,450</u>	<u>28,672,575</u>
Governmental activities capital assets, net	<u>\$ 29,572,473</u>	<u>\$ 572,890</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,145,363</u>

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Business-type activities					
Capital Assets being depreciated:					
Furniture, fixtures and equipment	\$ 56,007	\$ -	\$ -	\$ -	\$ 56,007
Vehicles	30,327	-	-	-	30,327
	<u>86,334</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>86,334</u>
Less accumulated depreciation for:					
Furniture, fixtures and equipment	(39,047)	(6,403)	-	-	(45,450)
Vehicles	(30,327)	-	-	-	(30,327)
	<u>(69,374)</u>	<u>(6,403)</u>	<u>-</u>	<u>-</u>	<u>(75,777)</u>
Total capital assets being depreciated, net	<u>16,960</u>	<u>(6,403)</u>	<u>-</u>	<u>-</u>	<u>10,557</u>
Business-type activities capital assets, net	<u>\$ 16,960</u>	<u>\$ (6,403)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,557</u>

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

Depreciation of governmental activities by function

General government	\$ 507,287
Public safety	418,989
Health and welfare	96,514
Recreation and cultural	142,490
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>277,054</u>
	<u>\$ 1,442,334</u>

Depreciation of business-type activities by function

Delinquent tax revolving	\$ 3,519
Building department	<u>2,884</u>
	<u>\$ 6,403</u>

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

Discretely presented component units

Capital assets activity for the Drainage district component unit for the year ended December 31, 2012, was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Component Unit - Drainage district					
Capital assets, not being depreciated:					
Construction in progress	\$ 79,631	\$ 261,480	\$ -	\$ (79,631)	\$ 261,480
Capital assets, being depreciated:					
Infrastructure	24,957,162	140,081	-	79,631	25,176,874
Less accumulated depreciation for:					
Infrastructure	(4,349,055)	(324,443)	-	-	(4,673,498)
Total capital assets being depreciated, net	20,608,107	(184,362)	-	79,631	20,503,376
Drainage districts capital assets, net	\$ 20,687,738	\$ 77,118	\$ -	\$ -	\$ 20,764,856

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

Capital assets activity for the Road Commission component unit for the year ended December 31, 2012, was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Component Unit - Road Commission				
Capital assets, not being depreciated				
Land	\$ 283,751	\$ -	\$ -	283,751
Infrastructure				
Land/right-of-way	1,259,486	-	-	1,259,486
Land improvements	6,090,012	13,566	-	6,103,578
	<u>7,633,249</u>	<u>13,566</u>	<u>-</u>	<u>7,646,815</u>
Capital assets, being depreciated:				
Buildings	1,774,338	13,600	-	1,787,938
Road equipment	6,622,967	809,324	(871,647)	6,560,644
Shop equipment	154,196	5,931	-	160,127
Office equipment	128,941	10,283	(1,405)	137,819
Engineer's equipment	22,684	531	-	23,215
Yard equipment	66,708	2,654	-	69,362
Depletable assets	75,448	-	-	75,448
Infrastructure - bridges	29,218,606	1,188,048	-	30,406,654
Infrastructure - roads	46,992,869	2,341,428	(762,649)	48,571,648
Infrastructure - signals	904,224	175,320	-	1,079,544
	<u>85,960,981</u>	<u>4,547,119</u>	<u>(1,635,701)</u>	<u>88,872,399</u>
Less accumulated depreciation for:				
Buildings	(1,131,648)	(46,216)	-	(1,177,864)
Road equipment	(5,911,771)	(356,737)	853,049	(5,415,459)
Shop equipment	(89,675)	(10,657)	-	(100,332)
Office equipment	(96,888)	(13,815)	1,201	(109,502)
Engineer's equipment	(22,274)	(268)	-	(22,542)
Yard equipment	(18,270)	(6,715)	-	(24,985)
Depletable assets	(52,806)	-	-	(52,806)
Infrastructure - bridges	(13,884,427)	(494,749)	-	(14,379,176)
Infrastructure - roads	(18,667,926)	(2,487,379)	762,649	(20,392,656)
Infrastructure - signals	(258,768)	(60,362)	-	(319,130)
	<u>(40,134,453)</u>	<u>(3,476,898)</u>	<u>1,616,899</u>	<u>(41,994,452)</u>
Total capital assets being depreciated, net	<u>45,826,528</u>	<u>1,070,221</u>	<u>(18,802)</u>	<u>46,877,947</u>
Road Commission capital assets, net	<u>\$ 53,459,777</u>	<u>\$ 1,083,787</u>	<u>\$ (18,802)</u>	<u>\$ 54,524,762</u>

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

6. INTERFUND RECEIVABLE, PAYABLES, AND TRANSFERS

The composition of interfund balances as of December 31, 2012, was as follows:

Due to and from primary government funds

	Due from Other Funds	Due to Other Funds
General fund	\$ 2,273	\$ 4,883,553
Public improvement fund	4,157,181	-
911 central dispatch fund	337,185	6,454
Nonmajor governmental funds	318,275	5,942
Nonmajor enterprise funds	-	479
Internal service funds	85,471	3,957
	<u>\$ 4,900,385</u>	<u>\$ 4,900,385</u>

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

Long-term advances as of December 31, 2012, are as follows:

Advance from general fund to:	
Nonmajor governmental funds	\$ 90,000
Internal service funds	35,000
Component unit - drainage districts	<u>130,000</u>
Total advances from general fund	<u><u>\$ 255,000</u></u>
Advance from delinquent tax revolving fund to:	
911 central dispatch	<u><u>\$ 195,788</u></u>

The advances from the general fund to drainage districts were for working capital and the remaining advances are to finance operations. The advance from the delinquent tax revolving fund to 911 central dispatch was for financing for equipment.

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

Interfund transfers as of December 31, 2012, are as follows:

	Transfers out:			Total
	General Fund	Nonmajor Governmental Funds	Delinquent Tax Revolving Fund	
Transfers in:				
General fund	\$ -	\$ 1,298,660	\$ -	\$ 1,298,660
Public improvement fund	1,142,679	-	-	1,142,679
Nonmajor governmental funds	2,937,293	-	420,712	3,358,005
Nonmajor enterprise funds	16,710	-	-	16,710
Internal service funds	1,531,209	-	-	1,531,209
Total	\$ 5,627,891	\$ 1,298,660	\$ 420,712	\$ 7,347,263

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

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

7. LONG-TERM DEBT

Changes in long-term debt

The following is a summary of changes in long-term debt (including current portions) of the County for the year ended December 31, 2012:

	Balance January 1, 2012	Additions	Deletions	Balance December 31, 2012	Due Within One Year
Primary Government					
Governmental Activities					
Direct County obligations	\$ 8,860,000	\$ -	\$ (2,155,000)	\$ 6,705,000	\$ 805,000
Compensated absences	1,241,662	730,676	(800,148)	1,172,190	767,538
	<u>10,101,662</u>	<u>730,676</u>	<u>(2,955,148)</u>	<u>7,877,190</u>	<u>1,572,538</u>
Business-type Activities					
Compensated absences	6,320	6,804	(6,562)	6,562	6,562
Total primary government	<u>10,107,982</u>	<u>737,480</u>	<u>(2,961,710)</u>	<u>7,883,752</u>	<u>1,579,100</u>
Component Units					
Department of Public Works					
Water and sewer bonds	2,590,000	-	(435,000)	2,155,000	465,000
Drainage Districts					
Drain bonds and notes	1,784,308	410,000	(437,847)	1,756,461	493,677
Road Commission					
Compensated absences	580,895	14,704	-	595,599	-
Total component units	<u>4,955,203</u>	<u>424,704</u>	<u>(872,847)</u>	<u>4,507,060</u>	<u>958,677</u>
Total reporting entity	<u>\$ 15,063,185</u>	<u>\$ 1,162,184</u>	<u>\$ (3,834,557)</u>	<u>\$ 12,390,812</u>	<u>\$ 2,537,777</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 Health Department and the Courthouse from the Clinton County Building Authority. The lease agreements stipulate that the annual rental be paid by the County to the Building Authority in amounts sufficient to meet the annual principal and interest on bonds, which shall be pledged exclusively for that purpose. When all debt has been retired for the buildings, the rentals will cease, title to the buildings will be transferred to the County, and any cash balances remaining with the Building Authority will be returned to the County.

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

Bonds payable at December 31, 2012, are as follows:

\$7,060,000 2006 Building Authority Refunding Bonds, dated March 14, 2006, due in annual installments ranging from \$615,000 to \$830,000 through May 1, 2019, with interest ranging from 3.625 to 3.8 percent, payable semi-annually.	\$ 5,210,000
\$2,200,000 2006 Capital Improvement Bonds, dated April 4, 2006, due in annual installments ranging from \$125,000 to \$195,000 through November 1, 2021, with interest ranging from 3.5 percent to 4.0 percent, payable semi-annually.	<u>1,495,000</u>
Total Direct County Obligations	<u><u>\$ 6,705,000</u></u>

Advance Refunding

On March 14, 2006, the County issued general obligation bonds of \$7,060,000. Proceeds from this bond issue were used to advance refund a portion of the 1999 Building Authority Bonds. The refunded bonds mature as scheduled on May 1, 2010 through 2019. The balance of the defeased debt outstanding at December 31, 2012, was \$6,685,000.

Accrued Compensated Absences

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

The dollar amount of these vested rights including related payroll taxes, amounted to \$503,540 and \$675,212 for vacation and sick, respectively, at December 31, 2012. Of the \$1,178,752 total liability, \$774,100 has been reported as a current liability and \$404,652 has been reported as a noncurrent liability.

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

Component Unit - Road Commission

Accrued Employee Benefit Payable

In accordance with County Road Commission personnel policies and/or contracts negotiated with various employee groups of the County Road Commission, individual employees have vested rights upon termination of employment to receive payment for unused vacation, sick leave and longevity under formulas and conditions specified in their respective personnel policies and/or contracts. The dollar amount of these vested rights, including related payroll taxes amounted to \$154,424, \$342,159, and \$99,017 for vacation, sick and longevity, respectively, at December 31, 2012. This amount, \$595,599, has been reported as a noncurrent liability.

