

County of Calhoun,
Michigan



Year Ended
December 31, 2012

Comprehensive
Annual Financial
Report

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COUNTY OF CALHOUN, MICHIGAN

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2012

Board of Commissioners:

Art Kale, Chairperson

Julie Camp Seifke, Vice Chairperson

Blaine VanSickle

Jim Haadsma

Terris E. Todd

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Kathy-Sue Dunn

Prepared by:

Finance Department

County Administrator/Controller:

Kelli Scott

Assistant County Administrator:

Bradley Wilcox

County of Calhoun, Michigan

Table of Contents

	<u>Page</u>
Introductory Section	
Letter of Transmittal	1
Certificate of Achievement for Excellence in Financial Reporting	7
Organizational Chart	8
Financial Section	
Independent Auditors' Report	11
Management's Discussion and Analysis	16
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	28
Statement of Activities	29
Fund Financial Statements:	
Balance Sheet - Governmental Funds	32
Reconciliation of Fund Balances for Governmental Funds to Net Position of Governmental Activities	34
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	36
Reconciliation of Net Changes in Fund Balances of Governmental Funds to Change in Net Position of Governmental Activities	38
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual:	
General Fund	39
Health Department Special Revenue Fund	43
Senior Millage Special Revenue Fund	44
Road Department Special Revenue Fund	45
Child Care Special Revenue Fund	46
Statement of Net Position - Proprietary Funds	47
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds	48
Statement of Cash Flows - Proprietary Funds	49
Statement of Fiduciary Net Position	51
Statement of Changes in Fiduciary Net Position	52
Combining Statement of Net Position - Component Units	53
Combining Statement of Activities - Component Units	54
Notes to Financial Statements	56

County of Calhoun, Michigan

Table of Contents

	<u>Page</u>
Required Supplementary Information:	
Employees Retirement System/Other Postemployment Benefit Plan	100
Municipal Employees Retirement System	101
Municipal Employees Retirement System - Road Component	102
Other Postemployment Benefit Plan - Road Component	103
Combining and Individual Fund Financial Statements and Schedules:	
General Operating Fund - Detail Schedule of Revenues - Road Department	106
General Operating Fund - Detail Schedule of Expenditures - Road Department	107
General Operating Fund - Detail Schedule of Revenues, Expenditures and Changes in Fund Balances - Road Department	108
Combining Balance Sheet - Nonmajor Governmental Funds	109
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	110
Combining Balance Sheet - Nonmajor Special Revenue Funds	114
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds	120
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Nonmajor Special Revenue Funds	126
Combining Balance Sheet - Nonmajor Debt Service Funds	152
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Debt Service Funds	153
Combining Statement of Net Position - Nonmajor Enterprise Funds	156
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position - Nonmajor Enterprise Funds	157
Combining Statement of Cash Flows - Nonmajor Enterprise Funds	158
Combining Statement of Net Position - Internal Service Funds	160
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position - Internal Service Funds	162
Combining Statement of Cash Flows - Internal Service Funds	164
Combining Statement of Fiduciary Net Position - Pension and Other Employee Benefit Trust Funds	170
Combining Statement of Changes in Fiduciary Net Position - Pension and Other Employee Benefit Trust Funds	171
Combining Statement of Assets and Liabilities - Agency Funds	172
Combining Statement of Changes in Assets and Liabilities - All Agency Funds	174
Statement of Net Position and Governmental Funds Balance Sheet - Water Resources Commission Component Unit	178
Reconciliation of Fund Balances of Governmental Funds to Net Position - Water Resources Commission Component Unit	180
Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balance - Water Resources Commission Component Unit	182
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities - Water Resources Commission Component Unit	184

County of Calhoun, Michigan

Table of Contents

	<u>Page</u>
Statistical Section (Unaudited)	
Financial Trends:	
Net Position by Component	186
Changes in Net Position	187
Fund Balances - Governmental Funds	189
Changes in Fund Balances:	
Governmental Funds	190
General Fund	192
Revenue Capacity:	
Assessed and Actual Value of Taxable Property	194
Direct and Overlapping Property Tax Rates	195
Principal Property Tax Payers	196
Property Tax Levies and Collections	197
Debt Capacity:	
Ratios of Net General Bonded Debt Outstanding	198
Computation of Net Direct and Overlapping Debt	199
Legal Debt Margin	200
Demographic and Economic Information:	
Demographic and Economic Statistics	201
Principal Employers	202
Full-Time Equivalent County Government Employees by Function/Program	203
Operating Information:	
Operating Indicators by Function/Program	204
Capital Asset Statistics by Function/Program	205
Schedule of Insurance	206

INTRODUCTORY SECTION

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Calhoun County

Office of the Administrator/Controller

"Building A Better County Through Responsive Leadership"

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Marshall, MI 49068

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July 18, 2013

**To the Honorable Chairman, Members of the Board of Commissioners
and the Citizens of the County of Calhoun, Michigan:**

The comprehensive annual financial report of the County of Calhoun, Michigan (the "County") for the year ended December 31, 2012, is hereby submitted in accordance with Michigan Act 2 of the Public Acts of 1968, as amended. This Act requires that the County issue an annual report on its financial position and activity, and that this report be audited by an independent firm of certified public accountants.

This report consists of management's representations concerning the finances of the County. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, our framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As Management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The County's financial statements have been audited by Rehmann Robson, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended December 31, 2012, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statements presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the County's financial statements for the fiscal year ended December 31, 2012, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The County is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. The auditors' report related specifically to the single audit is not included in this document, but is issued under separate cover.

PROFILE OF CALHOUN COUNTY GOVERNMENT

Calhoun County was incorporated on October 29, 1829. It covers an area of approximately 720 square miles. The County Seat is located in the City of Marshall, mid-way between Chicago and Detroit near the junction of two major interstate highways - I-94 (east-west) and I-69 (north-south). The City of Battle Creek is the largest metropolitan area in the County. The population of the County per the 2010 U.S. Census estimate is 136,146.

The County is governed by a seven-member elected Board of Commissioners. Members of the Board of Commissioners are elected on a partisan basis for two-year terms from within their respective districts that are approximately equal in population. The Board elects from its ranks a Chairperson and a Vice Chairperson by majority vote. The administration of the County, other than as delegated to elected officials, is guided by the County Administrator/Controller who is appointed by a two-thirds vote of the Board of Commissioners and serves at its pleasure. The Board is responsible for determining the type and level of County services, adoption of the County Budget, equalization of County property values, legislative oversight of County services and the appointment of various boards, commissions and County officials. In turn, the County Administrator/Controller is responsible for carrying out the Board's policies and resolutions, and managing the day-to-day operations of the County.

Judges of the 37th Judicial Circuit and the Probate Court and the 10th District Court are elected at large for six-year terms. Operation of the court system is under the auspices of the Michigan Supreme Court and the respective presiding Judges, while the County government primarily provides financial support.

Administration of the County is divided by the Michigan Constitution among various statutory County officials, including the County Treasurer, County Clerk/Register of Deeds, Prosecuting Attorney, Water Resources Commissioner and Sheriff, who are elected at-large for four-year terms. The County Treasurer is the custodian of all funds, administers the collection of delinquent property taxes, and performs other duties concerned with the interrelated fiscal affairs of County departments and agencies. The duties of the County Clerk include keeping and maintaining records of births, deaths, marriages and discharges of military personnel, and serving as Clerk of the Board of Commissioners. The duties of the Register of Deeds include the recording of deeds, mortgages, surveys, plats, notices of liens and bills of sales. The Prosecuting Attorney prosecutes violations of State criminal law within the County and may represent the County in appropriate Courts. The County Water Resources Commissioner administers the location, construction and maintenance of drains in the County. The Sheriff's duties involve the charge and custody of the County Jail, the serving of processes and primary law enforcement response in areas of the County without local police functions.

In addition, the Board of Commissioners appoints several County officials, including the Administrator/Controller, Corporation Counsel, Health Officer, Medical Examiner and the Equalization Director with responsibilities as defined by statute, County ordinance or resolution. The Administrator/Controller's responsibilities include direction of central administrative functions of the County government and acting as a liaison on behalf of the Board of Commissioners between County offices, appointed officials and the general public. The Office of Corporation Counsel is responsible for legal advice, counsel or court action in all cases involving an official act or duty of a county officer, elected official or county department. The Health Officer directs the operation of the County Health Department in accordance with Board of Commissioner's directions and as authorized by State law. The Equalization Director oversees the equalization process of the County as prescribed by law.

The Board of Commissioners also appoints various boards and commissions to oversee specific County services and to advise the Board on certain matters of interest. Appointments to boards overseeing specific County functions include the Parks & Recreation Commission, Board of Health, Senior Millage Allocation Committee, Summit Pointe Board of Directors, and Veterans Affairs Committee. The Board also appoints members to various advisory committees and to regional bodies overseeing other programs providing services to the residents of the County.

The business of the County is carried out on a daily basis by approximately 612 employees located on several different campuses throughout the County. The primary locations are Marshall, the County seat, Battle Creek and Albion.

This report includes all funds of the County and its component units. The County provides a full range of services to County residents. Services are provided in the areas of public safety (law enforcement, prosecution, jail administration), judicial (administration of the courts and probation departments), elections, public works, health services, social services, cultural (MSU cooperative extension services), road repair and maintenance services, parks and recreation, and general administrative services. In any one day, hundreds of people access County services:

- They may be utilizing one of the many public health, sanitation or disease control services provided by the Health Department, the support services of County Veteran Affairs or Senior Services, or the residential services of the Medical Care Facility. They may be utilizing one of the many other human service programs supported by County funds in the area of mental health, substance abuse, aging, special transportation, or youth violence prevention.
- They may be utilizing the services of the County Prosecutor, the Sheriff, or the Courts.
- They may be obtaining birth, death, tax or property information from the Offices of the County Clerk, Register of Deeds or the Treasurer; participating in elections; or getting assistance in drainage-related problems from the Water Resources Commissioner.
- They may be attending educational events sponsored by MSU Cooperative Extension or enjoying one of the County Parks.

The annual budget serves as the foundation for the County's financial planning and control. The County maintains real-time budgetary controls using an integrated financial management software package. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the County Board of Commissioners. The appropriated budget is prepared by function and activity for the General Fund and by fund and function for the special revenue funds. Budgetary transfers are permitted in accordance with Board-adopted budget policies. Transfers of appropriations less than or equal to \$20,000 between major account classifications within the General Fund and special revenue fund(s) may be approved by the County Administrator/Controller; transfers greater than \$20,000 require the approval of the Board of Commissioners. The level of budgetary control is the business unit level for the General Fund and the special revenue funds. As demonstrated by the statements and schedules included in the financial section of this report, the government continues to meet its responsibility for sound financial management.

The County's strategic plan is intended to provide the foundation for budgetary decisions by establishing a vision, mission and long-range objectives. In addition to the strategic plan, the Board of Commissioners, at least annually, strive to establish a set of priorities for the development of the budget. The intent of these is to remain consistent with the overall objectives in the strategic plan but yet develop specific priorities that reflect current issues while keeping in mind the County's long-term objectives and financial limitations.

The following are recent priorities/accomplishments as identified by the Board of Commissioners:

- **Technology Improvements:** The County continues to embark on many technological improvements that should produce efficiencies over the next several years. These include a new law enforcement records management system purchased cooperatively with the City of Battle Creek, electronic records management and document imaging, County web site enhancement and e-alert messaging systems, e-ticketing for law enforcement, video arraignment, Board agenda creation and management software, and GIS system updates.
- **Road Commission Dissolution:** The County Board of Commissioners voted to dissolve the Board of Road Commissioners as of November 2012, as allowed by new Michigan laws, Public Acts 14 and 15 of 2012. The County Board assumed the functions, duties and responsibilities of the Road Commission and is carrying them out through a new County Road Department, reporting to the Administrator/Controller. This consolidation effort is expected to result in direct accountability of the Board of Commissioners to the public, as well as cost savings and efficiencies to better address road and bridge maintenance and replacement needs.
- **Parks and Recreation Commission:** The Board of Commissioners created a new Parks and Recreation Commission in early 2013 as authorized by PA 261 of 1965, MCL 1965, to replace the former Parks Trustee Board that was dissolved as a result of the Road Commission dissolution. This ten member board is charged with setting direction for the county parks. During 2013 the County plans to construct using grant proceeds and private donations a new non-motorized trailway connecting the three county parks, and will begin updating long-term parks master plans, park rules and parks management programs.
- **Energy Improvements:** The Board of Commissioners has a formal capital improvement policy to guide in the identification of future infrastructure needs. The implementation of a \$7 million dollar Energy Savings Performance Contract from 2010 to 2012 in partnership with Honeywell International continues to deliver significant savings in utilities and operational costs, and demonstrates the County's commitment to maintaining its physical infrastructure.
- **Long-Term Financial Stability:** The Board of Commissioners approved an Early Retirement Incentive Plan during 2012 for employees within the Office of the Sheriff, with a primary goal of creating long-term budgetary savings. The County continues to implement many structural cost saving measures specifically focused on compensation, including encouraging increased employee enrollment in the high deductible health insurance plan option, which is coupled with Health Savings Accounts, and the continued annual compliance with the State's Public Act 152 of 2011 (Publicly Funded Health Insurance Contribution Act), limiting the County's contribution toward employee health insurance costs to 80%. Budget policies, teams and controls align with strategic objectives and are directed by the County's five year operating forecast and seven year Capital Needs Forecast, updated during 2012 and included in 2013 adopted budget resolutions.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the County operates.

Local Economy. Through a varied industrial, commercial and agricultural base, the County enjoys a relatively stable economic environment and indicators point to a continuation of this trend. The Fort Custer Industrial Park has become Michigan's largest industrial park. Located in the City of Battle Creek, the park, which is a customs free trade zone, encompasses 3,000 acres and contains 85 companies employing more than 9,000 people. The City of Battle Creek is host to the world headquarters of Kellogg Corporation and the cereal manufacturing industry. Also, Battle Creek is a U.S. Customs Port of Entry and contains a Foreign Trade Zone. A commercial shopping corridor in the Battle Creek/Emmett Township area serves a regional market. Automotive and plastic parts manufacturers, insurance companies, iron foundries, farms (approximately 1,200) and related agricultural businesses provide a variety of employment opportunities. A major U. S. Veterans Hospital in Battle Creek and community/regional hospitals in Battle Creek and Marshall provide health care services as well as additional employment opportunities. Higher education is available to County residents and others at several public and private colleges located in Albion and Battle Creek, including Kellogg Community College (KCC), Albion College, Western Michigan University's Kendall Center and the newly established Miller College. Finally, in addition to established industrial parks in Albion, Battle Creek, Marshall, Tekonsha, and Springfield, the County possesses three significant recreational parks: Kimball Pines Park, Historic Bridge Park at Riverside Park, and the Ott Preserve.

The FireKeepers Casino opened in 2009, creating at least 1,200 jobs and bringing an estimated 3.8 million tourists annually. Its first full year of operations was 2010. The FireKeepers Local Revenue Sharing Board (FLRSB) was formed in accordance with a Compact between the Huron Potawatomi Band of the Nottawaseppi Tribe and consists of representatives from the Tribe, the Cities of Battle Creek and Marshall, Emmett and Athens Townships, and Calhoun County. The FLRSBs adopted its By Laws in 2010 and distributed over \$1.9 million dollars that year and over \$4.7 million each year in 2011 and 2012 to local units of government within Calhoun County. The funds represented a 2% payment by the Tribe of its net win from electronic gambling machines each year. This two percent revenue is expected to continue to generate millions of dollars annually to offset actual cost increases related to the casino and nearby Tribal reservation, reimburse for foregone property taxes on the tax exempt Tribal properties, and offer additional funding for any lawful governmental use by various local units of government.

There has been a broad based decline in the market prices of residential and non-residential real estate in Michigan since the beginning of 2006, resulting in a slowing of appreciation and more recently, declines in assessed and taxable valuations. This has resulted in reduced property taxes compared to prior years. To address this revenue reduction, various operational expenses have been reduced, labor agreements aggressively negotiated and in some cases, positions have been eliminated.

At December 31, 2012 the general fund balance was 9.5% of the total previous year's general fund expenditures (including transfers out), thereby meeting the Board of Commissioners adopted policy range of 8% - 12%, as well as the Government Finance Officers Association recommended practices.

Debt Administration. At December 31, 2012 the County's outstanding net direct debt was \$13.6 million, a net decrease of \$7.5 million from the prior year-end. Our overall bond rating was reaffirmed during 2012 by Standard & Poor's at "AA-" with a stable outlook.

AWARDS AND ACKNOWLEDGMENTS

Certificate of Achievement. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Calhoun County, Michigan for its comprehensive annual financial report for the fiscal year ended December 31, 2011. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local governmental financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. Calhoun County has received a Certificate of Achievement for the last sixteen consecutive years. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments. The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance and operating departments throughout the County. We would like to express our appreciation to members of those departments who assisted and contributed to the preparation of this report. Due credit also should be given to the Board of Commissioners for its interest and support in planning and conducting the operations of the government in a responsible and progressive manner.

Respectively Submitted,



Kelli Scott, County
Administrator/Controller

Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Calhoun
Michigan

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



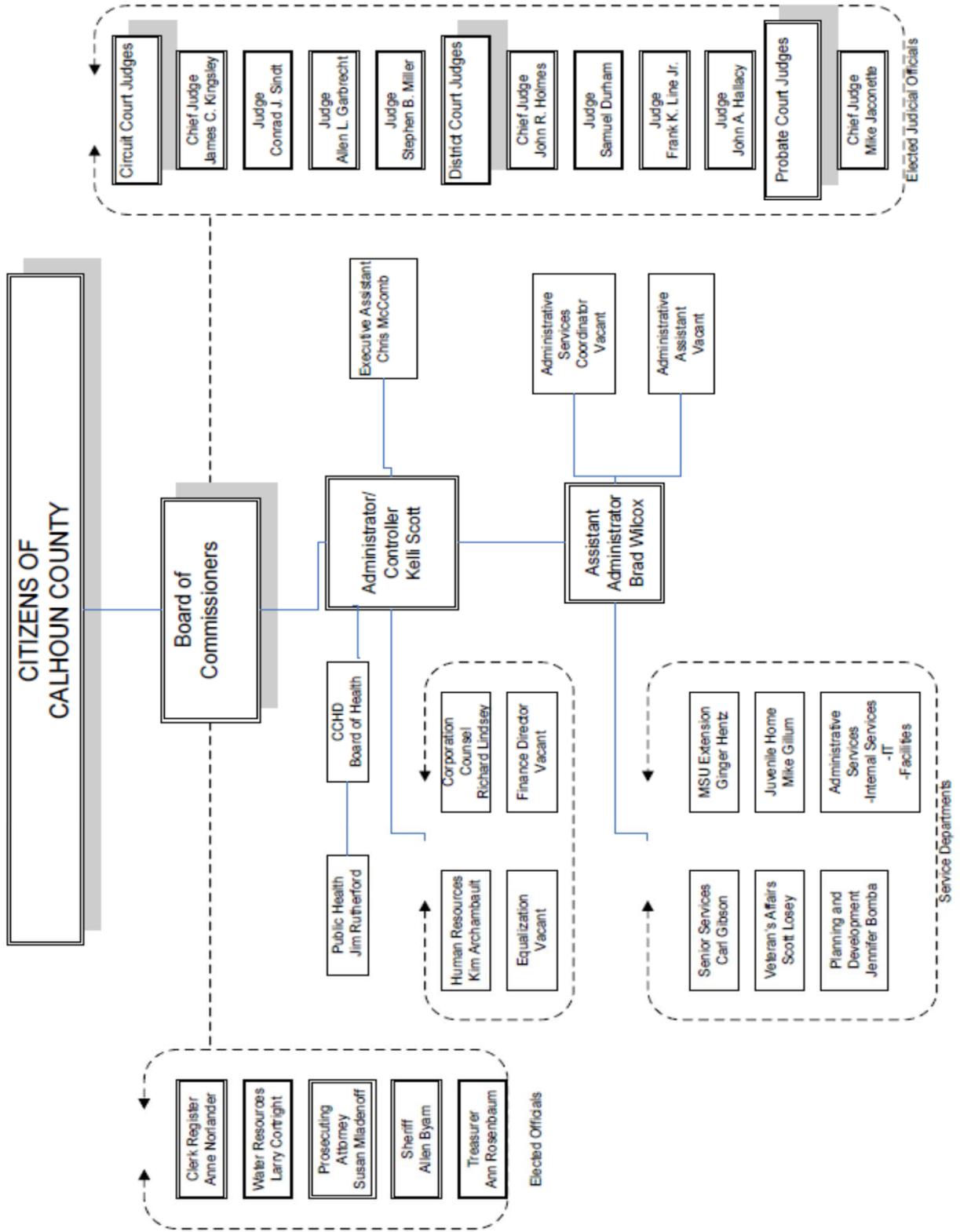
Christopher P. Morrill

President

Jeffrey R. Egan

Executive Director

CALHOUN COUNTY ADMINISTRATIVE ORGANIZATIONAL CHART



FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

July 18, 2013

Board of Commissioners
County of Calhoun, Michigan
Marshall, 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 *County of Calhoun, Michigan* (the "County"), 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 Medical Care Facility and Delinquent Tax Enterprise Funds, which are both major funds and separate opinion units. Also, we did not audit the financial statements of the Calhoun County Land Bank Authority, which represents 14%, 6% and 41%, respectively, of the assets, net position, and revenues of the discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Medical Care Facility and Delinquent Tax Enterprise Funds, and the Land Bank Authority Component Unit, is based solely on the reports 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 auditor's 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 Calhoun County, Michigan, as of December 31, 2012, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund and each major special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Schedules of Funding Progress and Employer Contributions for the pension, other postemployment benefit plans, and the municipal employees retirement system listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the 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 the County's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 18, 2013, on our consideration of Calhoun County, Michigan's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Lehmann Lohman LLC". The signature is written in a cursive, flowing style.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

COUNTY OF CALHOUN, MICHIGAN

Management's Discussion and Analysis

As management of the County of Calhoun, Michigan (the "County") we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2012. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-6 of this report, and the accompanying basic financial statements.

Financial Highlights

- The assets of the County, as presented in the Government-wide financial statements, exceeded its liabilities at the close of the most recent fiscal year by \$110.6 million (*net position*), a decrease of \$2.1 million in 2012. Of this amount, \$14.7 million (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors. The majority of unrestricted net position is contained within the Medical Care Facility and Delinquent Tax Revolving Funds, which are proprietary or business-type, and not governmental, funds.
- As of the close of the current fiscal year, the County's governmental funds (this includes the general fund, special revenue, capital projects, and debt service funds) reported combined ending fund balances of \$11.3 million, an increase of approximately \$858 thousand in comparison with the prior year. Of the fund balance amount, \$3.7 million is *available for spending* at the government's discretion (*unassigned fund balance*).
- Total fund balance for the general fund was \$4,282,595, an increase of \$14,957 for 2012. At the end of the year, the unassigned portion of the fund balance in the general fund was \$3,745,555, or approximately 9.5 percent of total general fund expenses for the prior year, thereby adhering to the policy range of 8 - 12 percent as adopted by the Board of Commissioners.
- The County's net investment in capital assets was \$78.2 million at the end of 2012, which compares to \$35.8 million at the end of 2011. The significant difference is due to the Road Commission being dissolved during 2012 and thus its capital assets being included in the primary government capital assets, whereas in 2011 these capital assets were included in the former Road Commission component unit financial statements.
- The County's total bonded debt, excluding delinquent tax notes, equaled \$24.8 million at the close of 2012, decreasing by \$1.8 million during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements which contain three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with 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 may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *statement of activities* presents information showing how the County'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 (e.g., uncollected taxes and earned but unused vacations leave).

Both of the government-wide financial statements distinguish functions of the 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, judicial, public works, health and welfare, and recreation and cultural. The business-type activities of the County include the Medical Care Facility that provides long-term skilled nursing care and the Delinquent Tax Revolving Fund.

COUNTY OF CALHOUN, MICHIGAN

Management's Discussion and Analysis

The government-wide financial statements include not only the County itself (known as the *primary government*), but also a legally separate Drain Commission, for which the County is financially accountable. Financial information for this *component unit* is reported separately from the financial information presented for the primary government itself. The Medical Care Facility, although also legally separate, functions for all practical purposes as a department of the County, and therefore has been included as an integral part of the primary government.

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. Governmental fund financial statements focus on a *short-term view of spendable resources and the balance of those spendable resources* at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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 *government funds* with similar information presented for *government activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions.

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 34 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 Fund, Health Department Fund, Senior Millage Fund, Road Department Fund, and the Child Care Fund which are considered to be major funds. Data from the other 29 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The County adopts an annual appropriated budget for its General Fund and special revenue funds. A budgetary comparison statement has been provided for all applicable funds to demonstrate compliance with this budget.

Proprietary funds. The County maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses four enterprise funds to account for its business-type activities. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for building and grounds, administrative services, insurance, employee benefits, workers' compensation, and sick and accident administrative expenses. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Medical Care Facility and the Delinquent Tax Revolving Fund, which are considered to be major funds of the County. Data from the other two enterprise funds are combined into a single aggregated presentation. Detailed financial information for each of the non-major enterprise funds is provided in the form of *combining statements* elsewhere in this report. Conversely, all internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

COUNTY OF CALHOUN, MICHIGAN

Management's Discussion and Analysis

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. The County's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets. The accounting used for fiduciary funds is much like that used for proprietary funds. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

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 *required supplementary information* concerning the County's progress in funding its obligation to provide pension benefits to its employees and its obligation to provide healthcare benefits to retirees.

The combining statements referred to earlier in connection with non-major governmental funds, non-major enterprise funds and internal service funds are presented immediately following the required supplementary information on pensions.

County-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. For Calhoun County, assets exceeded liabilities by \$110.6 million at the close of the most recent fiscal year. The following schedule shows the County's assets by category.

	The County's Net Position (in Millions)					
	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 29.0	\$ 30.3	\$ 30.5	\$ 26.6	\$ 59.5	\$ 56.9
Capital assets	82.6	85.0	16.1	16.7	98.7	101.7
Total assets	111.6	115.3	46.6	43.3	158.2	158.6
Long-term liabilities outstanding	26.4	25.5	11.3	8.0	37.7	33.5
Other liabilities	5.3	10.4	1.9	2.0	7.2	12.4
Total liabilities	31.7	35.9	13.2	10.0	44.9	45.9
Deferred inflows of resources	2.7	-	-	-	2.7	-
Net position:						
Net investment in capital assets	68.9	72.3	9.3	9.8	78.2	82.1
Restricted	7.0	2.2	10.7	11.3	17.7	13.5
Unrestricted	1.3	4.9	13.4	12.2	14.7	17.1
Total net position, as restated	\$ 77.2	\$ 79.4	\$ 33.4	\$ 33.3	\$ 110.6	\$ 112.7

By far, the largest portion of the County's net position, \$78.2 million (71%) represent its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The County uses capital assets to provide services to citizens; consequently, these assets are not cash and not available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

COUNTY OF CALHOUN, MICHIGAN

Management's Discussion and Analysis

An additional portion of the County's net position \$17.7 million (16%) represents resources that are subject to external restrictions on how they may be used. The County's unrestricted net position are \$14.7 million (13%) as of December 31, 2012. These assets may be used to meet the County's ongoing obligations to citizens and creditors.

At the end of the 2012 fiscal year, the County is able to report positive balances in all three net position categories (net investment in capital assets, restricted and unrestricted) both for the government as a whole, as well as for its separate governmental and business-type activities.