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

Component Unit - Department of Public Works

Indirect County Obligations - Water and Sewer Bonds

The County has irrevocably pledged its full faith and credit as collateral for the following water and sewer system bonds. Payments by the municipalities to the County, in accordance with contractual agreements, provide the monies required to meet the principal and interest on the water and sewer system bonds.

Bonds payable at December 31, 2012, per respective construction projects serviced from the Component Unit Debt Service Funds of the Department of Public Works are as follows:

\$3,550,000 Bath Township Sanitary Sewage Disposal System Bonds dated November 1, 1973, due in annual installments of \$125,000 to \$175,000 through November 1, 2013, with interest of 4.0 to 5.75 percent, payable semi-annually.	\$ 175,000
\$450,000 Dewitt Township Water System Bonds dated July 25, 1995, due in annual installments ranging from \$30,000 to \$40,000 through May 1, 2015, with interest ranging from 5.0 to 7.0 percent, payable semi-annually.	110,000
\$3,055,000 Bingham Township Sanitary Sewage Project Bonds dated June 2, 1999, due in annual installment of \$160,000 through May 1, 2019 with interest of 4.25 to 5.0 percent, payable semi-annually.	1,120,000
\$995,000 Watertown Township Sanitary Sewage Project Bonds dated June 29, 2000, due in annual installments of \$60,000 through March 1, 2020, with interest of 5.1 to 7.5 percent, payable semi-annually.	480,000
\$600,000 Bath Township Sanitary Sewer Project Bonds dated January 1, 2001, due in annual installments ranging from \$30,000 to \$45,000 through May 1, 2019, with interest ranging from 4.5 to 5.2 percent, payable semi-annually.	<u>270,000</u>
Total Indirect County Obligations - Water and Sewer Bonds	<u><u>\$ 2,155,000</u></u>

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

Advance Refunding

On February 1, 1999, Bath Charter Township, through the County Department of Public Works (DPW) defeased the entire outstanding balance, \$1,020,000 of the Clinton County Water Project Bonds - Bath Township (original issue \$1,170,000) which were due and payable May 1, 2000 through May 1, 2014. This was accomplished by establishing an irrevocable trust with an escrow agent composed of cash and U.S. government securities sufficient to meet the applicable principal and interest obligations. The township, working through the DPW, sold their water system to the Lansing Board of Water and Light (BWL). As part of the agreement between the DPW, the Township, and the BWL, the BWL was required to set sufficient funds aside in an escrow account to cover future debt principal and interest payments related to this bond issue. The BWL set aside \$1,070,488 to fund the escrow amounts to pay the future debt payments, which based on BWL legal counsel calculations will be sufficient. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the County's financial statements. At December 31, 2012, bonds due and payable May 1, 2013 through May 1, 2014, for the Clinton County Water Project Bonds - Bath Township in the amount of \$130,000 are considered defeased.

Component Unit - Drainage Districts

Indirect County Obligations - Drain Bonds and Notes

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

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

Bonds and notes payable and amounts due to other local governments at December 31, 2012, per respective Drain projects serviced from the Capital Projects Funds of the Component Unit Drainage Districts are as follows:

\$875,000 Loesch Drain Bonds dated September 1, 2003, due in annual installments of \$90,000 through June 1, 2013, with interest ranging from 2.3 to 4.3 percent, payable semi-annually.	\$ 90,000
\$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.	404,250
\$540,000 Creekside Drain Bonds dated August 1, 2006, due in annual installments of \$55,000 through June 1, 2016, with interest of 4.25 percent, payable semi-annually.	220,000
\$410,000 Big Horn Drain Bonds dated October 1, 2012, due in annual installments of \$51,250 through June 1, 2020, with interest of 2.08 percent, payable annually.	410,000
Various drain notes due in various annual installments and interest rates through 2020.	<u>632,211</u>
Total Indirect County Obligations - Drain Bonds and Notes	<u><u>\$ 1,756,461</u></u>

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

Year Ended December 31,	Primary Government	
	Principal	Interest
2013	\$ 805,000	\$ 237,024
2014	835,000	206,765
2015	865,000	175,399
2016	900,000	142,735
2017	935,000	108,485
2018 - 2021	<u>2,365,000</u>	<u>122,810</u>
	<u><u>\$ 6,705,000</u></u>	<u><u>\$ 993,218</u></u>

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

Year Ended December 31,	Discretely-presented Component Units			
	Department of Public Works Water and Sewer Bonds		Drainage Districts Drain Bonds and Notes	
	Principal	Interest	Principal	Interest
2013	\$ 465,000	\$ 102,530	\$ 493,677	\$ 54,532
2014	290,000	80,628	389,633	41,662
2015	295,000	65,425	216,083	28,945
2016	260,000	51,005	216,084	23,834
2017	260,000	37,570	136,684	13,812
2018 - 2020	585,000	36,260	304,300	15,302
	<u>\$ 2,155,000</u>	<u>\$ 373,418</u>	<u>\$ 1,756,461</u>	<u>\$ 178,087</u>

8. BENEFIT PLANS

Employee Retirement System

Primary Government and Component Units (except Road Commission)

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

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

Normal Retirement:

Union: POAM/COAM

Age 55 with 20 or more years of credited service

Age 60 with 10 or more years of credited service

Mandatory Retirement: None

Union: Prosecutors/Telecommunicators

Age 60 with 10 or more years of credited service

Mandatory Retirement: None

Non-union:

Age 55 with 30 or more years of credited service

Age 60 with 10 or more years of credited service

Mandatory Retirement: None

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

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 2012 employer rate ranges from flat rate to 22.14% as a percentage of annual covered payrolls and varies by the participating employee groups. These contributions are funded by the County on behalf of plan members. In addition, certain employee bargaining groups have negotiated benefits whereby the participating members are required to contribute to the Plan. These participation levels range from 0% to 6.7% of their annual covered payroll. The contribution requirements of the County are established and may be amended by the MERS Retirement Board. The contribution requirements of plan members are established and may be amended by the County, depending on the MERS contribution program adopted and/or negotiated by the County.

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

Annual required contribution	\$ 1,504,911
Interest on net pension asset	(69,456)
Adjustment to annual required contribution	<u>218,027</u>
Net pension cost (expense)	1,653,482
Contributions made	<u>(1,932,825)</u>
Increase in net pension asset	(279,343)
Net pension (asset), beginning of year	<u>(1,218,532)</u>
Net pension (asset), end of year	<u>\$ (1,497,875)</u>

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

The annual required contribution was determined as part of an actuarial valuation of the plan as of December 31, 2010, using the entry age normal cost method. Significant actuarial assumptions used in determining the pension benefit obligation include (1) a rate of return on the investment of present and future assets of 8%, (2) projected salary increases of 4.5% per year compounded annually, attributable to inflation, (3) additional projected salary increases ranging from 0.0% to 8.4% per year, depending on age, attributable to seniority/merit. The employer contribution rate has been determined based on the entry age normal cost method. Under the entry age normal cost funding method, the total employer contribution is comprised of the normal cost plus the level annual percentage of payroll payment required to amortize the unfunded actuarial accrued liability over 20, 22, 24 or 28 years. The employer normal cost is, for each employee, the level percentage of payroll contribution (from entry age to retirement) required to accumulate sufficient assets at the member's retirement to pay for his or her projected benefit.

Three-Year Trend Information			
Year Ended December 31,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset
2010	\$ 1,568,718	111%	\$ 819,054
2011	1,565,117	126%	1,218,532
2012	1,653,482	117%	1,497,875

Funded Status and Funding Progress. As of December 31, 2011, the most recent actuarial valuation date, the Plan was 79 percent funded. The actuarial liability for benefits was \$43,290,899, and the actuarial value of assets was \$34,174,620, resulting in an unfunded actuarial accrued liability (UAAL) of \$9,116,279. The covered payroll (annual payroll of active employees covered by the Plan) was \$8,269,714, and the ratio of the UAAL to the covered payroll was 110 percent.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Component Unit - Road Commission

Description of Plan and Plan Assets

The Road Commission is in an agent multiple-employer defined benefit pension plan with the Municipal Employees' Retirement System (MERS). The system provides the following provisions: normal retirement, deferred retirement, service retirement allowance, disability retirement allowance, non-duty-connected death, duty-connected death, and post-retirement adjustments to plan members and their beneficiaries. The service requirement for all qualified employees is computed using credited service at the time of termination of membership multiplied by the sum of 2.5% times the final average compensation (FAC) with 5-year averaging for office and road union and 3-year averaging for administrative salaries, with a maximum benefit of 80% of the FAC. Administrative salaried retirees have a benefit 'E-1 and E-2' plan allowing for a 2.5% annual increase. This defined benefit plan includes all employees except for administrative salaried employees hired after January 1, 2007, clerical union and road union employees hired after January 1, 2010.

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

Administrative salaried employees hired after January 1, 2007 and office and road union employees hired after January 1, 2010, are in a MERS Hybrid Retirement Plan with the Road Commission contributing 1.5% of the employee's applicable salary into the defined benefit portion (allowing for a 1.5% multiplier for the defined benefit portion) and 1% of the employee's applicable salary into the defined contribution portion. The defined contribution portion is a 401 Qualified Plan utilizing ICMA-RC (the International City Management Association Retirement Corporation) as the third-party administrator. The MERS Hybrid Retirement Plan has a 6 year vesting requirement, a 3-year FAC, and is payable at age 60. The 401 Qualified Plan through ICMA-RC had a balance of \$140,242 at December 31, 2012. This balance includes \$7,801 of employer contributions and \$135,013 of employee contributions.

The most recent period for which actuarial data was available was for the year ended December 31, 2011.

MERS was established in 1946 under Public Act 135 of 1945 and granted independence from the State of Michigan pursuant to Public Act 220 of 1996, effective August 15, 1996. MERS is administered under the provisions of Public Act 427 of 1984, as amended. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to MERS at 1134 Municipal Way, Lansing, Michigan 48917.

Funding policy. The Road Commission is required to contribute at an actuarially determined rate for the defined benefit plans. Based on the 2009 actuarial valuation, the 2011 rate for general-union/AFLCIO, administrative salary, administrative salary hired after January 1, 2007 and administrative hourly employees was 15.08%, 34.00%, 7.94%, and 7.08%, respectively, of annual compensation. Each member is required to contribute 3% of his or her annual compensation and 3% was paid by the employees for both years in all plans aside from the Hybrid Plan. This plan is applicable for administrative employees hired after January 1, 2007 and union employees hired after January 1, 2010. The Hybrid plan does not require an employee contribution on the defined benefit portion. However, the employee may elect to contribute into the defined contribution portion of the plan.

Annual pension cost. During the year ended December 31, 2011, the Road Commission contributed \$412,077 and the employee contributed \$62,824. Payments were made in accordance with contribution requirements determined by an actuarial valuation of the plan as of December 31, 2010, and 3% employee share. The employer contribution rate has been determined based on the entry age normal funding method. Under this method, the total employer contribution is comprised of the normal cost plus the level annual percentage of payroll payment required to amortize the unfunded actuarial accrued liability over 30 years. The employer's normal cost is, for each employee, the level percentage of payroll contribution (from entry age to retirement) required to accumulate sufficient assets at the member's retirement to pay for his or her projected benefit.

CLINTON COUNTY, MICHIGAN

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Significant actuarial assumptions used include a long-term investment yield rate of 8% and annual salary increases of 1.0% based on an age-related scale to reflect merit, longevity, and promotional salary increases.

Three-Year Trend Information		
Year Ended December 31,	Annual Pension Cost (APC)	Percentage of APC Contributed
2009	\$ 429,132	100%
2010	445,884	100%
2011	483,984	100%

Funded Status and Funding Progress. As of December 31, 2011, the most recent actuarial valuation date, the Plan was 70 percent funded. The actuarial liability for benefits was \$17,539,047, and the actuarial value of assets was \$12,285,972, resulting in an unfunded actuarial accrued liability (UAAL) of \$5,253,075. The covered payroll (annual payroll of active employees covered by the Plan) was \$2,131,939, and the ratio of the UAAL to the covered payroll was 246 percent.

9. DEFINED CONTRIBUTION PLAN

The County's Defined Contribution Plan is a 401-money purchase plan, established by the County and administered by MERS. All Non-Union County employees hired on or after January 1, 2007 are required to participate in the plan. In addition, prosecutors and telecommunicators hired on or after January 1, 2008 are also required to participate in the plan. The County will contribute on behalf of each participant 6% of earnings. Participants are not required to contribute, but can make a one-time election to contribute 2% of their earnings, of which the County will match for a total employer and employee contribution of 10%. Employees are immediately vested.

Employer contributions to the Plan for the year ended December 31, 2012, amounted to \$88,979 and employee contributions were \$19,651.

10. DEFERRED COMPENSATION PLAN

Road Commission

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

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

11. CONTINGENT LIABILITIES

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

12. RISK MANAGEMENT

Primary Government and Component Units (except Road Commission)

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

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

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

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

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

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

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

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

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

The limit of insurance for general and auto liability was \$15,000,000. The property damage blanket limit of insurance at December 31, 2012, was \$51,909,728.

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

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

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

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

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

Component Unit - Road Commission

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

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

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

13. PROPERTY TAXES AND TAXES RECEIVABLE

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

Taxable values are established annually by the local municipalities and are equalized by the County based on State statutes at an estimated percentage of the current market value. Real and personal property in Clinton County for the 2012 levy had a taxable value of \$2,411,597,879 on which ad valorem taxes levied for County general operating purposes was 5.8 mills.

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

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

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

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

14. POSTEMPLOYMENT HEALTH CARE BENEFITS

Primary Government and Component Units (except Road Commission)

Plan description. The County provides certain health care benefits, including prescription drug benefits for employees who have retired. Substantially all of the County's employees may become eligible for those benefits when they reach twenty (20) years of service and 60 years of age. Under this program the County pays \$492.90 per month for each eligible employee and out-of-area eligible employee under age 65, and \$316.67 per month for each eligible employee and out-of-area eligible employee age 65 or older.

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

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

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

Funding policy. The Trust is being funded based on 198 employees and 51 retirees. The County has chosen to fund the Trust based on assumptions of annual cost increases for benefits ranging from 4.5% to 9% and a 7% return on investments.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The accompanying schedules of employer contributions present trend information about the amounts contributed to the plan by employers in comparison to the ARC, an amount that is actuarially determined in accordance with GASB Statement 43. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost for each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

CLINTON COUNTY, MICHIGAN

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Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Additional information as of the latest actuarial valuation of December 31, 2011 follows:

Actuarial cost method	Individual entry-age
Amortization method	Level percent of payroll (open divisions) Level dollar (divisions closed to new hires)
Remaining amortization period	30 years
Actuarial assumptions:	
Investment rating return	7.0 percent
Projected salary increases*	4.8 percent to 12.9 percent
Cost-of-living adjustments	None

*Includes inflation at 4.5 percent

Annual OPEB costs and net OPEB asset. The County's annual OPEB cost and change in the net OPEB asset for the current year were as follows:

Annual required contribution	\$ 298,521
Interest on net OPEB asset	(124,624)
Adjustment to annual required contribution	<u>365,603</u>
Annual OPEB cost	539,500
Contributions made	<u>(1,057,890)</u>
Increase in net OPEB asset	(518,390)
Net OPEB (asset), beginning of year	<u>(1,780,338)</u>
Net OPEB (asset), end of year	<u><u>\$ (2,298,728)</u></u>

Three-Year Trend Information			
Year Ended December 31,	Annual OPEB Cost (AOC)	Percentage of AOC Contributed	Net OPEB Asset
2010	\$ 713,578	114%	\$ 471,609
2011	(180,744)	624%	1,780,338
2012	539,500	196%	2,298,728

Funded Status and Funding Progress. As of December 31, 2011, the most recent actuarial valuation date, the Plan was 83 percent funded. The actuarial liability for benefits was \$8,227,779, and the value of assets was \$6,804,955, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,422,824.

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

Component Unit - Road Commission

The Road Commission agrees to pay the full premium for hospitalization medical coverage for retired road union and office union employees and their spouses, in accordance with the agreements between the Road Commission management and the employee unions affiliated with the American Federation of State, County and Municipal employees, AFL-CIO with the stipulation that they retire under the MERS Retirement Plan with full retirement benefits. Retired employees and/or spouses under the age of 65 are covered with a Blue Cross Flexible Blue Plan with the employer paying 80% of the deductible expense. For union retired employees and/or spouses over age 65, coverage includes a United Healthcare supplemental insurance with a \$10/\$40 prescription drug plan. If an office union employee dies with 20 years service time, the spouse is covered.

In addition, the Road Commission agrees to pay the full premium for hospitalization medical coverage for retired administrative salaried employees and their spouses. Retired employees and/or spouses under the age of 65 are covered with a McLaren Health Plan with the employer paying 80% of the deductible expense. For administrative retired employees and/or spouses over age 65, coverage includes a United Healthcare supplemental insurance with a \$10/\$40 prescription drug plan with no reimbursement of prescription drugs. If an administrative employee dies with 20 years service time, the spouse is covered. Administrative salaried employees hired after January 1, 2007 and road union employees hired after January 1, 2010 will have health insurance benefits provided for the retiree only.

Expenditures for health care benefits are recognized on a pay as you go basis as premiums come due. During 2012, 64 retirees and/or spouses were eligible for benefits, and \$374,468 was recognized for post-employment health insurance expenditures in the Road Commission Operating Fund.

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

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

Summary of significant accounting policies. Effective January 1, 2006, the Road Commission adopted, by resolution on October 20, 2005, the MERS HCSP-Defined Benefit Program Plan 3, as a trust, to administer funds set aside for the payment of health, vision and dental benefits. The trust is part of a single-employer retiree healthcare savings plan that is administered by MERS. The plan covers substantially all retirees and future retirees of the Road Commission.

Plan description. The trust provides for future payment of health, vision, and dental benefits for retirees and their spouses and dependents. Salaried administrative staff hired after January 1, 2007 and office union and road union staff hired after January 1, 2010 will receive benefits for the retiree only and must pay the premium, in full, for any dependents.

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

The obligation to provide benefits to employees was established by negotiation with collective bargaining units or other actions of the Board of road commissioners. Significant actuarial assumptions used include a long-term investment yield rate of 6% and annual salary increases of 4.5% based on an age-related scale to reflect merit, longevity, and promotional salary increases. Actuarial calculations reflect a long-term perspective that is designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

Contributions. The Road Commission may partially or fully fund the liability of the trust by periodically making contributions to the trust. The Road Commissions funding policy is to pay all premiums as they come due from the road fund and set aside funding in the trust at an annual rate of \$60,000. The amount set aside in the trust may be adjusted by the Board from time to time as it deems appropriate. Employees are not required to contribute to the plan.

Investment gains less administrative costs of \$45,209 were incurred during the current year. Future investment and administrative costs will be financed by the trust. As of December 31, 2012, the plan's reserves for benefits were \$510,467.

Funding progress. The schedule of funding progress presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The Road Commission expects to have an actuarial valuation performed every three years.

Annual OPEB cost and net OPEB obligation. For the year ended December 31, 2012, the Road Commission has estimated the cost of providing retiree healthcare benefits using the alternative measurement method permitted by GASB Statement No. 45 for employers in plans with fewer than one hundred total plan members. The alternative measurement method computes the annual required contribution. The valuation computed required contribution and actual funding are summarized as follows:

Annual required contribution	\$ 814,638
Interest on net OPEB asset	130,102
ARC adjustment	<u>(151,164)</u>
Annual OPEB cost	793,576
Contributions made	<u>(434,468)</u>
Increase in net OPEB obligation	359,108
Net OPEB obligation, beginning of year	<u>2,168,375</u>
Net OPEB obligation, end of year	<u>\$ 2,527,483</u>

Net OPEB Obligation Trend Information			
Year Ended December 31,	Annual OPEB Cost (AOC)	Percentage of AOC Contributed	Net OPEB Obligation
2010	1,057,891	53%	1,500,581
2011	1,092,780	39%	2,168,375
2012	793,576	55%	2,527,483

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

Funded Status and Funding Progress. As of December 31, 2012, the most recent actuarial valuation date, the Plan was 4.76 percent funded. The actuarial liability for benefits was \$10,720,603, and the actuarial value of assets was \$510,467, resulting in an unfunded actuarial accrued liability (UAAL) of \$10,210,136. The covered payroll (annual payroll of active employees covered by the Plan) was \$2,199,406, and the ratio of the UAAL to the covered payroll was 464 percent.