	County's Changes in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenue:						
Charges for services	\$ 15.0	\$ 15.3	\$ 17.0	\$ 17.9	\$ 32.0	\$ 33.2
Operating grants and contributions	25.7	29.7	0.1	0.1	25.8	29.8
General revenues:						
Property taxes	21.6	22.3	0.9	0.9	22.5	23.2
Other	0.6	0.6	0.01	0.01	0.6	0.6
Total revenues	62.9	67.9	18.0	18.9	80.9	86.8
Expenses:						
Legislative	0.2	0.2	-	-	0.2	0.2
Judicial	11.8	12.1	-	-	11.8	12.1
General government	7.5	7.3	-	-	7.5	7.3
Public safety	20.4	20.0	-	-	20.4	20.0
Public works	11.7	14.0	-	-	11.7	14.0
Health and welfare	13.7	13.4	-	-	13.7	13.4
Recreation and cultural	1.6	1.7	-	-	1.6	1.7
Interest on long-term debt	0.5	0.3	-	-	0.5	0.3
Medical Care Facility	-	-	14.3	13.8	14.3	13.8
Delinquent tax collections	-	-	1.1	1.1	1.1	1.1
Inmate concessions	-	-	0.3	0.5	0.3	0.5
Total expenses	67.4	69.0	15.7	15.4	83.1	84.4
Increase (decrease) in net assets before transfers						
	(4.5)	(1.1)	2.3	3.5	(2.2)	2.4
Transfers	2.3	2.2	(2.2)	(2.2)	0.1	-
Increase (decrease) in net assets						
	(2.2)	1.1	0.1	1.3	(2.1)	2.4
Net position, beginning of year, as restated						
	79.4	78.3	33.3	32.0	112.7	110.3
Net position, end of year	\$ 77.2	\$ 79.4	\$ 33.4	\$ 33.3	\$ 110.6	\$ 112.7

COUNTY OF CALHOUN, MICHIGAN

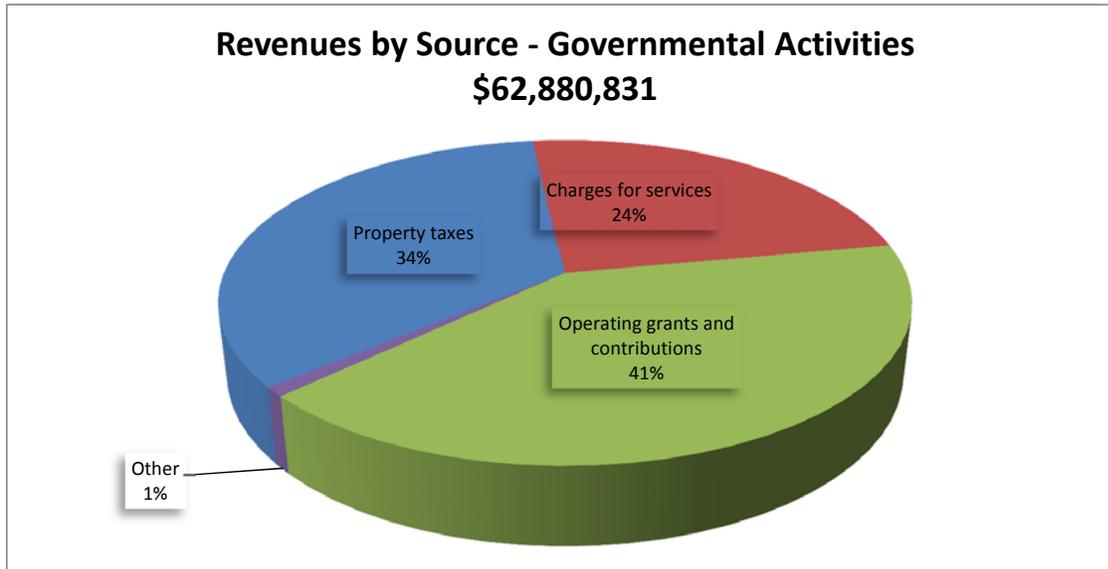
Management's Discussion and Analysis

The County's total net position decreased by \$2.1 million during the current fiscal year. Governmental activities accounted for most of this decrease.

Governmental activities. Net position decreased by \$2.2 million, mainly as a result of continued declining revenues.

Items of note include the following:

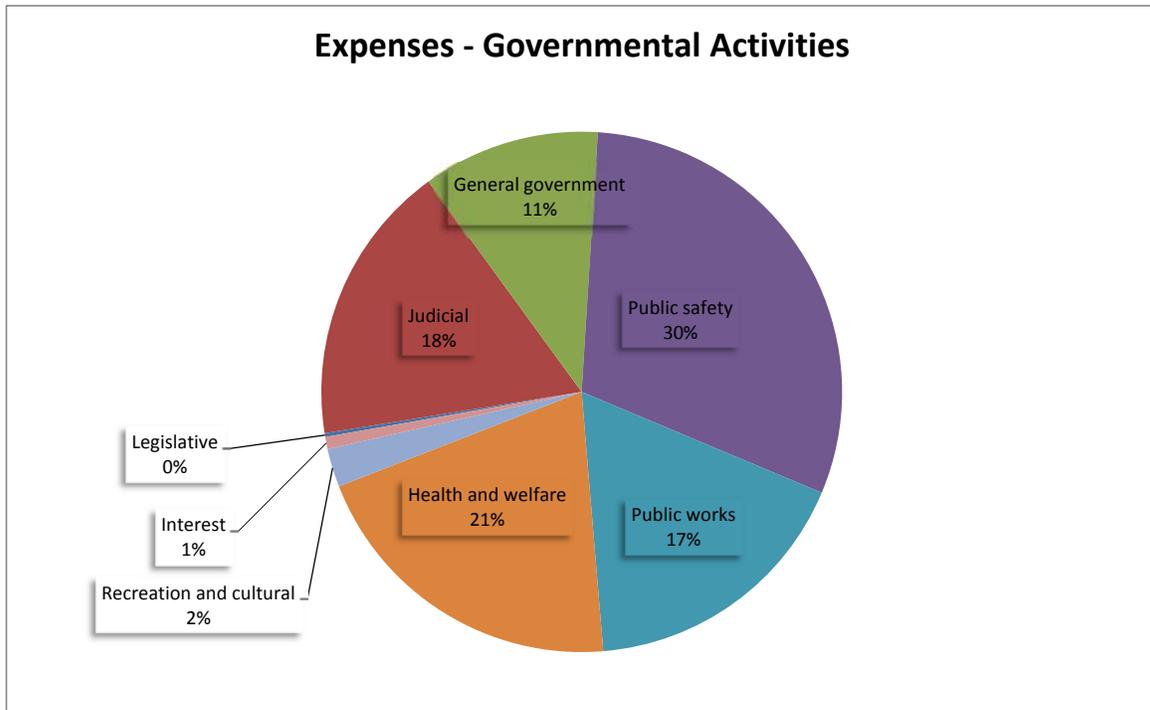
- Property tax revenues decreased slightly from \$22.3 million in 2011 to \$21.6 million in 2012 due to a decline of approximately 4% in assessed property values in 2012, representing the third consecutive year of property value declines. This decline was partially offset by an inflationary factor of approximately 1% percent applied to taxable values.
- Operating grants and contributions revenues decreased by \$4.1 million in 2012, due primarily to decreased intergovernmental revenues mostly within the Road department.
- In total, Revenues from Governmental Activities decreased by \$5 million from 2011 to 2012, mainly due to decreased property taxes and grants and contributions. Since the inclusion of the Road Department, Operating Grants and Contributions has now become the largest source of governmental activity revenue, at 41%.



COUNTY OF CALHOUN, MICHIGAN

Management's Discussion and Analysis

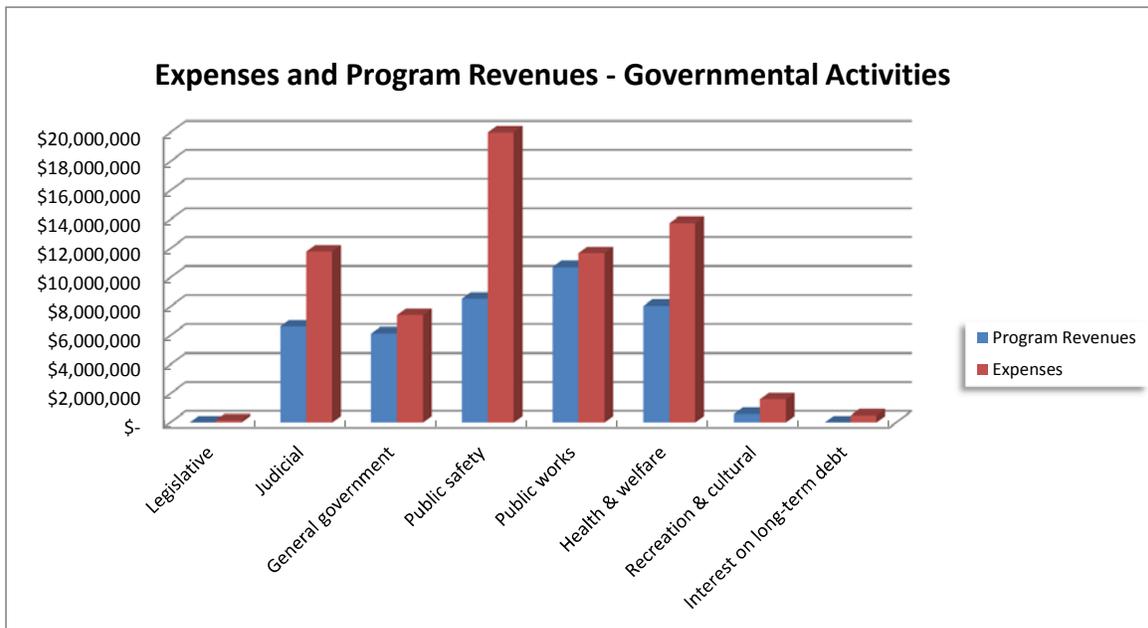
- Total Governmental Activity expenses decreased by \$1.5 million (2.1%) from 2011 to 2012, primarily in the area of Public Works. These decreased activities were the result of declining intergovernmental revenues in the Road Department. The County's general fund expenses increased only slightly, by 0.1%, from 2011 to 2012 due to continued strategies to control compensation costs and, in general, reduce departmental spending in order to maintain adequate reserves and strong bond credit ratings. This necessary cost control was due to the ongoing, collective and determined efforts of the County Board of Commissioners, department heads, elected officials, judiciary and all county staff to recognize our financial limitations and function effectively within those parameters. As a result, there continues to be no significant compromise to the level of service to the citizens of Calhoun County.



- The Public Safety, Health and Welfare, Judicial, and Public Works categories represent the majority of spending on Governmental Activities, with 86% of total expenses in these categories.

COUNTY OF CALHOUN, MICHIGAN

Management's Discussion and Analysis



- Program Revenues fall \$26.6 million short of covering Governmental Activity Expenses in total, with the gap being filled by General Revenues—mainly property taxes—as a crucial funding source for these activities.

Business-type activities. Business-type activities decreased the County's net position by only approximately \$7,000 during 2012. The key elements of the revenue and expense activity for the current year are as follows:

- The Medical Care Facility had a decrease in net position of \$152,000, with 2012 reflecting decreased operating revenues and increased operating expenses compared with 2011.
- The Delinquent Tax Revolving Fund contributed \$2.15 million to the increase in net position before transfers but after a \$2 million transfer to the General Fund, the net contribution totaled \$0.11 million. This is a decrease of \$0.1 million from the previous year due to lower revenues from interest, fees and penalties on delinquent taxes coupled with normal increases in operating expenses.

Financial Analysis of the County'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. Such information is useful in assessing the County's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$11,270,224, an increase of \$858,398 in comparison with the prior year, with some factors that led to this increase of fund balance listed below. Of the fund balance amount, \$3,742,779 constitutes unassigned fund balance, which is available for spending at the government's discretion.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the general fund was \$3,745,555, while total fund balance was \$4,282,595. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to prior year expenditures. Unassigned fund balance represents 9.5 percent of total general fund expenditures and transfers out for the prior year thereby meeting the Board of Commissioners adopted policy, as well as the Government Finance Officer's Association recommended practices.

COUNTY OF CALHOUN, MICHIGAN

Management's Discussion and Analysis

Since the County continues to face fiscal constraints due to limitations of major revenue sources, the fund balance in the General Fund increased only \$14,957 during the 2012 fiscal year. There continues to be ongoing expenditure savings implemented through prudent fiscal management by the Judiciary, Elected Officials, and Department Heads to ensure that contributions to fund balance will occur.

The Health Department experienced an increase to fund balance during 2012. Operating revenue increased by \$0.67 million (14%), mainly due to increases in Federal and State grants received. Expenses increased by \$0.46 million (9%), which was primarily related to the costs of implementing the Federal and State grant programs.

The Senior Millage fund decreased their fund balance by \$42,809 during 2012 primarily due to the Senior Millage Allocation Committee's recommendation to allocate a portion of previously accumulated fund balance toward providing needed senior services to the community. Total fund balance at the end of the year is \$850,455, representing 33% of annual revenues.

The Road Department fund operations were reported as a separate Road Commission component unit in 2011. In 2012, the Road Commission was dissolved, and its operations are now reported in the primary government as a special revenue fund. The fund generated an increase in fund balance during 2012 of approximately \$1,011,000.

The Child Care Fund has a fund balance of \$226,931, an increase of \$41,381 in 2012 that, along with accumulated prior years' excess contributions from the General Fund, will be used to fund future year Child Care Fund expenses.

Proprietary funds. The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Delinquent Tax Revolving Fund and the Medical Care Facility at the end of the year amounted to \$10.5 million and \$2.6 million, respectively. Factors concerning the finances of these funds have already been addressed in the discussion of the County's business-type activities.

General Fund Budgetary Highlights

Revenues in the general fund (including transfers in) increased \$0.33 million from the original to the amended budget. This reflected revised estimates in the categories of liquor taxes, court fees, sheriff service fees, and miscellaneous revenues. Actual revenues were \$1.6 million short of the amended budget, almost entirely attributable to sheriff service fees. Property taxes exceeded the amended budget by \$88 thousand.