15. FEDERAL GRANTS - ROAD COMMISSION

The Michigan Department of Transportation (MDOT) requires that road commissions report all Federal and State grants pertaining to their county. During the calendar year ended December 31, 2012, the Federal aid received and expended by the Road Commission was \$2,043,183 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, 2012, the Road Commission received \$0 in Federal grants for negotiated projects. Negotiated projects are projects that are performed by the Road Commission and are subject to single audit requirements, if the amount expended is \$500,000 or more. A single audit was not required to be performed for the calendar year ended December 31, 2012, by the Road Commission auditors.

16. FUND EQUITY DESIGNATIONS

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

The following are the various net asset designations as of December 31, 2012:

Delinquent Tax Revolving Fund

Designated for MERS unfunded liability	\$ 5,015,563
Designated for prepaids to locals	10,000,000

17. IMPLEMENTATION OF NEW STANDARD

The County adopted the provisions of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, in the current year. While the classification of certain financial elements in the financial statements were revised, the implementation of this standard had no effect on total equity.

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

18. FUND BALANCES - GOVERNMENTAL FUNDS

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

	General Fund	Public Improvement	911 Center Dispatch	Nonmajor Governmental Funds	Total
Nonspendable:					
Long-term advances	\$ 255,000	\$ -	\$ -	\$ -	\$ 255,000
Permanent fund corpus	-	-	-	2,350	2,350
	<u>255,000</u>	<u>-</u>	<u>-</u>	<u>2,350</u>	<u>257,350</u>
Restricted for:					
Revenue sharing	-	-	-	2,142,155	2,142,155
911 central dispatch	-	-	1,843,033	-	1,843,033
Waste management	-	-	-	607,259	607,259
Register of deeds	-	-	-	199,284	199,284
Corrections training	-	-	-	39,036	39,036
Drug forfeiture	-	-	-	54,801	54,801
Law library	-	-	-	48,061	48,061
Community corrections	-	-	-	29,286	29,286
Act 302 training	-	-	-	11,822	11,822
Child care	-	-	-	1,439,426	1,439,426
Veterans trust	-	-	-	364	364
Audits or tax exemptions	-	-	-	7,856	7,856
Debt service	-	-	-	1,138,160	1,138,160
Total restricted	<u>-</u>	<u>-</u>	<u>1,843,033</u>	<u>5,717,510</u>	<u>7,560,543</u>
Committed for:					
Family counseling	38,807	-	-	-	38,807
Tri-County Metro	75,000	-	-	-	75,000
Budget stabilization	200,000	-	-	-	200,000
Sick and vacation pay	1,172,190	-	-	-	1,172,190
Debt service	4,533,064	-	-	-	4,533,064
Park land	-	750,000	-	-	750,000
Animal shelter	-	1,356,584	-	-	1,356,584
Equipment replacement	-	1,816,620	-	-	1,816,620
Total committed	<u>6,019,061</u>	<u>3,923,204</u>	<u>-</u>	<u>-</u>	<u>9,942,265</u>
Assigned:					
Soldiers and sailors	-	-	-	-	-
Public improvement	-	232,442	-	-	232,442
Friend of the court	-	-	-	259,174	259,174
Probation enhancement	-	-	-	36,444	36,444
Total assigned	<u>-</u>	<u>232,442</u>	<u>-</u>	<u>295,618</u>	<u>528,060</u>
Unassigned	<u>7,011,527</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,011,527</u>
Total fund balances, governmental funds	<u>\$ 13,285,588</u>	<u>\$ 4,155,646</u>	<u>\$ 1,843,033</u>	<u>\$ 6,015,478</u>	<u>\$ 25,299,745</u>

CLINTON COUNTY, MICHIGAN

Notes To Financial Statements

19. INVESTED IN CAPITAL ASSETS NET OF RELATED DEBT

The composition of net assets invested in capital assets, net of related debt as of December 31, 2012, was as follows:

	Governmental Activities	Business-type Activities	Component Units
Capital assets:			
Capital assets not being depreciated	\$ 1,472,788	\$ -	\$ 7,908,295
Capital assets being depreciated, net	28,672,575	10,557	67,381,323
	<u>30,145,363</u>	<u>10,557</u>	<u>75,289,618</u>
Related debt:			
Current portion of long-term debt	805,000	-	493,677
Noncurrent portion of long-term debt	5,900,000	-	1,262,784
	<u>6,705,000</u>	<u>-</u>	<u>1,756,461</u>
Invested in capital assets, net of capital related debt	<u>\$ 23,440,363</u>	<u>\$ 10,557</u>	<u>\$ 73,533,157</u>

20. CAFETERIA PLAN

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

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

21. SUBSEQUENT EVENTS

In February and March of 2013, the County entered into agreements with Hobbs+Black Architects and Clark Construction Company for construction of the Clinton County Animal Shelter in 2013. The total estimated construction cost of this project is \$900,000.



REQUIRED SUPPLEMENTARY INFORMATION

CLINTON COUNTY, MICHIGAN

Required Supplementary Information - Municipal Employees Retirement System of Michigan

Schedule of Funding Progress and Employer Contributions

For the Year Ended December 31, 2012

SCHEDULE OF FUNDING PROGRESS						
Actuarial Valuation Date December 31,	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
2005	\$ 22,397,270	\$ 30,115,835	\$ 7,718,565	74%	\$ 8,268,999	93%
2006	24,446,212	32,626,474	8,180,262	75%	8,537,396	96%
2007	26,709,096	34,803,935	8,094,839	77%	8,614,386	94%
2008	28,195,682	37,413,014	9,217,359	75%	8,769,003	105%
2009	29,897,883	38,394,413	8,496,530	78%	8,612,307	99%
2010	32,003,087	40,698,282	8,695,195	79%	8,450,542	103%
2011	34,174,620	43,290,899	9,116,279	79%	8,269,714	110%

SCHEDULE OF EMPLOYER CONTRIBUTIONS		
Year Ended December 31,	Annual Required Contribution	Percentage Contributed
2006	\$ 1,286,232	105%
2007	1,290,212	108%
2008	1,332,543	108%
2009	1,308,712	119%
2010	1,482,435	117%
2011	1,461,977	134%
2012	1,504,911	128%

CLINTON COUNTY, MICHIGAN

Required Supplementary Information - Post-Employment Health Care Benefits Trust

Schedule of Funding Progress and Employer Contributions

For the Year Ended December 31, 2012

SCHEDULE OF FUNDING PROGRESS						
Actuarial Valuation Date December 31,	Value Of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
2007	\$ 3,647,447	\$ 6,830,539	\$ 3,183,092	53%	n/a	n/a
2009	4,922,083	6,968,974	2,046,891	71%	n/a	n/a
2011	6,804,955	8,227,779	1,422,824	83%	n/a	n/a

SCHEDULE OF EMPLOYER CONTRIBUTIONS		
Year Ended December 31,	Annual Required Contribution	Percentage Contributed
2008	\$ 635,767	132%
2009	652,377	131%
2010	663,232	123%
2011	285,666	395%
2012	298,521	354%

The information presented in the supplemental schedule was determined as part of the actuarial valuation at the dates indicated. Additional information as of the latest actuarial valuation (December 31, 2011) follows:

Actuarial cost method	Individual entry-age
Amortization method	Level percent of payroll (open divisions) Level dollar (divisions closed to new hires)
Remaining amortization period	30 years
Actuarial assumptions:	
Investment rating return	7 percent
Projected salary increases	4.8 percent to 12.9 percent, includes inflation at 4.5 percent
Cost-of-living adjustments	None

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COMBINING AND INDIVIDUAL FUND STATEMENTS

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GENERAL FUND

CLINTON COUNTY, MICHIGAN

Detailed Schedule of Revenue, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund

For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenue				
Taxes:				
Current and delinquent property taxes	\$ 13,493,285	\$ 13,493,285	\$ 13,925,020	\$ 431,735
Mobile home park taxes	10,000	10,000	10,583	583
Other tax revenue	20,000	20,000	44,459	24,459
Total taxes	13,523,285	13,523,285	13,980,062	456,777
Licenses and permits:				
Dog licenses	131,000	131,000	118,372	(12,628)
Other licenses and permits	21,000	21,000	31,899	10,899
Building and planning permits	20,000	20,000	29,610	9,610
Soil erosion	81,989	81,989	42,200	(39,789)
Total licenses and permits	253,989	253,989	222,081	(31,908)
Intergovernmental:				
CRP - Prosecuting attorney	75,000	75,000	85,729	10,729
Juvenile grant - Title I, Part D	-	31,145	30,932	(213)
Employment service	89,350	89,485	89,124	(361)
Support incentive	90,000	90,000	88,257	(1,743)
Brownfield assessment	200,000	71,578	71,578	-
Clean michigan initiative	-	147,867	147,867	-
Work of heart	34,514	45,323	42,896	(2,427)
Housing grant	125,000	-	-	-
Liquor license	5,000	5,000	7,353	2,353
Liquor convention facility	286,925	313,925	313,949	24
Victims' rights	63,059	63,478	62,054	(1,424)
Drivers license restoration	-	-	416	416
Probate court judge salary	94,195	94,195	94,195	-
Circuit court judge	91,448	91,448	91,448	-
District court judge	45,724	45,724	45,724	-
Probate court judge	45,724	45,724	54,426	8,702
Juvenile court director	27,317	27,317	27,317	-
District court state aid	20,000	20,000	27,330	7,330
Cigarette tax	-	3,988	3,988	-
Marine safety	3,556	4,165	4,164	(1)
Prosecuting attorney food stamp	-	-	1,972	1,972
Homeland security	17,513	251,906	181,210	(70,696)
PA 345	43,842	44,571	44,571	-
Court equity	180,000	194,620	194,620	-
Road patrol	104,803	104,803	73,115	(31,688)

Continued...

CLINTON COUNTY, MICHIGAN

Detailed Schedule of Revenue, Expenditures and Changes in Fund Balance Budget and Actual - General Fund (Continued) For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenue (concluded)				
Intergovernmental (concluded):				
Highway safety	\$ -	\$ -	\$ -	-
Emergency management	30,000	30,000	30,106	106
Other	4,000	4,000	61,071	57,071
Total intergovernmental	<u>1,676,970</u>	<u>1,895,262</u>	<u>1,875,412</u>	<u>(19,850)</u>
Charges for services:				
Sheriff	56,880	56,880	87,321	30,441
Treasurer fees	8,500	8,500	14,992	6,492
Drain commissioner	1,000	1,000	2,098	1,098
Friend of the Court service fees	40,000	40,000	43,756	3,756
District court	1,400,000	1,746,677	1,748,863	2,186
Probation - juvenile	-	-	448	448
Clerk	165,000	165,000	175,350	10,350
Register of deeds	365,000	544,745	545,360	615
Probate court	20,000	20,000	24,164	4,164
Planning department	-	-	-	-
Care of prisoners	1,126,000	1,555,256	1,540,098	(15,158)
Total charges for services	<u>3,182,380</u>	<u>4,138,058</u>	<u>4,182,450</u>	<u>44,392</u>
Interest and rents:				
Interest	75,000	75,000	70,854	(4,146)
Rents	11,300	11,300	31,109	19,809
Total interest and rents	<u>86,300</u>	<u>86,300</u>	<u>101,963</u>	<u>15,663</u>
Other				
Contributions	10,000	10,000	13,296	3,296
Sale of equipment	-	-	-	-
Reimbursements - indirect costs	600,369	700,369	737,100	36,731
Reimbursements - other	311,766	820,031	846,172	26,141
Total other	<u>922,135</u>	<u>1,530,400</u>	<u>1,596,568</u>	<u>66,168</u>
Total revenue	<u>19,645,059</u>	<u>21,427,294</u>	<u>21,958,536</u>	<u>531,242</u>
Expenditures				
Current:				
General government:				
Board of commissioners	294,281	284,281	268,677	(15,604)
Circuit court	448,564	438,928	424,722	(14,206)
District court	1,023,169	1,026,169	1,022,658	(3,511)
Probate court	937,674	939,937	915,927	(24,010)

Continued...

CLINTON COUNTY, MICHIGAN

Detailed Schedule of Revenue, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund (Continued)

For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (continued)				
Current (continued):				
General government (concluded):				
Family counseling	\$ 6,000	\$ 6,000	\$ 5,603	\$ (397)
Jury board	5,050	5,050	4,749	(301)
Adult probation	4,800	4,908	4,907	(1)
County administrator	466,235	427,680	417,962	(9,718)
Accounting	251,244	251,244	244,000	(7,244)
Elections	118,781	125,781	125,752	(29)
Clerk	448,785	450,747	435,445	(15,302)
Equalization	252,753	258,887	254,109	(4,778)
Prosecuting attorney	983,198	997,617	991,324	(6,293)
Register of deeds	274,895	252,983	241,301	(11,682)
County survey and remonumentation	43,842	44,571	44,571	-
Record copying	30,720	20,720	7,567	(13,153)
Treasurer	312,601	336,432	334,133	(2,299)
Cooperative extension	276,967	290,733	288,506	(2,227)
Courthouse and grounds	1,413,548	1,298,548	1,135,163	(163,385)
Drain commissioner	545,961	545,961	511,319	(34,642)
Soil conservation	12,000	12,000	12,000	-
Other	31,000	34,158	33,194	(964)
Total general government	8,182,068	8,053,335	7,723,589	(329,746)
Public safety:				
Sheriff - general	2,992,273	3,135,415	3,135,414	(1)
Highway safety	-	-	-	-
Marine safety	3,556	4,165	4,164	(1)
Secondary road patrol	104,803	104,803	73,114	(31,689)
Metro squad	-	37,777	37,777	-
Jail	3,230,963	3,220,963	3,211,205	(9,758)
Emergency services	106,470	355,863	280,788	(75,075)
Animal control	193,691	193,691	191,950	(1,741)
Total public safety	6,631,756	7,052,677	6,934,412	(118,265)
Public works:				
Drains at large	56,500	56,500	56,174	(326)
Department of public works	1,600	1,600	278	(1,322)
Total public works	58,100	58,100	56,452	(1,648)

Continued...

CLINTON COUNTY, MICHIGAN

Detailed Schedule of Revenue, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund (Continued)

For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (continued)				
Current (continued):				
Health and welfare:				
Contagious disease	\$ 8,000	\$ 8,000	\$ 5,405	\$ (2,595)
Tri-county aging consortium	42,230	42,230	41,955	(275)
Building stronger community council	15,500	15,500	15,500	-
Substance abuse appropriation	143,463	156,975	156,975	-
Medical examiner	60,200	50,200	44,649	(5,551)
District health department	391,015	393,830	393,830	-
Mental health	208,537	208,537	208,537	-
Veterans affairs	55,211	56,132	56,132	-
Total health and welfare	924,156	931,404	922,983	(8,421)
Community and economic development:				
MSHDA housing	125,000	-	-	-
Planning department	209,811	208,011	188,992	(19,019)
Plat board	1,240	1,240	80	(1,160)
Tri-county regional planning commission	61,740	61,740	61,740	-
Economic development	250,000	269,445	269,445	-
Employment services	89,350	89,485	89,399	(86)
Total community and economic development	737,141	629,921	609,656	(20,265)
Recreation and cultural:				
Parks and recreation	119,171	119,171	107,356	(11,815)
Library board	300	300	-	(300)
Historical commission	300	300	-	(300)
Total recreation and cultural	119,771	119,771	107,356	(12,415)
Other				
Insurance and bonds	372,750	325,150	324,940	(210)
Other	412,097	599,636	411,122	(188,514)
Total other	784,847	924,786	736,062	(188,724)
Total expenditures	17,437,839	17,769,994	17,090,510	(679,484)
Revenue over (under) expenditures	2,207,220	3,657,300	4,868,026	1,210,726

Continued...

CLINTON COUNTY, MICHIGAN

Detailed Schedule of Revenue, Expenditures and Changes in Fund Balance Budget and Actual - General Fund (Concluded) For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Other financing sources (uses)				
Transfers from other funds	\$ 1,270,318	\$ 1,970,591	\$ 1,298,660	\$ (671,931)
Transfers to other funds				
Friend of the court	(400,000)	(400,000)	(400,000)	-
Law library fund	(14,000)	(14,000)	(14,000)	-
Central telephone	(10,000)	(10,000)	(10,000)	-
MIS	(468,095)	(768,095)	(768,095)	-
Building authority funds	(836,078)	(1,776,078)	(1,776,078)	-
Public improvement fund	(635,240)	(1,142,679)	(1,142,679)	-
County vehicles fund	(125,200)	(325,200)	(325,200)	-
Community corrections fund	(20,000)	(20,000)	(20,000)	-
Child care fund	(952,215)	(727,215)	(727,215)	-
Retirement	-	(427,914)	(427,914)	-
4-H fair	(16,710)	(16,710)	(16,710)	-
Total other financing sources (uses)	<u>(2,207,220)</u>	<u>(3,657,300)</u>	<u>(4,329,231)</u>	<u>(671,931)</u>
Net change in fund balances	-	-	538,795	538,795
Fund balances, beginning of year	<u>12,746,793</u>	<u>12,746,793</u>	<u>12,746,793</u>	<u>-</u>
Fund balances, end of year	<u><u>\$ 12,746,793</u></u>	<u><u>\$ 12,746,793</u></u>	<u><u>\$ 13,285,588</u></u>	<u><u>\$ 538,795</u></u>

NONMAJOR GOVERNMENTAL FUNDS

CLINTON COUNTY, MICHIGAN

Combining Balance Sheet Nonmajor Governmental Funds December 31, 2012

	Special Revenue Funds			
	Friend of the Court	Waste Management	Register of Deeds Automation	Corrections Training
Assets				
Cash and cash equivalents	\$ 274,632	\$ 592,561	\$ 199,284	\$ 39,036
Investments	-	-	-	-
Receivables				
Accounts	-	29,708	-	-
Interest	-	-	-	-
Due from other funds	-	-	-	-
Due from other governmental units				
Federal/State	101,888	-	-	-
Total assets	<u>\$ 376,520</u>	<u>\$ 622,269</u>	<u>\$ 199,284</u>	<u>\$ 39,036</u>
Liabilities				
Accounts payable	\$ 1,724	\$ 9,148	\$ -	\$ -
Accrued payroll	22,037	5,107	-	-
Due to other funds	3,585	755	-	-
Deferred revenue	-	-	-	-
Advance from other funds	90,000	-	-	-
Total liabilities	<u>117,346</u>	<u>15,010</u>	<u>-</u>	<u>-</u>
Fund balance				
Nonspendable	-	-	-	-
Restricted	-	607,259	199,284	39,036
Assigned	259,174	-	-	-
Total fund balances	<u>259,174</u>	<u>607,259</u>	<u>199,284</u>	<u>39,036</u>
Total liabilities and fund balances	<u>\$ 376,520</u>	<u>\$ 622,269</u>	<u>\$ 199,284</u>	<u>\$ 39,036</u>



Special Revenue Funds					
Drug Forfeiture	Law Library	County Library	Probation Enhancement	Community Corrections	Act 302 Training
\$ 73,789	\$ 48,351	\$ -	\$ 36,444	\$ 8,995	\$ 10,372
-	-	-	-	-	-
-	-	-	-	-	1,450
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	23,031	-
<u>\$ 73,789</u>	<u>\$ 48,351</u>	<u>\$ -</u>	<u>\$ 36,444</u>	<u>\$ 32,026</u>	<u>\$ 11,822</u>
\$ 52	\$ 290	\$ -	\$ -	\$ -	\$ -
-	-	-	-	2,446	-
-	-	-	-	294	-
18,936	-	-	-	-	-
-	-	-	-	-	-
<u>18,988</u>	<u>290</u>	<u>-</u>	<u>-</u>	<u>2,740</u>	<u>-</u>
-	-	-	-	-	-
54,801	48,061	-	-	29,286	11,822
-	-	-	36,444	-	-
<u>54,801</u>	<u>48,061</u>	<u>-</u>	<u>36,444</u>	<u>29,286</u>	<u>11,822</u>
<u>\$ 73,789</u>	<u>\$ 48,351</u>	<u>\$ -</u>	<u>\$ 36,444</u>	<u>\$ 32,026</u>	<u>\$ 11,822</u>

Continued...