A corresponding increase in budgeted expenditures in the general fund (including transfers out) of \$0.35 million occurred from the original to amended budget. Transfers In exceeded the final budget by \$.78 million, to cover for the revenue shortfall, without use of accumulated general fund balance.

Capital Asset and Debt Administration

Capital assets. The County's investment in capital assets (net of accumulated depreciation) as of December 31, 2012 for its governmental and business-type activities amounted to \$82,623,990 and \$16,105,075 respectively. These capital assets include land, buildings and improvements, equipment and furniture, and vehicles, and road and bridge infrastructure.

COUNTY OF CALHOUN, MICHIGAN

Management's Discussion and Analysis

The total increase in the County primary government's investment in capital assets for the 2012 fiscal year was \$45.1 million and is primarily the result of combining the Road Commission component unit's capital assets that existed at the end of 2011 into the capital assets of the primary government's governmental activities.

	The County's Capital Assets (Net of Depreciation)		
	Governmental Activities	Business-type Activities	Total
Land	\$ 1,550,556	\$ -	\$ 1,550,556
Land improvement - infrastructure	27,141,357	-	27,141,357
Construction in process	569,835	-	569,835
Buildings and improvements	32,943,143	15,573,625	48,516,768
Equipment and furniture	3,302,868	531,450	3,834,318
Vehicles	468,607	-	468,607
Depletable assets	35,123	-	35,123
Infrastructure - road and signals	12,085,343	-	12,085,343
Infrastructure - bridges	4,527,158	-	4,527,158
	<u>\$ 82,623,990</u>	<u>\$ 16,105,075</u>	<u>\$ 98,729,065</u>

Additional information on the County's capital assets can be found in note 5.

Long-term debt. At the end of the 2012, the County had total bonded debt outstanding of \$29,315,000, an increase of \$1,935,166 from 2011. The entire balance comprises debt backed by the full faith and credit of the County. Tax notes payable increased approximately \$3.8 million in 2012.

	The County's Outstanding Debt General Obligation					
	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
General obligation bonds	\$ 18,015,000	\$ 19,530,000	\$ 6,800,000	\$ 7,100,000	\$ 24,815,000	\$ 26,630,000
Delinquent tax notes	-	-	4,500,000	749,834	4,500,000	749,834
	<u>\$ 18,015,000</u>	<u>\$ 19,530,000</u>	<u>\$ 11,300,000</u>	<u>\$ 7,849,834</u>	<u>\$ 29,315,000</u>	<u>\$ 27,379,834</u>

The County has an "AA-" rating for both general obligation bonds and tax anticipation notes from Standard & Poor's.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation (i.e., State Equalized Value). The current debt limitation for the County is \$411,693,014, which is significantly higher than the County's outstanding general obligation debt.

Additional information on the County's long-term debt can be found in Note 9.

COUNTY OF CALHOUN, MICHIGAN

Management's Discussion and Analysis

Economic Factors and Next Year's Budgets

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

The economic downturn, stock market decline, declining housing sales, and foreclosures continue to impact fiscal operations. From 2005 to 2009, property tax revenues increased by an average of 4.5% per year. Beginning with 2010, equalized property values declined by 5%, with 2011 valuations reflecting another 4% decline and 2012 falling 1%. An additional 1% decrease of property values is anticipated for 2013. We anticipate this to be followed by a period of stabilization with increases starting in approximately 2015.

State Revenue Sharing for counties is dictated by the Legislature through the General Government Appropriations Bill that gets enacted each year. The currently enacted 2013 State Revenue Sharing for Calhoun County is approximately \$2.3 million, which reflects a 24% cut to counties, and a loss of \$0.7 million to the County's general fund revenues. As of the date of this report, 2014 State Revenue Sharing is expected to be approximately the same as in 2012, continuing the 24% cut and representing a lower level of funding than what was received in 2005. The County's long-term operating forecast will continue to be updated to position our operations for less reliance on state funding.

Federal and State funding of various programs county-wide continue to be considered for cuts and/or eliminations on an annual basis. This vulnerability is factored into the 2013 budget in the inclusion of contingency funds.

Interest rates are at historically low levels which negatively affect interest earnings.

The County has reduced staffing significantly over the past three years, with budgeted and authorized positions in 2013 at 31 fewer than were included in the budget in 2010.

The 2013 budget also includes the County's continued compliance with Section 4 of the State of Michigan's Public Act 152 of 2011 (Publicly Funded Health Insurance Contribution Act), limiting to 80% the portion the County will contribute toward employee health care costs. This decision by the Board of Commissioners partially offsets the expectation for continued escalating healthcare costs, with the 2013 budget reflecting an expected 7% net increase in employee health insurance costs.

Total general fund expenditures of \$39.6 million are budgeted for 2013, representing a decrease of nearly \$2.0 million from 2010 actual expenditures of \$41.8 million. Also included in the 2013 budget is a \$200,000 contingency line item, as well as a baseline commitment level of \$500,000 per year toward Capital Improvement Funding.

The County policy is to maintain a general fund unreserved balance that is 8% - 12% of operating expenditures of the previous year. The 2013 budget was developed to include a small increase in fund balance in order to keep the balance at its current level of approximately 11% and within these policy guidelines.

County management and the Board of Commissioners are committed to long-term financial planning that maintains adequate reserves and contingencies, a commitment to our Capital Improvement Plan, moderates debt and provides for effective budget controls, in order to help keep at least our current solid Standard & Poor's 'AA-' bond credit rating and stable outlook, even during economic downturns.

Contacting the County's Financial Management

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or re-requests for additional financial information should be addressed to The County Finance Department, 315 West Green Street, Marshall, Michigan 49068.

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BASIC FINANCIAL STATEMENTS

COUNTY OF CALHOUN, MICHIGAN

Statement of Net Position December 31, 2012

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 11,079,063	\$ 11,989,566	\$ 23,068,629	\$ 855,195
Investments	-	1,000,000	1,000,000	-
Receivables, net	16,244,411	16,817,845	33,062,256	4,277,049
Internal balances	(574,450)	574,450	-	-
Due from component unit	-	-	-	-
Prepaid items and other assets	2,225,534	187,904	2,413,438	1,496,399
Capital assets not being depreciated	29,261,748	-	29,261,748	-
Capital assets being depreciated, net	53,362,242	16,105,075	69,467,317	8,119,682
Total assets	111,598,548	46,674,840	158,273,388	14,748,325
Liabilities				
Accounts payable and accrued liabilities	4,764,717	1,051,986	5,816,703	477,162
Unearned revenue	550,200	870,524	1,420,724	-
Long-term liabilities:				
Due within one year	2,993,508	4,800,000	7,793,508	1,539,306
Due in more than one year	18,498,731	6,500,000	24,998,731	4,142,784
Other noncurrent liability - net other postemployment benefit liability	4,932,009	-	4,932,009	-
Total liabilities	31,739,165	13,222,510	44,961,675	6,159,252
Deferred inflows of resources				
Taxes levied for a subsequent period	2,679,045	-	2,679,045	-
Net position				
Net investment in capital assets	68,894,120	9,305,075	78,199,195	3,786,768
Restricted for:				
Debt service	7,828	7,980,543	7,988,371	-
Foreclosures	-	2,161,556	2,161,556	-
Judicial programs	457,443	-	457,443	-
General government	17,453	-	17,453	-
Public safety programs	538,364	-	538,364	-
Public works programs	1,541,229	-	1,541,229	-
Health and welfare programs	2,149,345	-	2,149,345	-
Recreation and cultural programs	1,105,105	-	1,105,105	-
Capital projects	1,135,840	-	1,135,840	-
Specific operating activities	-	600,372	600,372	-
Perpetual care - nonexpendable	37,798	-	37,798	-
Unrestricted	1,295,813	13,404,784	14,700,597	4,802,305
Total net position	\$ 77,180,338	\$ 33,452,330	\$ 110,632,668	\$ 8,589,073

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

COUNTY OF CALHOUN, 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:					
Legislative	\$ 165,978	\$ -	\$ -	\$ -	\$ (165,978)
Judicial	11,796,789	3,653,392	2,987,651	-	(5,155,746)
General government	7,413,505	1,234,112	4,912,597	-	(1,266,796)
Public safety	20,428,079	7,040,941	1,511,281	-	(11,875,857)
Public works	11,687,016	1,692,984	9,036,092	-	(957,940)
Health and welfare	13,751,997	853,612	7,199,451	-	(5,698,934)
Recreation and cultural	1,610,466	554,374	50,747	-	(1,005,345)
Interest on long-term debt	499,618	-	-	-	(499,618)
Total governmental activities	67,353,448	15,029,415	25,697,819	-	(26,626,214)
Business-type activities:					
Medical Care Facility	14,350,468	13,193,361	75,760	-	(1,081,347)
Delinquent tax collections/forfeitures	1,125,875	3,262,174	-	-	2,136,299
Inmate concessions	270,282	505,778	-	-	235,496
Property description	465	-	-	-	(465)
Total business-type activities	15,747,090	16,961,313	75,760	-	1,289,983
Total primary government	\$ 83,100,538	\$ 31,990,728	\$ 25,773,579	\$ -	\$ (25,336,231)
Component units					
County Drains	\$ 511,318	\$ -	\$ 11,880	\$ 2,629,753	\$ 2,130,315
Land Bank	1,754,643	86,010	1,579,932	-	(88,701)
Total component units	\$ 2,265,961	\$ 86,010	\$ 1,591,812	\$ 2,629,753	\$ 2,041,614

continued...

COUNTY OF CALHOUN, MICHIGAN

Statement of Activities

For the Year Ended December 31, 2012

Functions/Programs	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Changes in net position				
Net (expense) revenue	\$ (26,626,214)	\$ 1,289,983	\$ (25,336,231)	\$ 2,041,614
General revenues:				
Property taxes	21,577,195	928,968	22,506,163	-
Grants and contributions not restricted to specific programs	513,502	-	513,502	-
Unrestricted investment earnings	62,900	13,805	76,705	-
Gain on sale of capital assets	-	-	-	136,911
Transfers - internal activities	2,255,646	(2,240,000)	15,646	-
Total general revenues and transfers	24,409,243	(1,297,227)	23,112,016	136,911
Change in net position	(2,216,971)	(7,244)	(2,224,215)	2,178,525
Net position, beginning of year, as restated	79,397,309	33,459,574	112,856,883	6,410,548
Net position, end of year	\$ 77,180,338	\$ 33,452,330	\$ 110,632,668	\$ 8,589,073

concluded.

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

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COUNTY OF CALHOUN, MICHIGAN

Balance Sheet
 Governmental Funds
 December 31, 2012

	General Fund	Health Department	Senior Millage	Road Department	Child Care
Assets					
Cash and cash equivalents	\$ 3,084,249	\$ 1,351,486	\$ 1,165,364	\$ 68,505	\$ -
Receivables:					
Accounts	297,486	165,699	9,500	1,487,368	25,830
Current taxes	1,789,159	-	2,629,353	-	-
Delinquent taxes	306,301	-	54,004	-	-
Accrued interest	-	-	-	-	-
Due from other governments	1,265,811	231,281	-	-	469,286
Due from other funds	7,444	-	-	8,741	-
Interfund receivable	622,186	-	-	-	-
Advances to component unit	76,600	-	-	-	-
Prepaid items	460,440	-	-	-	20,000
Inventory	-	-	-	673,988	-
Total assets	\$ 7,909,676	\$ 1,748,466	\$ 3,858,221	\$ 2,238,602	\$ 515,116
Liabilities					
Accounts payable	\$ 652,875	\$ 122,240	\$ 272,272	\$ 197,202	\$ 90,730
Accrued liabilities	508,051	86,318	2,651	78,867	61,981
Due to other governments	320,621	156,986	-	499,494	-
Due to other funds	-	-	-	-	-
Advance from other funds	440,777	-	-	-	-
Interfund payables	-	-	-	-	135,474
Unearned revenue	3,990	531,990	-	-	-
Total liabilities	1,926,314	897,534	274,923	775,563	288,185
Deferred inflows of resources					
Unavailable revenue -					
Personnel property taxes	1,700,767	-	53,798	-	-
Taxes levied for a subsequent period	-	-	2,679,045	-	-
Total deferred inflows of resources	1,700,767	-	2,732,843	-	-
Fund balances					
Nonspendable	537,040	-	-	673,988	20,000
Restricted for:					
Judicial	-	-	-	-	-
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	789,051	-
Health and welfare	-	850,932	850,455	-	206,931
Recreation and cultural	-	-	-	-	-
Debt service	-	-	-	-	-
Capital projects	-	-	-	-	-
Perpetual care	-	-	-	-	-
Unassigned	3,745,555	-	-	-	-
Total fund balances	4,282,595	850,932	850,455	1,463,039	226,931
Total liabilities, deferred inflows of resources and fund balances	\$ 7,909,676	\$ 1,748,466	\$ 3,858,221	\$ 2,238,602	\$ 515,116

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

Other Governmental Funds	Total
\$ 3,280,299	\$ 8,949,903
259,292	2,245,175
-	4,418,512
13,394	373,699
546	546
1,150,370	3,116,748
4,963	21,148
-	622,186
-	76,600
24,557	504,997
-	673,988
<u>\$ 4,733,421</u>	<u>\$ 21,003,502</u>
\$ 449,898	\$ 1,785,217
110,778	848,646
41,000	1,018,101
21,148	21,148
-	440,777
486,712	622,186
14,220	550,200
<u>1,123,756</u>	<u>5,286,275</u>
13,393	1,767,958
-	2,679,045
<u>13,393</u>	<u>4,447,003</u>
24,557	1,255,585
457,443	457,443
17,453	17,453
538,364	538,364
78,190	867,241
221,027	2,129,345
1,080,548	1,080,548
7,828	7,828
1,135,840	1,135,840
37,798	37,798
(2,776)	3,742,779
<u>3,596,272</u>	<u>11,270,224</u>
<u>\$ 4,733,421</u>	<u>\$ 21,003,502</u>

COUNTY OF CALHOUN, MICHIGAN

Reconciliation

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

Fund balances - total governmental funds	\$ 11,270,224
Amounts reported for <i>governmental activities</i> in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources, and therefore not reported in the funds.	
Capital assets not being depreciated	29,261,748
Capital assets being depreciated	128,094,905
Accumulated depreciation	(76,610,034)
Long-term assets are not available to pay for current-period expenditures. Bonds payable and interest of various municipalities are to be repaid by the municipality	
Accounts receivable and accrued interest	5,825,000
Because the focus of governmental funds is on short-term financing, 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.	
unavailable property taxes	1,767,958
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 internal service funds are included in governmental activities in the statement of net position.	
Net position of governmental activities accounted for in internal service funds	4,136,620
Certain liabilities, such as bonds and capital leases payable, are not due and payable in the current period, and therefore are not reported in the funds.	
Bonds and capital leases payable, long-term portion	(17,766,714)
Bonds and capital leases payable, current portion	(1,874,597)
Unamortized bond discount	100,970
Unamortized gain on bond refunding	(7,963)
Other postemployment benefit obligation	(4,932,009)
Compensated absences	(1,940,652)
Accrued interest on long-term liabilities	(145,118)
Net position of governmental activities	<u>\$ 77,180,338</u>

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

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COUNTY OF CALHOUN, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended December 31, 2012

	General Fund	Health Department	Senior Millage	Road Department	Child Care
Revenues					
Taxes	\$ 17,793,161	\$ -	\$ 2,586,571	\$ -	\$ -
Contributions	-	-	-	-	-
Licenses and permits	94,555	330,517	-	87,374	-
Intergovernmental	4,979,130	4,153,918	-	8,734,215	2,143,086
Charges for services	10,501,007	300,137	-	1,692,984	152,884
Fines and forfeitures	859,951	-	-	-	-
Interest and rents	51,725	-	-	-	-
Other	1,643,614	31,437	19,230	214,503	-
Total revenues	35,923,143	4,816,009	2,605,801	10,729,076	2,295,970
Expenditures					
Current:					
Legislative	132,815	-	-	-	-
Judicial	7,283,038	-	-	-	-
General government	6,263,582	-	-	-	-
Public safety	16,026,383	-	-	-	-
Public works	274,649	-	-	9,041,083	-
Health and welfare	1,025,389	5,415,792	2,648,610	-	4,160,176
Recreation and cultural	-	-	-	-	-
Other	29,536	-	-	-	-
Debt service:					
Principal	7,040	-	-	628,222	-
Interest and fiscal charges	436	-	-	49,022	-
Capital outlay	-	-	-	-	-
Total expenditures	31,042,868	5,415,792	2,648,610	9,718,327	4,160,176
Revenues over (under) expenditures	4,880,275	(599,783)	(42,809)	1,010,749	(1,864,206)
Other financing sources (uses)					
Transfers in	3,524,350	763,336	-	-	1,905,587
Transfers out	(8,389,668)	-	-	-	-
Sale of capital assets	-	-	-	-	-
Proceeds from issuance of long-term debt	-	-	-	-	-
Proceeds from installment debt	-	-	-	-	-
Issuance of long-term debt	-	-	-	-	-
Premium on refunding bonds	-	-	-	-	-
Payment to refunding escrow agent	-	-	-	-	-
Total other financing sources (uses)	(4,865,318)	763,336	-	-	1,905,587
Net change in fund balances	14,957	163,553	(42,809)	1,010,749	41,381
Fund balances, beginning of year	4,267,638	687,379	893,264	452,290	185,550
Fund balances, end of year	\$ 4,282,595	\$ 850,932	\$ 850,455	\$ 1,463,039	\$ 226,931

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

COUNTY OF CALHOUN, MICHIGAN

Reconciliation

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

Net change in fund balances - total governmental funds	\$ 858,398
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay	1,469,716
Depreciation expense	(3,549,005)
Net book value of capital assets sold	(7,840)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but rather are deferred to the following fiscal year.	
Change in deferred property taxes and special assessments	(9,912)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long term liabilities	
Principal payments on long-term liabilities	2,022,532
Bond proceeds	(1,750,000)
Proceeds from installment debt	(657,000)
Proceeds from capital leases	(237,012)
Amortization of bond discount	(10,328)
Amortization of gain on refunding	1,328
Payment to escrow agent	1,834,446
Premium on Bond refunding	(50,761)
Governmental funds report payments received by other municipalities for principal debt service as revenue, but the statement of activities does not	(540,000)
Some expenses 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.	
Change in accrued interest on bonds	(51,627)
Change in the accrual for net other postemployment benefit obligations	(1,066,634)
Change in the accrual of compensated absences	(243,582)
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 net revenue (expense) of internal service funds is reported with governmental activities.	
Interest revenue from governmental internal service funds	11,175
Net operating loss from governmental activities accounted for in internal service funds	(1,829,683)
Internal activities (transfers) accounted for in internal service funds	1,588,818
Change in net position of governmental activities	<u>\$ (2,216,971)</u>

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

COUNTY OF CALHOUN, MICHIGAN

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual - General Fund

For the Year Ended December 31, 2012

(With Comparative Actual Amounts for the Year Ended December 31, 2011)

	Original Budget	Amended Budget	Actual	Over (Under) Budget	2011
Revenues					
Taxes:					
Property taxes	\$ 17,438,491	\$ 17,438,491	\$ 17,494,923	\$ 56,432	\$ 17,951,553
Industrial/commercial facilities tax	200,000	200,000	212,249	12,249	178,251
Payment in lieu of taxes	30,000	30,000	25,749	(4,251)	41,344
Trailer fees	16,000	16,000	13,220	(2,780)	13,412
Interest and fees	20,000	20,000	47,020	27,020	26,458
Total taxes	17,704,491	17,704,491	17,793,161	88,670	18,211,018
Licenses and permits:					
Dog licenses	53,465	53,465	51,769	(1,696)	55,564
Concealed weapons licenses	35,902	35,902	38,116	2,214	31,694
Marriage licenses	5,000	5,000	4,670	(330)	4,800
Total licenses and permits	94,367	94,367	94,555	188	92,058
Intergovernmental:					
Revenue Sharing	2,271,000	2,271,000	2,290,311	19,311	2,779,800
Emergency services	24,240	24,240	28,918	4,678	27,234
Circuit judges' salary	182,900	182,900	181,996	(904)	160,934
District judges' salary	182,900	182,900	181,996	(904)	183,796
Probate judges' salary	148,500	148,500	148,541	41	211,733
Sheriff	18,000	18,000	5,634	(12,366)	5,929
Prosecuting Attorney	41,777	41,777	53,560	11,783	44,253
Juvenile officer grant	52,775	52,775	52,776	1	52,776
Marine safety	33,000	33,400	35,000	1,600	37,090
Liquor law enforcement	9,000	9,000	9,025	25	9,569
Liquor taxes	808,903	852,903	896,748	43,845	733,398
Cigarette taxes	-	-	7,202	7,202	8,781
Court equity program	850,000	850,000	783,343	(66,657)	825,452
ADC incentive	260,000	260,000	247,255	(12,745)	266,037
Juror fee reimbursement	55,000	55,000	56,825	1,825	54,300
Total intergovernmental	4,937,995	4,982,395	4,979,130	(3,265)	5,401,082
Charges for services:					
Circuit court fees	361,501	361,501	298,071	(63,430)	300,533
District court fees	2,225,904	2,225,904	2,052,723	(173,181)	2,277,888
Friend of the court fees	152,500	172,500	203,340	30,840	175,975
Probate court fees	66,700	66,700	61,915	(4,785)	55,173
Public defender fees	153,000	153,000	103,305	(49,695)	72,306
Election fees	28,000	37,050	37,174	124	34,612
Clerk/register fees	903,515	903,515	772,355	(131,160)	791,040
Prosecuting attorney fees	8,100	8,100	29,413	21,313	12,789
Equalization fees	153,400	153,400	153,317	(83)	90,330
Treasurer fees	12,000	12,000	23,303	11,303	11,722
Survey and remonumentation	1,130	1,130	1,000	(130)	2,150
Sheriff service fees	7,937,230	8,023,858	6,674,103	(1,349,755)	6,733,470
Tether program	-	-	-	-	648
Chemical waste	-	-	1,064	1,064	-

continued...

COUNTY OF CALHOUN, MICHIGAN

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual - General Fund

For the Year Ended December 31, 2012

(With Comparative Actual Amounts for the Year Ended December 31, 2011)

	Original Budget	Amended Budget	Actual	Over (Under) Budget	2011
Revenues (continued)					
Charges for services (concluded)					
IRS enforcement	\$ 25,000	\$ 75,865	\$ 71,748	\$ (4,117)	\$ -
Collection fees	10,250	12,390	18,176	5,786	15,553
Cooperative extension fees	-	-	-	-	7,500
Total charges for services	<u>12,038,230</u>	<u>12,206,913</u>	<u>10,501,007</u>	<u>(1,705,906)</u>	<u>10,581,689</u>
Fines and forfeitures:					
Bond forfeitures	75,000	75,000	69,046	(5,954)	76,239
Ordinance fines and costs	750,000	750,000	790,905	40,905	764,280
Total fines and forfeitures	<u>825,000</u>	<u>825,000</u>	<u>859,951</u>	<u>34,951</u>	<u>840,519</u>
Interest and rents -					
Interest on investments	25,000	25,000	51,725	26,725	22,023
Other:					
Indirect cost reimbursements	384,187	404,187	437,660	33,473	400,556
Miscellaneous	1,211,186	1,285,586	1,205,954	(79,632)	1,274,926
Total other	<u>1,595,373</u>	<u>1,689,773</u>	<u>1,643,614</u>	<u>(46,159)</u>	<u>1,675,482</u>
Total revenues	<u>37,220,456</u>	<u>37,527,939</u>	<u>35,923,143</u>	<u>(1,604,796)</u>	<u>36,823,871</u>
Expenditures					
Legislative -					
Board of commissioners	144,412	145,212	132,815	(12,397)	153,165
Judicial:					
Circuit court	910,266	925,476	860,233	(65,243)	909,403
Circuit court - family	927,192	925,292	785,540	(139,752)	859,286
Indigent public defender	1,594,571	1,688,571	1,672,367	(16,204)	1,601,836
District court	3,216,610	3,216,610	3,243,405	26,795	3,316,800
Probate court	631,771	638,101	612,159	(25,942)	664,841
Circuit court probation	27,530	27,530	24,028	(3,502)	28,188
Court services	100,627	101,427	85,306	(16,121)	64,740
Total judicial	<u>7,408,567</u>	<u>7,523,007</u>	<u>7,283,038</u>	<u>(239,969)</u>	<u>7,445,094</u>
General government:					
Elections	285,519	270,569	230,977	(39,592)	135,920
Civil counsel	127,100	133,449	132,466	(983)	125,644
Clerk of the circuit court	528,905	562,905	558,221	(4,684)	447,729
Clerk/register	555,143	575,143	542,348	(32,795)	665,469
Administrator	337,252	369,752	365,320	(4,432)	364,332
Finance	416,050	382,475	350,122	(32,353)	406,481
Equalization	545,686	545,686	525,457	(20,229)	418,693
Personnel	283,591	287,565	284,235	(3,330)	283,678
Purchasing	69,772	71,772	69,875	(1,897)	67,502
Prosecuting attorney	2,203,187	2,203,187	2,211,524	8,337	2,292,497
Treasurer	441,647	441,647	427,772	(13,875)	413,338

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COUNTY OF CALHOUN, MICHIGAN

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual - General Fund

For the Year Ended December 31, 2012

(With Comparative Actual Amounts for the Year Ended December 31, 2011)

	Original Budget	Amended Budget	Actual	Over (Under) Budget	2011
Expenditures (continued)					
General government (concluded)					
Cooperative extension	\$ 152,230	\$ 157,901	\$ 153,244	\$ (4,657)	\$ 178,768
Water Resources commissioner	192,457	192,957	174,338	(18,619)	202,863
Administrative services	24,830	34,683	35,710	1,027	58,101
Planning department	30,435	30,435	28,580	(1,855)	30,383
Emergency services	105,789	113,489	110,616	(2,873)	108,168
Oil spill services	30,000	34,000	27,617	(6,383)	67,832
Early retirement incentive payments	-	26,000	25,836	(164)	-
Soil conservation district	8,266	8,266	8,260	(6)	9,000
Storm response services	-	-	-	-	16,178
Chemical waste services	-	1,400	1,064	(336)	1,053
Potawatomi RC&D	500	500	-	(500)	500
Total general government	6,338,359	6,443,781	6,263,582	(180,199)	6,294,129
Public safety:					
Sheriff - administration	617,043	617,043	581,113	(35,930)	657,358
Support service	400,740	414,480	410,350	(4,130)	308,795
Detective division	171,761	173,361	174,149	788	168,887
Road patrol	1,262,078	1,334,396	1,355,944	21,548	1,368,288
Pennfield contract	871,606	871,296	790,198	(81,098)	806,570
Traffic safety	382,055	329,055	313,779	(15,276)	351,437
Sheriff training	83,669	85,949	88,208	2,259	89,050
Convis Township contract	78,972	83,232	75,278	(7,954)	72,408
Civil process	120,589	166,769	164,837	(1,932)	140,416
T.E.A.M.	37,759	53,959	51,576	(2,383)	35,136
CISD	76,764	77,654	60,960	(16,694)	75,520
Marine safety	64,091	57,491	48,330	(9,161)	63,781
Tether program	25,050	540	-	(540)	35,019
Corrections/jail	11,209,666	11,225,651	11,452,815	227,164	11,183,370
Community corrections - administration	259,180	259,400	223,100	(36,300)	243,375
Drug enforcement	-	1,200	872	(328)	10,942
IRS Enforcement	20,000	70,865	67,049	(3,816)	-
Animal control	142,543	162,543	167,825	5,282	129,514
Total public safety	15,823,566	15,984,884	16,026,383	41,499	15,739,866
Public works:					
Drain assessments	269,084	269,084	268,077	(1,007)	183,159
Board of public works	6,572	6,572	6,572	-	7,156
Total public works	275,656	275,656	274,649	(1,007)	190,315