CLINTON COUNTY, MICHIGAN

Combining Balance Sheet

Nonmajor Governmental Funds

December 31, 2012

	Special Revenue Funds			
	Revenue Sharing Reserve	Child Care	Veterans Trust	Homestead Property Tax Exemption
Assets				
Cash and cash equivalents	\$ 10,797	\$ 1,324,331	\$ 7,780	\$ 7,902
Investments	1,807,504	-	-	-
Receivables				
Accounts	-	-	-	-
Interest	5,579	-	-	-
Due from other funds	318,275	-	-	-
Due from other governmental units				
Federal/State	-	204,756	-	-
Total assets	<u>\$ 2,142,155</u>	<u>\$ 1,529,087</u>	<u>\$ 7,780</u>	<u>\$ 7,902</u>
Liabilities				
Accounts payable	\$ -	\$ 81,021	\$ 7,416	\$ 46
Accrued payroll	-	7,332	-	-
Due to other funds	-	1,308	-	-
Deferred revenue	-	-	-	-
Advance from other funds	-	-	-	-
Total liabilities	<u>-</u>	<u>89,661</u>	<u>7,416</u>	<u>46</u>
Fund balance				
Nonspendable	-	-	-	-
Restricted	2,142,155	1,439,426	364	7,856
Assigned	-	-	-	-
Total fund balances	<u>2,142,155</u>	<u>1,439,426</u>	<u>364</u>	<u>7,856</u>
Total liabilities and fund balances	<u>\$ 2,142,155</u>	<u>\$ 1,529,087</u>	<u>\$ 7,780</u>	<u>\$ 7,902</u>

Debt Service Funds			Permanent Fund	
Building Authority - Jail	Building Authority - Courthouse	Health Department	Cemetery Perpetual Care	Total Nonmajor Governmental Funds
\$ -	\$ 151,007	\$ 113,717	\$ -	\$ 2,898,998
-	768,681	100,000	2,350	2,678,535
-	-	-	-	31,158
-	4,207	548	-	10,334
-	-	-	-	318,275
-	-	-	-	329,675
<u>\$ -</u>	<u>\$ 923,895</u>	<u>\$ 214,265</u>	<u>\$ 2,350</u>	<u>\$ 6,266,975</u>
\$ -	\$ -	\$ -	\$ -	\$ 99,697
-	-	-	-	36,922
-	-	-	-	5,942
-	-	-	-	18,936
-	-	-	-	90,000
-	-	-	-	251,497
-	-	-	2,350	2,350
-	923,895	214,265	-	5,717,510
-	-	-	-	295,618
-	923,895	214,265	2,350	6,015,478
<u>\$ -</u>	<u>\$ 923,895</u>	<u>\$ 214,265</u>	<u>\$ 2,350</u>	<u>\$ 6,266,975</u>

Concluded

CLINTON COUNTY, MICHIGAN

Combining Statement of Revenue, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds For the Year Ended December 31, 2012

	Special Revenue Funds			
	Friend of the Court	Waste Management	Register of Deeds Automation	Corrections Training
Revenue				
Intergovernmental - Federal/State	\$ 547,387	\$ -	\$ -	\$ -
Charges for services	28,282	417,532	79,380	12,890
Fines and forfeits	-	-	-	-
Interest and rents	-	-	367	-
Other	-	4,445	-	1,050
Total revenue	575,669	421,977	79,747	13,940
Expenditures				
Current:				
General government	945,091	-	44,905	-
Public safety	-	-	-	7,299
Public works	-	361,857	-	-
Health and welfare	-	-	-	-
Community and economic development	-	-	-	-
Recreation and cultural	-	-	-	-
Debt service	-	-	-	-
Total expenditures	945,091	361,857	44,905	7,299
Revenue over (under) expenditures	(369,422)	60,120	34,842	6,641
Other financing sources (uses)				
Transfers in	400,000	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	400,000	-	-	-
Net change in fund balances	30,578	60,120	34,842	6,641
Fund balances, beginning of year	228,596	547,139	164,442	32,395
Fund balances, end of year	\$ 259,174	\$ 607,259	\$ 199,284	\$ 39,036



Special Revenue Funds					
Drug Forfeiture	Law Library	County Library	Probation Enhancement	Community Corrections	Act 302 Training
\$ -	\$ -	\$ -	\$ -	\$ 68,933	\$ 5,463
-	-	-	-	-	-
44,020	6,500	3,030	4,356	-	-
117	-	-	-	-	-
-	-	-	-	-	-
<u>44,137</u>	<u>6,500</u>	<u>3,030</u>	<u>4,356</u>	<u>68,933</u>	<u>5,463</u>
-	18,400	-	-	-	-
9,854	-	-	-	86,803	6,399
-	-	-	-	-	-
-	-	-	-	-	-
-	-	3,030	-	-	-
-	-	-	-	-	-
<u>9,854</u>	<u>18,400</u>	<u>3,030</u>	<u>-</u>	<u>86,803</u>	<u>6,399</u>
<u>34,283</u>	<u>(11,900)</u>	<u>-</u>	<u>4,356</u>	<u>(17,870)</u>	<u>(936)</u>
-	14,000	-	-	20,000	-
-	-	-	-	-	-
<u>-</u>	<u>14,000</u>	<u>-</u>	<u>-</u>	<u>20,000</u>	<u>-</u>
34,283	2,100	-	4,356	2,130	(936)
20,518	45,961	-	32,088	27,156	12,758
<u>\$ 54,801</u>	<u>\$ 48,061</u>	<u>\$ -</u>	<u>\$ 36,444</u>	<u>\$ 29,286</u>	<u>\$ 11,822</u>

Continued...

CLINTON COUNTY, MICHIGAN

Combining Statement of Revenue, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds For the Year Ended December 31, 2012

	Special Revenue Funds			
	Revenue Sharing Reserve	Child Care	Veterans Trust	Homestead Property Tax Exemption
Revenue				
Intergovernmental - Federal/State	\$ -	\$ 652,584	\$ 26,288	\$ -
Charges for services	-	6,651	-	-
Fines and forfeits	-	-	-	-
Interest and rents	10,957	-	-	-
Other	-	-	-	2,532
Total revenue	10,957	659,235	26,288	2,532
Expenditures				
Current:				
General government	82	-	-	2,977
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	1,317,191	27,676	-
Community and economic development	-	-	-	-
Recreation and cultural	-	-	-	-
Debt service	-	-	-	-
Total expenditures	82	1,317,191	27,676	2,977
Revenue over (under) expenditures	10,875	(657,956)	(1,388)	(445)
Other financing sources (uses)				
Transfers in	-	727,215	-	-
Transfers out	(1,292,717)	-	-	-
Total other financing sources (uses)	(1,292,717)	727,215	-	-
Net change in fund balances	(1,281,842)	69,259	(1,388)	(445)
Fund balances, beginning of year	3,423,997	1,370,167	1,752	8,301
Fund balances, end of year	\$ 2,142,155	\$ 1,439,426	\$ 364	\$ 7,856

Debt Service Funds			Permanent Fund	Total Nonmajor Governmental Funds
Building Authority - Jail	Building Authority - Courthouse	Health Department	Cemetery Perpetual Care	
\$ -	\$ -	\$ -	\$ -	\$ 1,300,655
-	-	-	-	544,735
-	-	-	-	57,906
386	5,339	942	-	18,108
-	-	-	-	8,027
<u>386</u>	<u>5,339</u>	<u>942</u>	<u>-</u>	<u>1,929,431</u>
309	236	221	-	1,012,221
-	-	-	-	110,355
-	-	-	-	361,857
-	-	-	-	1,344,867
-	-	-	-	-
-	-	-	1,500	4,530
<u>1,411,886</u>	<u>843,678</u>	<u>192,400</u>	<u>-</u>	<u>2,447,964</u>
<u>1,412,195</u>	<u>843,914</u>	<u>192,621</u>	<u>1,500</u>	<u>5,281,794</u>
<u>(1,411,809)</u>	<u>(838,575)</u>	<u>(191,679)</u>	<u>(1,500)</u>	<u>(3,352,363)</u>
1,160,712	843,678	192,400	-	3,358,005
(5,943)	-	-	-	(1,298,660)
<u>1,154,769</u>	<u>843,678</u>	<u>192,400</u>	<u>-</u>	<u>2,059,345</u>
(257,040)	5,103	721	(1,500)	(1,293,018)
<u>257,040</u>	<u>918,792</u>	<u>213,544</u>	<u>3,850</u>	<u>7,308,496</u>
<u>\$ -</u>	<u>\$ 923,895</u>	<u>\$ 214,265</u>	<u>\$ 2,350</u>	<u>\$ 6,015,478</u>