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COUNTY OF CALHOUN, MICHIGAN

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual - General Fund

For the Year Ended December 31, 2012

(With Comparative Actual Amounts for the Year Ended December 31, 2011)

	Original Budget	Amended Budget	Actual	Over (Under) Budget	2011
Expenditures (concluded)					
Health and welfare:					
Substance abuse	\$ 404,452	\$ 448,452	\$ 448,374	\$ (78)	\$ 366,699
Mental health	265,000	265,000	265,000	-	265,000
Medical examiner	166,976	166,976	151,144	(15,832)	175,316
Veteran's burials	10,000	10,000	7,950	(2,050)	15,150
Veteran's services	153,485	157,595	152,921	(4,674)	146,240
Total health and welfare	999,913	1,048,023	1,025,389	(22,634)	968,405
Other - intergovernmental services	100,000	21,667	29,536	7,869	53,815
Debt Service:					
Principal	-	-	7,040	7,040	6,629
Interest and fiscal charges	-	-	436	436	848
Total debt service	-	-	7,476	7,476	7,477
Capital outlay	7,500	7,500	-	(7,500)	-
Total expenditures	31,097,973	31,449,730	31,042,868	(406,862)	30,852,266
Revenue over expenditures	6,122,483	6,078,209	4,880,275	(1,197,934)	5,971,605
Other financing sources (uses)					
Transfers in	2,719,100	2,744,500	3,524,350	779,850	3,138,198
Transfers out	(8,744,730)	(8,744,856)	(8,389,668)	355,188	(8,863,894)
Total other financing uses	(6,025,630)	(6,000,356)	(4,865,318)	1,135,038	(5,725,696)
Net change in fund balance	96,853	77,853	14,957	(62,896)	245,909
Fund balance, beginning of year	4,267,638	4,267,638	4,267,638	-	4,021,729
Fund balance, end of year	\$ 4,364,491	\$ 4,345,491	\$ 4,282,595	\$ (62,896)	\$ 4,267,638

concluded.

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

COUNTY OF CALHOUN, MICHIGAN

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual - Health Department

For the Year Ended September 30, 2012

(With Comparative Actual Amounts for the Year Ended September 30, 2011)

	Original Budget	Amended Budget	Actual	Over (Under) Budget	2011
Revenues					
Licenses and permits	\$ 255,143	\$ 278,443	\$ 330,517	\$ 52,074	\$ 332,631
Intergovernmental	4,142,454	4,283,242	4,153,918	(129,324)	3,558,141
Charges for services	248,510	267,560	300,137	32,577	231,743
Other	96,079	96,079	31,437	(64,642)	21,545
Total revenues	4,742,186	4,925,324	4,816,009	(109,315)	4,144,060
Expenditures					
Current -					
Health and welfare	5,638,810	5,821,948	5,415,792	(406,156)	4,825,986
Capital outlay	-	-	-	-	126,216
Total expenditures	5,638,810	5,821,948	5,415,792	(406,156)	4,952,202
Revenues over (under) expenditures	(896,624)	(896,624)	(599,783)	296,841	(808,142)
Other financing sources					
Transfers in	758,397	758,397	763,336	4,939	741,905
Net change in fund balance	(138,227)	(138,227)	163,553	301,780	(66,237)
Fund balance, beginning of year	687,379	687,379	687,379	-	753,616
Fund balance, end of year	<u>\$ 549,152</u>	<u>\$ 549,152</u>	<u>\$ 850,932</u>	<u>\$ 301,780</u>	<u>\$ 687,379</u>

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

COUNTY OF CALHOUN, MICHIGAN

Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual - Senior Millage
 For the Year Ended December 31, 2012
 (With Comparative Actual Amounts for the Year Ended December 31, 2011)

	Original Budget	Amended Budget	Actual	Over (Under) Budget	2011
Revenues					
Taxes	\$ 2,651,072	\$ 2,651,072	\$ 2,586,571	\$ (64,501)	2,767,509
Interest and rents	-	-	-	-	2,091
Other	-	-	19,230	19,230	21,068
Total revenues	2,651,072	2,651,072	2,605,801	(45,271)	2,790,668
Expenditures					
Current -					
Health and welfare	2,754,012	2,809,012	2,648,610	(160,402)	2,580,136
Revenues over (under) expenditures	(102,940)	(157,940)	(42,809)	115,131	210,532
Fund balance, beginning of year	893,264	893,264	893,264	-	682,732
Fund balance, end of year	\$ 790,324	\$ 735,324	\$ 850,455	\$ 115,131	\$ 893,264

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

COUNTY OF CALHOUN, MICHIGAN

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual - Road Department

For the Year Ended December 31, 2012

(With Comparative Actual Amounts for the Year Ended December 31, 2011)

	Original Budget	Amended Budget	Actual	Over (Under) Budget	2011
Revenues					
Licenses and permits	\$ -	\$ -	\$ 87,374	\$ 87,374	\$ 244,995
Intergovernmental	9,383,359	9,383,359	8,734,215	(649,144)	10,850,707
Charges for services	80,000	80,000	1,692,984	1,612,984	1,340,792
Other	15,000	15,000	214,503	199,503	2,809,838
Total revenues	9,478,359	9,478,359	10,729,076	1,250,717	15,246,332
Expenditures					
Public works	8,767,240	8,767,240	9,041,083	273,843	15,683,024
Debt service:					
Principal	628,400	628,400	628,222	(178)	595,096
Interest and fiscal charges	82,310	82,310	49,022	(33,288)	146,639
Total expenditures	9,477,950	9,477,950	9,718,327	240,377	16,424,759
Revenues over (under) expenditures	409	409	1,010,749	1,010,340	(1,178,427)
Other financing sources					
Proceeds from issuance of long-term debt	-	-	-	-	705,038
Net change in fund balance	409	409	1,010,749	1,010,340	(473,389)
Fund balance, beginning of year	452,290	452,290	452,290	-	925,679
Fund balance, end of year	\$ 452,699	\$ 452,699	\$ 1,463,039	\$ 1,010,340	\$ 452,290

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

COUNTY OF CALHOUN, MICHIGAN

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual - Child Care

For the Year Ended December 31, 2012

(With Comparative Actual Amounts for the Year Ended December 31, 2011)

	Original Budget	Amended Budget	Actual	Over (Under) Budget	2011
Revenues					
Intergovernmental	\$ 2,077,496	\$ 2,077,496	\$ 2,143,086	\$ 65,590	2,172,838
Charges for services	141,000	141,000	152,884	11,884	177,787
Total revenues	2,218,496	2,218,496	2,295,970	77,474	2,350,625
Expenditures					
Current -					
Health and welfare	4,495,922	4,495,922	4,160,176	(335,746)	4,318,345
Revenues over (under) expenditures	(2,277,426)	(2,277,426)	(1,864,206)	413,220	(1,967,720)
Other financing sources					
Transfers in	2,089,483	2,089,483	1,905,587	(183,896)	1,951,419
Net change in fund balance	(187,943)	(187,943)	41,381	229,324	(16,301)
Fund balance, beginning of year	185,550	185,550	185,550	-	201,851
Fund balance, end of year	\$ (2,393)	\$ (2,393)	\$ 226,931	\$ 229,324	\$ 185,550

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

COUNTY OF CALHOUN, MICHIGAN

Statement of Net Position

Proprietary Funds
December 31, 2012

	Business-type Activities				Governmental Activities
	Medical Care Facility	Delinquent Tax Revolving Fund	Other Enterprise Funds	Total	Internal Service Funds
Assets					
Current assets:					
Cash and cash equivalents	\$ 936,075	\$ 10,754,058	\$ 299,433	\$ 11,989,566	\$ 2,129,160
Investments	-	1,000,000	-	1,000,000	-
Receivables:					
Accounts, net	2,405,857	-	38,271	2,444,128	180,020
Property taxes	853,978	-	-	853,978	-
Property taxes-delinquent	-	9,171,763	-	9,171,763	-
Accrued interest	-	2,694,459	-	2,694,459	-
Due from other governments	-	1,642,883	-	1,642,883	8,111
Advance to other funds	-	574,450	-	574,450	-
Advances to component units	-	10,634	-	10,634	-
Inventory	-	-	-	-	3,797
Prepaid items	187,904	-	-	187,904	1,042,752
Total current assets	4,383,814	25,848,247	337,704	30,569,765	3,363,840
Capital assets, net	16,095,970	9,105	-	16,105,075	1,877,371
Total assets	20,479,784	25,857,352	337,704	46,674,840	5,241,211
Liabilities					
Current liabilities:					
Accounts payable	246,874	-	7,017	253,891	230,465
Accrued liabilities	647,940	43,064	-	691,004	18,273
Claims payable	-	-	-	-	718,897
Due to other governments	-	107,091	-	107,091	-
Advance to other funds	-	-	-	-	133,673
Unearned revenue	870,524	-	-	870,524	-
Tax notes payable	-	4,500,000	-	4,500,000	-
Current portion of bonds payable	300,000	-	-	300,000	-
Current portion of capital leases payable	-	-	-	-	3,283
Total current liabilities	2,065,338	4,650,155	7,017	6,722,510	1,104,591
Long-term liabilities -					
Bonds payable	6,500,000	-	-	6,500,000	-
Total liabilities	8,565,338	4,650,155	7,017	13,222,510	1,104,591
Net position					
Net investment in capital assets	9,295,970	9,105	-	9,305,075	1,874,088
Restricted for debt service	-	7,980,543	-	7,980,543	-
Restricted for foreclosures	-	2,161,556	-	2,161,556	-
Restricted for specific operating activities	38,019	562,353	-	600,372	-
Unrestricted	2,580,457	10,493,640	330,687	13,404,784	2,262,532
Total net position	\$ 11,914,446	\$ 21,207,197	\$ 330,687	\$ 33,452,330	\$ 4,136,620

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

COUNTY OF CALHOUN, MICHIGAN

Statement of Revenues, Expenses and Changes in Fund Net Position

Proprietary Funds

For the Year Ended December 31, 2012

	Business-type Activities				Governmental Activities
	Medical Care Facility	Delinquent Tax Revolving Fund	Other Enterprise Funds	Total	Internal Service Funds
Operating revenues					
Charges for services	\$ 13,193,361	\$ -	\$ 505,778	\$ 13,699,139	\$ 9,069,092
Interest on taxes	-	1,529,574	-	1,529,574	-
Administrative fees and penalties	-	1,732,600	-	1,732,600	-
Other revenue	75,760	-	-	75,760	38,817
Total operating revenues	13,269,121	3,262,174	505,778	17,037,073	9,107,909
Operating expenses					
Personnel services / administration	7,309,408	1,088,276	-	8,397,684	549,676
Cost of services	-	-	-	-	10,108,973
Depreciation	757,226	17,913	465	775,604	278,943
Other	6,012,860	-	270,282	6,283,142	-
Total operating expenses	14,079,494	1,106,189	270,747	15,456,430	10,937,592
Operating income (loss)	(810,373)	2,155,985	235,031	1,580,643	(1,829,683)
Nonoperating revenues (expense)					
Property taxes	928,968	-	-	928,968	-
Interest revenue	-	13,805	-	13,805	11,175
Interest and fiscal charges	(270,974)	(19,686)	-	(290,660)	-
Total nonoperating revenues (expense)	657,994	(5,881)	-	652,113	11,175
Income (loss) before transfers	(152,379)	2,150,104	235,031	2,232,756	(1,818,508)
Transfers					
Transfers in	-	-	-	-	2,129,183
Transfers out	-	(2,040,000)	(200,000)	(2,240,000)	(540,365)
Total transfers	-	(2,040,000)	(200,000)	(2,240,000)	1,588,818
Change in net position	(152,379)	110,104	35,031	(7,244)	(229,690)
Net position, beginning of year	12,066,825	21,097,093	295,656	33,459,574	4,366,310
Net position, end of year	\$ 11,914,446	\$ 21,207,197	\$ 330,687	\$ 33,452,330	\$ 4,136,620

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

COUNTY OF CALHOUN, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended December 31, 2012

	Business-type Activities				Governmental Activities
	Medical Care Facility	Delinquent Tax Revolving Fund	Other Enterprise Funds	Total	Internal Service Funds
Cash flows from operating activities					
Cash received from customers	\$ 13,550,030	\$ 16,480,345	\$ 476,891	\$ 30,507,266	\$ -
Cash received from interfund services	-	-	-	-	9,098,212
Cash payments to suppliers	(5,979,445)	(13,835,954)	(290,489)	(20,105,888)	(10,832,562)
Cash payments to employees	(7,355,318)	-	-	(7,355,318)	(982,651)
Net cash provided by operating activities	215,267	2,644,391	186,402	3,046,060	(2,717,001)
Cash flows from noncapital financing activities					
Property taxes	881,223	-	-	881,223	-
Cash received/paid on advances to other funds	-	(411,240)	-	(411,240)	-
Transfers in	-	-	-	-	2,129,183
Transfers (out)	-	(2,040,000)	(200,000)	(2,240,000)	(540,365)
Tax notes issued	-	6,000,000	-	6,000,000	-
Tax notes redeemed	-	(2,249,834)	-	(2,249,834)	-
Net cash provided by (used in) noncapital financing activities	881,223	1,298,926	(200,000)	1,980,149	1,588,818
Cash flows from capital and related financing activities					
Purchase of capital assets	(182,099)	-	-	(182,099)	-
Bond and capital lease payments	(443,007)	-	-	(443,007)	(12,808)
Interest on long-term debt	(169,039)	(19,686)	-	(188,725)	-
Net cash used in capital and related financing activities	(794,145)	(19,686)	-	(813,831)	(12,808)
Cash flows from investing activities					
Sale of investments	-	(1,000,000)	-	(1,000,000)	-
Interest received	-	13,805	-	13,805	11,175
Net cash provided by (used in) investing activities	-	(986,195)	-	(986,195)	11,175
Net change in cash and cash equivalents	302,345	2,937,436	(13,598)	3,226,183	(1,129,816)
Cash and cash equivalents, beginning of year	633,730	7,816,622	313,031	8,763,383	3,258,976
Cash and cash equivalents, end of year	\$ 936,075	\$ 10,754,058	\$ 299,433	\$ 11,989,566	\$ 2,129,160

continued...

COUNTY OF CALHOUN, MICHIGAN

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

	Business-type Activities				Governmental Activities
	Medical Care Facility	Delinquent Tax Revolving Fund	Other Enterprise Funds	Total	Internal Service Funds
Cash flows from operating activities					
Operating income (loss)	\$ (810,373)	\$ 2,155,985	\$ 235,031	\$ 1,580,643	\$ (1,829,683)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) Operations:					
Depreciation	757,226	17,913	465	775,604	278,943
Changes in assets and liabilities:					
Accounts receivable	298,399	37,295	(28,887)	306,807	(3,395)
Due from other governments	-	111,645	-	111,645	(8,111)
Property taxes receivable	(17,490)	276,639	-	259,149	-
Accrued interest receivable	-	83,507	-	83,507	-
Inventory	-	-	-	-	(1,513)
Prepaid items	(13,412)	-	-	(13,412)	(672,290)
Accounts payable	77,082	-	(20,207)	56,875	79,167
Accrued liabilities	(45,910)	(39,925)	-	(85,835)	(180)
Claims payable	-	-	-	-	(530,402)
Due to other governments	-	2,652	-	2,652	-
Due to other funds	-	(1,320)	-	(1,320)	(29,537)
Unearned revenue	(30,255)	-	-	(30,255)	-
Net cash provided by (used in) operating activities	<u>\$ 215,267</u>	<u>\$ 2,644,391</u>	<u>\$ 186,402</u>	<u>\$ 3,046,060</u>	<u>\$ (2,717,001)</u>

concluded.

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

COUNTY OF CALHOUN, MICHIGAN

Statement of Fiduciary Net Position

Fiduciary Funds
December 31, 2012

	Pension Trust Funds	Agency Funds
Assets		
Cash and cash equivalents	\$ 115,425	\$ 1,113,538
Investments -		
Mutual and cash management funds	17,423,885	-
Accounts receivable	-	643,696
Total assets	<u>17,539,310</u>	<u>\$ 1,757,234</u>
Liabilities		
Accounts payable	-	\$ 270,292
Due to individuals and agencies	-	830,217
Due to other governments	-	656,725
Total liabilities	<u>-</u>	<u>\$ 1,757,234</u>
Net position held in trust for		
Retirement benefits	17,498,539	
Employee benefits	40,771	
Total net position	<u>\$ 17,539,310</u>	

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

COUNTY OF CALHOUN, MICHIGAN

Statement of Changes in Fiduciary Net Position

Pension Trust Funds

For the Year Ended December 31, 2012

Additions

Investment income:

Change in fair value of investments	\$ 1,717,563
Interest	213,111
Total investment income	<u>1,930,674</u>

Contributions:

Employer	862,201
Plan members	1,285,018
Total contributions	<u>2,147,219</u>

Total additions

4,077,893

Deductions

Pension benefits paid to participants	905,554
Actuarial fees	27,042
Refunds	236,274
Employee reimbursements	113,633

Total deductions

1,282,503

Net increase

2,795,390

Net position in trust for pension and employee benefits

Beginning of year 14,743,920

End of year \$ 17,539,310

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

COUNTY OF CALHOUN, MICHIGAN

Combining Statement of Net Position

Component Units
December 31, 2012

	Water Resources Commission	Land Bank Authority	Total
Assets			
Cash and cash equivalents	\$ 502,546	\$ 352,649	\$ 855,195
Receivables, net	4,121,766	54,563	4,176,329
Due from other governments	-	100,720	100,720
Property inventory	-	1,496,399	1,496,399
Capital assets being depreciated, net	8,119,682	-	8,119,682
Total assets	12,743,994	2,004,331	14,748,325
Liabilities			
Accounts payable and accrued liabilities	228,727	161,201	389,928
Advances from primary government	76,600	10,634	87,234
Long-term liabilities:			
Due within one year	1,539,306	-	1,539,306
Due in more than one year	2,793,608	1,349,176	4,142,784
Total liabilities	4,638,241	1,521,011	6,159,252
Net position			
Net investment in capital assets	3,786,768	-	3,786,768
Unrestricted	4,318,985	483,320	4,802,305
Total net position	\$ 8,105,753	\$ 483,320	\$ 8,589,073

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

COUNTY OF CALHOUN, MICHIGAN

Combining Statement of Activities

Component Units

For the Year Ended December 31, 2012

	Water Resources Commission	Land Bank Authority	Total
Expenses			
County Drains	\$ 511,318	\$ -	\$ 511,318
Land Bank	-	1,754,643	1,754,643
Total expenses	<u>511,318</u>	<u>1,754,643</u>	<u>2,265,961</u>
Program revenues			
Charges for services	-	86,010	86,010
Operating grants and contributions	11,880	1,579,932	1,591,812
Capital grants and contributions	2,629,753	-	2,629,753
Total program revenues	<u>2,641,633</u>	<u>1,665,942</u>	<u>4,307,575</u>
Net revenues (expense)	2,130,315	(88,701)	2,041,614
General revenues			
Gain on sale of capital assets	-	136,911	136,911
Change in net position	2,130,315	48,210	2,178,525
Net assets, beginning of year	<u>5,975,438</u>	<u>435,110</u>	<u>6,410,548</u>
Net assets, end of year	<u>\$ 8,105,753</u>	<u>\$ 483,320</u>	<u>\$ 8,589,073</u>

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

NOTES TO FINANCIAL STATEMENTS

County of Calhoun, Michigan

Index - Notes to the Financial Statements

	<u>Page</u>
1. Summary of Significant Accounting Policies	
Reporting Entity	57
Government-wide and Fund Financial Statements	58
Measurement Focus, Basis of Accounting, and Financial Statement Presentation	59
Assets, Liabilities and Equity	61
2. Stewardship, Compliance and Accountability	
Budgetary Information	64
Excess of Expenditures Over Appropriations	65
Fund Deficit	65
3. Deposits and Investments	66
4. Receivables	68
5. Capital Assets	71
6. Accounts Payable and Accrued Liabilities	72
7. Interfund Receivables, Payables and Transfers	73
8. Capital Leases	75
9. Long-term Debt	76
10. Other Information	84
11. Property Taxes	86
12. Employee Retirement Systems and Pension Plans	86
13. Commitments and Contingencies	97
14. Net Investment in Capital Assets	98
15. Restatement	98

COUNTY OF CALHOUN, MICHIGAN

Notes To Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County of Calhoun, Michigan (the “County” or “government”) was incorporated in 1829 and covers an area of approximately 710 square miles in southern lower Michigan. The County operates under a 7-member elected Board of Commissioners and an appointed County Administrator/Controller. The County seat is located in the City of Marshall.

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

Reporting Entity

As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government’s operations and 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 combined financial statements to emphasize that they are legally separate from the government.

Blended Component Unit

Calhoun County Building Authority (“the “Building Authority”) - is governed by a three-member board appointed by the Calhoun County Board of Commissioners. Its sole function is to oversee the financing and construction, if any, of the County’s public buildings; therefore, it is reported as if it were part of the primary government. It has been reported as a debt service fund.

Discretely Presented Component Units

Calhoun County Water Resources Commission (the “Water Resources Commission”) - All drainage districts established pursuant to the Michigan Drain Code of 1956, as amended, are separate legal entities with the power to contract, to sue and be sued, and to hold, manage and dispose of real and personal property. The statutory governing board of Chapter 20 drainage districts consists of the Water Resources Commissioner, the Chair of the County Board of Commissioners and one other member of the County Board of Commissioners.

The County Water Resources Commission has sole responsibility to administer Chapter 3 and 4 drainage districts. A drainage board or Water Resources Commissioner, on behalf of the drainage district, may issue debt and levy special assessments without the prior approval of the County. The full faith and credit of the County may be given for the debt of a drainage district, which results in potential financial burden to the County.

COUNTY OF CALHOUN, MICHIGAN

Notes To Financial Statements

Also, pursuant to the Inland Lake Level Act of 1961, after the Circuit Court of the County establishes a lake level, the Water Resources Commissioner has the responsibility to maintain that level with control structures and/or pumps. The Water Resources Commissioner may issue debt and levy special assessments to defray the expenses required to maintain the Court ordered lake levels.

Calhoun County Land Bank Authority (the "Land Bank Authority") - The Land Bank Authority is a public corporation, organized pursuant to Michigan Land Bank Fast Track Public Act 258 and an Intergovernmental Agreement entered into between the Michigan Land Bank Fast Track Authority and the Calhoun County Treasurer. The Land Bank Authority is governed by a seven-member board including the Calhoun County Treasurer, who is, by law, its Chairperson, and six other members appointed by the County Board of Commissioners. The Land Bank Authority was created to acquire, hold, manage and develop tax-foreclosed properties, as well as other vacant and abandoned properties. The County Board of Commissioners can significantly influence the operations of the Land Bank Authority.

Complete financial statements for the discretely presented component unit may be obtained at the entity's administrative offices.

Calhoun County Land Bank Authority
315 W. Green Street
Marshall, Michigan 49068

A separate, stand-alone report is not issued for the Calhoun County Water Resources Commission.

Funds With Other Year Ends - The financial statements of the Health Department special revenue fund are presented in the accompanying financial statements using its fiscal year end of September 30, 2012.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from 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 reported separately from certain component units for which the primary government is financially accountable.

COUNTY OF CALHOUN, MICHIGAN

Notes To Financial Statements

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 those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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. 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. Agency funds, a type of fiduciary fund, are unlike all other types of funds, reporting only assets and liabilities. Therefore, agency funds cannot be said to have a measurement focus. They do, however, use the accrual basis of accounting to recognize receivables and payables.

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

Property taxes, State revenue, licenses, 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 County reports the following major governmental funds:

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

The *health department fund* accounts for the activities of delivering health services to residents, funded by federal, state and local grants and contributions.

COUNTY OF CALHOUN, MICHIGAN

Notes To Financial Statements

The *senior millage special revenue fund* accounts for the activities of providing senior citizen services where financing is provided by a County tax levy.

The *road department special revenue fund* accounts for the activities of providing local and primary road construction and maintenance in the County. Funding is provided primarily from state and federal distributions and grants.

The *child care special revenue fund* accounts for the in-home-care programs and out-of-home child care of children where the financing is provided by state grants and County appropriations.

The County reports the following major proprietary funds:

The *medical care facility fund* is used to account for the operation of the Calhoun County Medical Care Facility. Financing is provided through charges for services, and Medicare and Medicaid reimbursements.

The *delinquent tax revolving fund* accounts for the County's annual purchase of delinquent real property taxes from each of the local taxing units within the County, and the ultimate collection from the property owners of the delinquent taxes with penalty and interest. The fund also accounts for the County's issuance of debt (to provide cash flow for the purchase of the taxes) and for the resulting debt service payments.

Additionally, the County reports the following fund types:

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

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

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

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

Enterprise funds account for those operation that are financed and operated in a manner similar to private business or where the County has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

The *internal service funds* account for the fleet and equipment management, building and grounds, data processing, copy machine, mailing department, and insurance services provided to other departments or agencies of the government on a cost reimbursement basis.

COUNTY OF CALHOUN, MICHIGAN

Notes To Financial Statements

The *pension trust funds* are accounted for in essentially the same manner as proprietary funds, using the same measurement focus and basis of accounting. The pension trust funds account for the assets of the County's defined benefit pension plan and the Flexible Benefit Plan.

Agency funds are custodial in nature and do not present results of operations or have a measurement focus. These funds are used to account for assets that the government holds for others in an agency capacity (such as taxes collected for other governments).

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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 and of the government's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Assets, Liabilities and Equity

Deposits and investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are stated at fair value, which is determined as follows: a) short-term investments are reported at cost, which approximates fair value; b) securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates; c) investments that do not have established market values are reported at estimated fair value; and d) cash deposits are reported at carrying amount, which reasonably approximates fair value.

State statutes authorize the County to deposit in the accounts of federally insured banks, credit unions and savings and loan associations and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers' acceptances, and mutual funds composed of otherwise legal investments.

COUNTY OF CALHOUN, MICHIGAN

Notes To Financial Statements

Receivables and payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Advances between funds or component units are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles, as applicable.

Inventories and prepaid items

All inventories are valued at cost using the first-in/first-out (FIFO) method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if any, is included as part of the capitalized value of the assets constructed. No such interest expense was incurred during the current fiscal year.

In the case of the initial capitalization of general infrastructure assets (i.e. - those reported in the Primary Government and the Water Resources Commission component units), each chose to include all items retroactively to 1980.

COUNTY OF CALHOUN, MICHIGAN

Notes To Financial Statements

Capital assets of the primary government and Water Resources Commission component unit are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	40-50
Drain and lake level infrastructure	50
Vehicles	3-20
Equipment	5-10
Road infrastructure	8-50

Road equipment is depreciated primarily by the sum of years-digits method over periods ranging from 5 to 8 years.

Compensated absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. No liability is reported for unpaid accumulated sick leave as it does not vest. Vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

COUNTY OF CALHOUN, MICHIGAN

Notes To Financial Statements

Deferred Inflows for Resources

In addition to liabilities, the statement of financial 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 property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In addition, deferred inflows of resources are reported in the government-wide and governmental fund financial statements for property taxes levied during the year that were intended to finance future periods.