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NONMAJOR ENTERPRISE FUNDS

CLINTON COUNTY, MICHIGAN

Combining Statement of Net Position Nonmajor Enterprise Funds December 31, 2012

	Jail Commissary	Building Department	County Extension Community Center	Total
Assets				
Cash and cash equivalents	\$ 48,473	\$ 441,351	\$ 26,726	\$ 516,550
Accounts receivable	-	12,277	-	12,277
Inventory	2,676	-	-	2,676
Total assets	<u>\$ 51,149</u>	<u>\$ 453,628</u>	<u>\$ 26,726</u>	<u>\$ 531,503</u>
Liabilities				
Accounts payable	\$ 6,896	\$ 86	\$ 567	\$ 7,549
Accrued liabilities	-	11,037	675	11,712
Due to other funds	-	479	-	479
Total liabilities	<u>6,896</u>	<u>11,602</u>	<u>1,242</u>	<u>19,740</u>
Net position				
Unrestricted	<u>44,253</u>	<u>442,026</u>	<u>25,484</u>	<u>511,763</u>
Total net position	<u>\$ 44,253</u>	<u>\$ 442,026</u>	<u>\$ 25,484</u>	<u>\$ 511,763</u>

CLINTON COUNTY, MICHIGAN

Combining Statement of Revenues, Expenses, and Changes in Net Position

Nonmajor Enterprise Funds

For the Year Ended December 31, 2012

	Jail Commissary	Building Department	County Extension Community Center	Total
Operating revenues				
Sales	\$ 97,404	\$ -	\$ -	\$ 97,404
Rent	-	-	9,535	9,535
Building and trade permits	-	293,474	-	293,474
Other	-	-	697	697
Total operating revenues	97,404	293,474	10,232	401,110
Operating expenses				
Personal services and fringes	-	90,105	-	90,105
Operating supplies	100,427	3,263	22,911	126,601
Contracted services	-	43,178	-	43,178
Depreciation	-	2,884	-	2,884
Other	-	48,240	-	48,240
Total operating expenses	100,427	187,670	22,911	311,008
Operating income (loss)	(3,023)	105,804	(12,679)	90,102
Transfers				
Transfers in	-	-	16,710	16,710
Change in net position	(3,023)	105,804	4,031	106,812
Net position, beginning of year	47,276	336,222	21,453	404,951
Net position, end of year	\$ 44,253	\$ 442,026	\$ 25,484	\$ 511,763

CLINTON COUNTY, MICHIGAN

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

For the Year Ended December 31, 2012

	Jail Commissary	Building Department	County Extension Community Center	Total
Cash flows from operating activities				
Receipts from customers and users	\$ 97,404	\$ 291,589	\$ 10,232	\$ 399,225
Payments to vendors	(92,440)	(184,652)	(24,832)	(301,924)
Net cash provided by (used in) operating activities	<u>4,964</u>	<u>106,937</u>	<u>(14,600)</u>	<u>97,301</u>
Cash flows from noncapital financing activities				
Transfers in	-	-	16,710	16,710
Net increase in cash	4,964	106,937	2,110	114,011
Cash and cash equivalents, beginning of year	43,509	334,414	24,616	402,539
Cash and cash equivalents, end of year	<u>\$ 48,473</u>	<u>\$ 441,351</u>	<u>\$ 26,726</u>	<u>\$ 516,550</u>
Cash flows from operating activities				
Operating income (loss)	\$ (3,023)	\$ 105,804	\$ (12,679)	\$ 90,102
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	-	2,884	-	2,884
Change in:				
Accounts receivable	-	(1,945)	-	(1,945)
Inventory	4,560	-	-	4,560
Accounts payable	3,427	(336)	(1,296)	1,795
Accrued liabilities	-	470	(625)	(155)
Due to other funds	-	60	-	60
Net cash provided by (used in) operating activities	<u>\$ 4,964</u>	<u>\$ 106,937</u>	<u>\$ (14,600)</u>	<u>\$ 97,301</u>

INTERNAL SERVICE FUNDS

CLINTON COUNTY, MICHIGAN

Combining Statement of Net Position

Internal Service Funds

December 31, 2012

	Central Stores	Central Telephone	MIS	Drain Equipment Revolving
Assets				
Cash and cash equivalents	\$ 14,880	\$ 204,954	\$ 1,110,293	\$ 161,409
Investments	-	-	-	-
Accounts receivable	-	-	-	-
Interest receivable	-	-	-	-
Inventory	11,450	-	-	-
Due from other funds	-	-	-	-
Capital assets, net	-	194,974	286,175	41,865
Total assets	26,330	399,928	1,396,468	203,274
Liabilities				
Accounts payable	-	891	29,166	-
Accrued liabilities	-	-	34,200	-
Advances from other funds	25,000	-	-	10,000
Due to other funds	-	-	1,388	2,273
Total liabilities	25,000	891	64,754	12,273
Net position				
Invested in capital assets	-	194,974	286,175	41,865
Restricted for employee benefits	-	-	-	-
Unrestricted	1,330	204,063	1,045,539	149,136
Total net position	\$ 1,330	\$ 399,037	\$ 1,331,714	\$ 191,001

County Vehicles	Employee Retirement	Insurance	Unemployment	Workers Compensation	Total
\$ 781,678	\$ 596,054	\$ 1,694,666	\$ 177,710	\$ 212,402	\$ 4,954,046
-	3,082,481	-	132,442	202,632	3,417,555
-	-	-	-	59,816	59,816
-	2,502	-	725	769	3,996
-	-	-	-	-	11,450
-	56,842	24,035	1,165	3,429	85,471
429,718	-	-	-	-	952,732
<u>1,211,396</u>	<u>3,737,879</u>	<u>1,718,701</u>	<u>312,042</u>	<u>479,048</u>	<u>9,485,066</u>
-	586,150	20,415	-	-	636,622
-	-	5,158	-	-	39,358
-	-	-	-	-	35,000
-	-	296	-	-	3,957
-	586,150	25,869	-	-	714,937
429,718	-	-	-	-	952,732
-	3,151,729	1,692,832	312,042	479,048	5,635,651
781,678	-	-	-	-	2,181,746
<u>\$ 1,211,396</u>	<u>\$ 3,151,729</u>	<u>\$ 1,692,832</u>	<u>\$ 312,042</u>	<u>\$ 479,048</u>	<u>\$ 8,770,129</u>

CLINTON COUNTY, MICHIGAN

Combining Statement of Revenues, Expenses, and Changes in Net Position

Internal Service Funds

For the Year Ended December 31, 2012

	Central Stores	Central Telephone	MIS	Drain Equipment Revolving
Operating revenues				
Charges for services	\$ 65,166	\$ 51,059	\$ 2,260	\$ 37,157
Other	-	-	-	50,513
Total operating revenues	65,166	51,059	2,260	87,670
Operating expenses				
Personal services and fringes	-	-	229,630	-
Supplies	65,166	-	7,030	-
Contracted services	-	3,713	69,260	-
Depreciation	-	2,936	151,417	18,319
Other	-	52,550	156,954	57,569
Total operating expenses	65,166	59,199	614,291	75,888
Operating income (loss)	-	(8,140)	(612,031)	11,782
Nonoperating revenues				
Interest revenue	-	-	-	-
Gain on sale of capital assets	-	-	-	-
Total nonoperating revenues	-	-	-	-
Income before transfers	-	(8,140)	(612,031)	11,782
Transfers				
Transfers in	-	10,000	768,095	-
Change in net position	-	1,860	156,064	11,782
Net position, beginning of year	1,330	397,177	1,175,650	179,219
Net position, end of year	\$ 1,330	\$ 399,037	\$ 1,331,714	\$ 191,001

County Vehicles	Employee Retirement	Insurance	Unemployment	Workers Compensation	Total
\$ -	\$ 1,487,903	\$ 1,981,407	\$ -	\$ -	\$ 3,624,952
-	-	-	27,254	143,072	220,839
-	1,487,903	1,981,407	27,254	143,072	3,845,791
-	2,041,455	1,892,898	4,501	162,162	4,330,646
-	-	-	-	-	72,196
-	-	-	-	-	72,973
104,382	-	-	-	-	277,054
42,178	-	21,156	-	1,043	331,450
146,560	2,041,455	1,914,054	4,501	163,205	5,084,319
(146,560)	(553,552)	67,353	22,753	(20,133)	(1,238,528)
-	14,289	3,395	1,109	1,475	20,268
16,692	-	-	-	-	16,692
16,692	14,289	3,395	1,109	1,475	36,960
(129,868)	(539,263)	70,748	23,862	(18,658)	(1,201,568)
325,200	427,914	-	-	-	1,531,209
195,332	(111,349)	70,748	23,862	(18,658)	329,641
1,016,064	3,263,078	1,622,084	288,180	497,706	8,440,488
<u>\$ 1,211,396</u>	<u>\$ 3,151,729</u>	<u>\$ 1,692,832</u>	<u>\$ 312,042</u>	<u>\$ 479,048</u>	<u>\$ 8,770,129</u>

CLINTON COUNTY, MICHIGAN

Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended December 31, 2012

	Central Stores	Central Telephone	MIS	Drain Equipment Revolving
Cash flows from operating activities				
Receipts from customers and users	\$ 65,228	\$ 51,073	\$ 2,260	\$ 87,670
Payments to vendors	(71,773)	(55,673)	(222,045)	(71,468)
Salary and benefit payments	-	-	(229,630)	-
Net cash provided by (used in) operating activities	(6,545)	(4,600)	(449,415)	16,202
Cash flows from capital and related financing activities				
Proceeds from sale of capital assets	-	-	-	-
Capital purchases	-	(194,974)	(34,386)	(6,327)
Net cash provided (used) by capital and related financing activities	-	(194,974)	(34,386)	(6,327)
Cash flows from noncapital financing activities				
Transfers in	-	10,000	768,095	-
Cash flows from investing activities				
Purchase of investments	-	-	-	-
Maturity of investments	-	-	-	-
Interest revenue	-	-	-	-
Net cash provided by investing activities	-	-	-	-
Net increase (decrease) in cash	(6,545)	(189,574)	284,294	9,875
Cash and cash equivalents, beginning of year	21,425	394,528	825,999	151,534
Cash and cash equivalents, end of year	\$ 14,880	\$ 204,954	\$ 1,110,293	\$ 161,409
Cash flows from operating activities				
Operating income (loss)	\$ -	\$ (8,140)	\$ (612,031)	\$ 11,782
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	-	2,936	151,417	18,319
Change in:				
Accounts receivable	62	14	-	-
Inventory	(6,227)	-	-	-
Due from other funds	-	-	-	-
Accounts payable	(380)	590	10,052	(2,432)
Accrued liabilities	-	-	983	-
Due to other funds	-	-	164	(11,467)
Net cash provided by (used in) operating activities	\$ (6,545)	\$ (4,600)	\$ (449,415)	\$ 16,202

County Vehicles	Employee Retirement	Insurance	Unemployment	Workers Compensation	Total
\$ -	\$ 1,480,976	\$ 1,979,442	\$ 27,087	\$ 141,746	\$ 3,835,482
(42,178)	-	(21,492)	-	(1,043)	(485,672)
-	(1,455,305)	(1,892,898)	(4,501)	(162,162)	(3,744,496)
(42,178)	25,671	65,052	22,586	(21,459)	(394,686)
16,692	-	-	-	-	16,692
(133,702)	-	-	-	-	(369,389)
(117,010)	-	-	-	-	(352,697)
325,200	427,914	-	-	-	1,531,209
-	(3,082,481)	-	(132,442)	(202,632)	(3,417,555)
-	3,068,835	-	131,720	201,527	3,402,082
-	14,289	3,395	1,109	1,475	20,268
-	643	3,395	387	370	4,795
166,012	454,228	68,447	22,973	(21,089)	788,621
615,666	141,826	1,626,219	154,737	233,491	4,165,425
\$ 781,678	\$ 596,054	\$ 1,694,666	\$ 177,710	\$ 212,402	\$ 4,954,046
\$ (146,560)	\$ (553,552)	\$ 67,353	\$ 22,753	\$ (20,133)	\$ (1,238,528)
104,382	-	-	-	-	277,054
-	(131)	-	(68)	(1,089)	(1,212)
-	-	-	-	-	(6,227)
-	(6,796)	(1,965)	(99)	(237)	(9,097)
-	586,150	1,901	-	-	595,881
-	-	(2,271)	-	-	(1,288)
-	-	34	-	-	(11,269)
\$ (42,178)	\$ 25,671	\$ 65,052	\$ 22,586	\$ (21,459)	\$ (394,686)

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AGENCY FUNDS

CLINTON COUNTY, MICHIGAN

Combining Statement of Fiduciary Assets and Liabilities

Agency Funds
December 31, 2012

	Trust and Agency	Library	Total
Assets			
Cash and cash equivalents	\$ 326,602	\$ 94,736	\$ 421,338
Investments	-	100,000	100,000
Total assets	\$ 326,602	\$ 194,736	\$ 521,338
Liabilities			
Undistributed collections payable	\$ 3,019	\$ -	\$ 3,019
Due to other governmental units			
Federal/State	154,994	-	154,994
Local	-	194,736	194,736
Due to individuals and agencies	168,589	-	168,589
Total liabilities	\$ 326,602	\$ 194,736	\$ 521,338

COMPONENT UNITS

CLINTON COUNTY, MICHIGAN

Combining Balance Sheet

Drainage Districts Component Unit

December 31, 2012

	Debt Service	Capital Projects			Total
	Drain Debt Retirement	Regular Drain	Revolving Drain	Revolving Drain Maintenance	
Assets					
Cash and cash equivalents	\$ 333,227	\$ 820,436	\$ 49,587	\$ 36,615	\$ 1,239,865
Investments	-	1,000,000	-	-	1,000,000
Accrued interest receivable	-	1,214	-	-	1,214
Accounts receivable	-	2,160	-	-	2,160
Cash - restricted	-	-	-	-	-
Special assessments receivable	1,511,410	611,368	-	-	2,122,778
Due from other funds	-	-	85,381	4,170	89,551
Total assets	\$ 1,844,637	\$ 2,435,178	\$ 134,968	\$ 40,785	\$ 4,455,568
Liabilities					
Accounts payable	\$ -	\$ 53,757	\$ 4,968	\$ -	\$ 58,725
Accrued liabilities	6,500	5,000	-	-	11,500
Due to other funds	-	89,551	-	-	89,551
Advances from primary government	-	-	130,000	-	130,000
Total liabilities	6,500	148,308	134,968	-	289,776
Deferred inflows of resources					
Unavailable revenue - special assessments	1,307,689	-	-	-	1,307,689
Fund balances					
Restricted for debt service	530,448	-	-	-	530,448
Assigned					
Designated for capital expenditures	-	2,286,870	-	40,785	2,327,655
Total fund balances	530,448	2,286,870	-	40,785	2,858,103
Total liabilities, deferred inflows of resources and fund balances	\$ 1,844,637	\$ 2,435,178	\$ 134,968	\$ 40,785	\$ 4,455,568

CLINTON COUNTY, MICHIGAN

Reconciliation

Net Changes in Fund Balances of Governmental Funds
To the Statement of Net Position - Drainage Districts
December 31, 2012

Fund balances - total governmental funds	\$ 2,858,103
Amounts reported for <i>governmental activities</i> in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.	
The cost of capital assets is	25,438,354
Accumulated depreciation is	(4,673,498)
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:	
Unearned revenue - special assessments	1,307,689
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	(18,178)
Bonds payable	(1,756,461)
Net position of governmental activities	<u>\$ 23,156,009</u>

CLINTON COUNTY, MICHIGAN

Combining Statement of Revenue, Expenditures and Changes in Fund Balances Drainage Districts Component Unit For the Year Ended December 31, 2012

	Debt Service	Capital Project			Total
	Drain Debt Retirement	Regular Drain	Revolving Drain	Revolving Drain Maintenance	
Revenue					
Charges for services	\$ -	\$ 23,594	\$ -	\$ -	\$ 23,594
Interest	836	5,922	-	327	7,085
Other					
Special assessments	248,053	827,483	-	-	1,075,536
Miscellaneous	-	75,662	-	-	75,662
Total revenue	248,889	932,661	-	327	1,181,877
Expenditures					
Capital outlay	-	1,199,922	-	-	1,199,922
Debt service					
Principal	482,133	-	-	-	482,133
Interest and fiscal charges	75,845	-	-	-	75,845
Total expenditures	557,978	1,199,922	-	-	1,757,900
Revenue over (under) expenditures	(309,089)	(267,261)	-	327	(576,023)
Other financing sources (uses)					
Transfer in from component units	194,149	47,642	-	-	241,791
Transfer out to component units	(47,642)	(194,149)	-	-	(241,791)
Bond and note proceeds	-	410,000	-	-	410,000
Total other financing sources (uses)	146,507	263,493	-	-	410,000
Change in fund balances	(162,582)	(3,768)	-	327	(166,023)
Fund balances, beginning of year	693,030	2,290,638	-	40,458	3,024,126
Fund balances, end of year	\$ 530,448	\$ 2,286,870	\$ -	\$ 40,785	\$ 2,858,103

CLINTON COUNTY, MICHIGAN

Reconciliation

Net Changes in Fund Balances of Governmental Funds
To Change in the Statement of Activities - Drainage Districts
For the Year Ended December 31, 2012

Net change in fund balances - total governmental funds \$ (166,023)

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	401,561
Depreciation expense	(324,443)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (5,455)

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

In the current year, these amounts consist of:

Long-term debt proceeds	(410,000)
Bond principal retirement	437,847

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

These activities consist of:

Increase in accrued interest payable	(2,834)
--------------------------------------	---------

Change in net position of governmental activities \$ (69,347)

CLINTON COUNTY, MICHIGAN

Combining Balance Sheet

Department of Public Works Component Unit
 December 31, 2012

	Debt Service				
	Bath Township #4	Dewitt Charter Township #13	Bingham Township #14	Watertown Charter #15	Bath Township #16
Assets					
Assets	\$ -	\$ -	\$ -	\$ -	\$ -
Fund balance					
Unassigned	\$ -	\$ -	\$ -	\$ -	\$ -



Capital Projects	
Township Projects	Total
\$ -	\$ -
\$ -	\$ -

CLINTON COUNTY, MICHIGAN

■ Reconciliation

Net Changes in Fund Balances of Governmental Funds
To the Statement of Net Assets - Department of Public Works
December 31, 2012

Total fund balances - total governmental funds	\$ -
Amounts reported for <i>governmental activities</i> in the statement of net assets are different	
Long-term receivables are not available to pay for current period expenditures and therefore are not reported as assets in the funds.	
Long-term receivables at year-end consist of:	
Lease receivable	2,177,688
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	(22,688)
Bonds payable	<u>(2,155,000)</u>
Net position of governmental activities	<u><u>\$ -</u></u>

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CLINTON COUNTY, MICHIGAN

Combining Statement of Revenue, Expenditures

and Changes in Fund Balances

Department of Public Works Component Unit

For the Year Ended December 31, 2012

	Debt Service				
	Bath Township #4	Dewitt Charter Township #13	Bingham Township #14	Watertown Charter #15	Bath Township #16
Revenue					
Intergovernmental - local	\$ 163,400	\$ 43,187	\$ 219,380	\$ 89,150	\$ 44,585
Expenditures					
Debt service					
Principal	150,000	35,000	160,000	60,000	30,000
Interest and fiscal charges	13,400	8,187	59,380	29,150	14,585
Total expenditures	163,400	43,187	219,380	89,150	44,585
Change in fund balances	-	-	-	-	-
Fund balances, beginning of year	-	-	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ -	\$ -	\$ -



Capital Projects	
Township Projects	Total
\$ -	\$ 559,702
-	435,000
-	124,702
-	559,702
-	-
-	-
\$ -	\$ -

CLINTON COUNTY, MICHIGAN

Reconciliation

Net Changes in Fund Balances of Governmental Funds
To Change in the Statement of Activities - Department of Public Works
For the Year Ended December 31, 2012

Net change in fund balances - total governmental funds	\$ -
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:	
Repayment of long-term debt and borrowing of long-term debt is reported as expenditures and other financing sources in governmental funds, but the repayment reduces long-term liabilities and the borrowings increase long-term liabilities in the statement of net assets.	
In the current year, these amounts consist of:	
Bond principal retirement	435,000
Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as revenues or expenditures in governmental funds.	
These activities consist of:	
Decrease in accrued interest payable	3,913
Decrease in lease receivables	(438,913)
	<hr/>
Change in net position of governmental activities	<u>\$ -</u>