Equity

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 require to be maintained intact. Restricted fund balance is reported when externally imposed constraints are placed on the use of the resources by grantors, contributors, or laws or regulations of other governments. Committed fund balance is reported for amounts that can 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 formal resolution of the Board of Commissioners is required to establish, modify or rescind a fund balance commitment. Assigned fund balance is reported 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 used for a 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, assigned, and finally unassigned fund balance, if any.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general and special revenue funds. All annual appropriations lapse at year end. Prior to December 31, the proposed budget is presented to the County Board of Commissioners for review, public hearings and eventual adoption through passage of an annual budget ordinance.

The appropriated budget is prepared by fund, function and activity for the General Fund and by fund and function for the special revenue funds. The government's administrator may make transfers of appropriations less than or equal to \$20,000 between General Fund activities and between special revenue fund functions. Transfers of appropriations between General Fund activities or special revenue fund functions greater than \$20,000 require the approval of the Board of Commissioners. The legal level of budgetary control is the activity level for the General Fund and the function level for the special revenue funds. The Board of Commissioners made several supplemental budgetary appropriations during the year which were not considered material.

COUNTY OF CALHOUN, MICHIGAN

Notes To Financial Statements

Excess of expenditures over appropriations

State statutes provide that a local unit shall not incur expenditures in excess of the amount appropriated. During the year ended December 31, 2012, the following activities of certain funds had expenditures in excess of appropriations as follows:

	Amended Budget	Actual	Variance
General Fund:			
Judicial -			
District court	\$ 3,216,610	\$ 3,243,405	\$ 26,795
General government -			
Prosecuting attorney	2,203,187	2,211,524	8,337
Administrative services	34,683	35,710	1,027
Prosecuting attorney	2,203,187	2,211,524	8,337
Public safety:			
Detective program	173,361	174,149	788
Road patrol	1,334,396	1,355,944	21,548
Sheriff training	85,949	88,208	2,259
Corrections/jail	11,225,651	11,452,815	227,164
Animal control	162,543	167,825	5,282
Other - intergovernmental services	21,667	29,536	7,869
Debt services:			
Principal	-	7,040	7,040
Interest	-	436	436
Special Revenue:			
Road Department Fund -			
Public works	8,767,240	9,041,083	273,843
Local emergency planning fund - Public safety	1,200	1,690	490
Public works fund - General government	-	-	-

These over expenditures were covered by available fund balance.

Fund deficit

The County Drain and Lake Level Capital Projects Funds of the Water Resources Commission component unit have fund balance deficits of \$132,638 and \$107,937, respectively, as of December 31, 2012. The Water Resources Commission plans to eliminate these deficits in 2013 through special assessment levies.

COUNTY OF CALHOUN, MICHIGAN

Notes To Financial Statements

3. DEPOSITS AND INVESTMENTS

Following is a reconciliation of deposit and investments balances (including both pooled cash and investments) as of December 31, 2012:

	Primary Government	Component Units	Total
Statement of Net Position:			
Cash and cash equivalents	\$ 23,068,629	\$ 855,195	\$ 23,923,824
Investments	1,000,000	-	1,000,000
Statement of Fiduciary Net Position			
Cash and cash equivalents	1,228,963	-	1,228,963
Investments	17,423,885	-	17,423,885
Total	\$ 42,721,477	\$ 855,195	\$ 43,576,672
Deposits and Investments:			
Bank deposits and certificates of deposit			\$ 26,094,593
Investments			27,188
Investments - pension trust funds			17,423,885
Cash on hand			31,006
Total			\$ 43,576,672

The County chooses to disclose its investments by specifically identifying each. As of year end, the County had the following investments.

Investment	Carrying Amount (Fair Value)	Credit Rating
Governmental money market:		
Bank of America	\$ 25,580	AAAm (S&P)
Comerica Bank	1,608	Not rated
	<u>\$ 27,188</u>	

Interest Rate Risk. State law limits the allowable investments and the maturities of some of the allowable investments as identified in the summary of significant accounting policies. The County's investment policy limits investment maturities of commercial paper to 270 days as a means of managing its exposure to fair value losses arising from increasing interest rates.

COUNTY OF CALHOUN, MICHIGAN

Notes To Financial Statements

Credit Risk. State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools as identified in the list of authorized investments in the summary of significant accounting policies. The County's investment policy does not have specific limits in excess of state law on investment credit risk. Credit risk ratings, where applicable, have been identified above for the County's investments.

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. At year end, the carrying amount of the County's deposits was \$26,094,593. As of year end, \$14,202,321 of the combined bank balance of \$27,178,936 was exposed to custodial credit risk because it was uninsured and uncollateralized.

The County's investment policy does not specifically address this risk, although the County believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the County evaluates each financial institution with which it deposits County funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

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 and the County does not have a policy for investment custodial credit risk. On the investments listed above, there is no custodial credit risk. Short-term investments in money market funds and open end mutual funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book form.

Concentration of Credit Risk. State law limits allowable investments but does not limit concentration of credit risk as identified in the list of authorized investments in the summary of significant accounting policies. The County's investment policy does not have specific limits in excess of state law on concentration of credit risk. All investments held at year end are reported above.

Investments - Pension Trust Fund

The investments of the County's pension trust fund are maintained separately from the County's investments, and are subject to separate investment policies and state statutes. Accordingly, the required disclosures for the pension investments are presented separately.

The Public Employee Retirement System Investment Act, State of Michigan Public Act 314 of 1965, as amended, authorizes the pension trust fund to invest in stocks, government and corporate securities, mortgages, real estate, and various other investment instruments, subject to certain limitations. The Plan's investment policy authorizes the pension trust fund to invest in time, savings and money market deposit accounts, certain government and debt securities, commercial paper, and certain debt and equity mutual funds. The retirement board has the responsibility and authority to oversee the investment portfolio. All investment decisions are subject to Michigan law and the investment policy established by the retirement board.

COUNTY OF CALHOUN, MICHIGAN

Notes To Financial Statements

The investments of the pension trust fund are held in a bank-administered trust fund. \$17,423,885 was invested in mutual and cash management funds as of December 31, 2012.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Plan's investment policy does not discuss the maximum maturity for any single fixed income security or the weighted average portfolio maturity.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Plan's investment policy provides that investments in commercial paper be rated P1 by Moody's or A1 by Standard & Poor's and corporate debt issues (bonds, notes, debentures) be rated in the highest two categories by either Moody's Standard & Poor's, or Fitch's Manual. None of the County's pension investments were rated.

Custodial Credit Risk. For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Plan's investment policy does not specifically address custodial credit risk. Although uninsured and unregistered, the Plan's investments are not exposed to custodial credit risk since the securities are held by the counterparty's trust department or agent in the Plan's name. Short-term investments in money market funds and open end mutual funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book form.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the Plan's investment in a single issuer. The Plan's investment policy does not specifically limit the amount of the Plan's investments in a single issuer.

4. RECEIVABLES

Receivables in the primary government are as follows:

	Governmental Activities	Business-type Activities
Taxes	\$ 4,792,211	\$ 10,025,741
Accounts receivable	8,250,195	2,444,128
Due from other governments	3,124,859	1,642,883
Advance to component unit	76,600	10,634
Accrued interest	546	2,694,459
	<u>\$ 16,244,411</u>	<u>\$ 16,817,845</u>

COUNTY OF CALHOUN, MICHIGAN

Notes To Financial Statements

Governmental funds report deferred inflow of resources 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 inflows and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Deferred Inflows	Total
Property taxes receivable (current)	\$ 1,396,913	\$ 2,679,045	\$ 4,075,958
Property taxes receivable (delinquent)	371,045	-	371,045
Grant drawdowns prior to meeting all eligibility requirements and fees received in advance of being earned	-	550,200	550,200
	<u>\$ 1,767,958</u>	<u>\$ 3,229,245</u>	<u>\$ 4,997,203</u>

COUNTY OF CALHOUN, 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	Restatement	Increases	Decreases	Ending Balance
Governmental Activities					
Capital assets not being depreciated:					
Land	\$ 1,266,264	\$ 284,292	\$ -	\$ -	\$ 1,550,556
Land improvements - infrastructure	-	27,037,927	103,430	-	27,141,357
Construction in process	7,097,631	-	585,985	(7,113,781)	569,835
	<u>8,363,895</u>	<u>27,322,219</u>	<u>689,415</u>	<u>(7,113,781)</u>	<u>29,261,748</u>
Capital assets, being depreciated:					
Buildings and improvements	49,354,469	1,849,183	7,236,020	-	58,439,672
Equipment and furniture	15,944,744	11,824,404	233,625	(14,910)	27,987,863
Vehicles	1,870,629	-	237,012	(141,226)	1,966,415
Depletable assets	-	146,962	-	-	146,962
Infrastructure - road and signals	-	38,952,785	187,425	(5,375)	39,134,835
Infrastructure - bridges	-	8,699,695	-	-	8,699,695
	<u>67,169,842</u>	<u>61,473,029</u>	<u>7,894,082</u>	<u>(161,511)</u>	<u>136,375,442</u>
Less accumulated depreciation for:					
Buildings and improvements	(22,594,977)	(1,671,213)	(1,230,339)	-	(25,496,529)
Equipment and furniture	(14,549,508)	(9,468,246)	(681,800)	14,559	(24,684,995)
Vehicles	(1,488,298)	-	(143,920)	134,410	(1,497,808)
Depletable assets	-	(111,839)	-	-	(111,839)
Infrastructure - road and signals	-	(25,535,482)	(1,518,712)	4,702	(27,049,492)
Infrastructure - bridges	-	(3,919,360)	(253,177)	-	(4,172,537)
	<u>(38,632,783)</u>	<u>(40,706,140)</u>	<u>(3,827,948)</u>	<u>153,671</u>	<u>(83,013,200)</u>
Total capital assets being depreciated, net	<u>28,537,059</u>	<u>20,766,889</u>	<u>4,066,134</u>	<u>(7,840)</u>	<u>53,362,242</u>
Governmental activities capital assets, net	<u>\$ 36,900,954</u>	<u>\$ 48,089,108</u>	<u>\$ 4,755,549</u>	<u>\$ (7,121,621)</u>	<u>\$ 82,623,990</u>

COUNTY OF CALHOUN, MICHIGAN

Notes To Financial Statements

5. CAPITAL ASSETS

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital assets, being depreciated:				
Land improvements	\$ 251,261	\$ 33,786	\$ -	\$ 285,047
Buildings and improvements	21,697,827	47,565	(252,465)	21,492,927
Equipment and furniture	3,225,710	100,748	(399,226)	2,927,232
	<u>25,174,798</u>	<u>182,099</u>	<u>(651,691)</u>	<u>24,705,206</u>
Less accumulated depreciation for:				
Land improvements	(115,439)	(10,593)	-	(126,032)
Buildings and improvements	(5,797,994)	(532,038)	251,715	(6,078,317)
Equipment and furniture	(2,560,850)	(232,973)	398,041	(2,395,782)
	<u>(8,474,283)</u>	<u>(775,604)</u>	<u>649,756</u>	<u>(8,600,131)</u>
Total capital assets being depreciated, net	<u>16,700,515</u>	<u>(593,505)</u>	<u>(1,935)</u>	<u>16,105,075</u>
Business-type activities capital assets, net	<u>\$ 16,700,515</u>	<u>\$ (593,505)</u>	<u>\$ (1,935)</u>	<u>\$ 16,105,075</u>

Discretely presented component units

Water Resources Commission. Capital asset activity for the Water Resources Commission for the year ended December 31, 2012 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Component Unit - Water Resources Commission				
Capital assets being depreciated -				
Infrastructure	\$ 7,314,864	\$ 2,090,405	\$ -	\$ 9,405,269
Less accumulated depreciation for -				
Infrastructure	(1,139,289)	(146,298)	-	(1,285,587)
Water Resource Commission capital assets, net	<u>\$ 6,175,575</u>	<u>\$ 1,944,107</u>	<u>\$ -</u>	<u>\$ 8,119,682</u>

COUNTY OF CALHOUN, MICHIGAN

Notes To Financial Statements

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

Governmental activities:

Legislative	\$ 5,591
Judicial	291,490
General government	2,317,006
Public safety	716,858
Health and welfare	192,297
Recreation and culture	25,763
Capital assets held by the government's internal service funds are charged to the various functions bases on usage of the assets	<u>278,943</u>

Total depreciation expense - governmental activities \$ 3,827,948

Business-type activities:

Medical Care Facility	\$ 757,226
Delinquent Tax Collection	17,913
Property description	<u>465</u>

Total depreciation expense - business-type activities \$ 775,604

Depreciation expense was charged to the Public Works function in the year 2012 for the Water Resources Commission component unit.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Payables are comprised of the following at year-end:

	Governmental Activities	Business-type Activities
Accounts payable	\$ 2,015,682	\$ 253,891
Other accrued liabilities	866,919	691,004
Claims incurred but not reported	718,897	-
Due to other governments	1,018,101	107,091
Accrued interest on long-term debt	<u>145,118</u>	<u>-</u>
	<u>\$ 4,764,717</u>	<u>\$ 1,051,986</u>

COUNTY OF CALHOUN, MICHIGAN

Notes To Financial Statements

7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Certain governmental funds with negative balances in the County's pooled cash accounts of \$622,186 reported interfund payables, which are equal to the interfund receivable of \$622,186 reported in the General Fund.

Interfund balances resulted primarily from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. At December 31, 2012, due to/due from other funds consisted of the following:

	Due from Other Funds	Due to Other Funds
General Fund	\$ 7,444	\$ -
Road Department Fund	8,741	-
Nonmajor Governmental Funds	4,963	21,148
	<u>\$ 21,148</u>	<u>\$ 21,148</u>

COUNTY OF CALHOUN, MICHIGAN

Notes To Financial Statements

For the year ended December 31, 2012, interfund transfers consisted of the following:

Transfers out	Transfers In					Total
	General Fund	Health Department	Child Care	Nonmajor Governmental Funds	Internal Service Funds	
General Fund	\$ -	\$ 747,691	\$ 1,905,587	\$ 3,647,207	\$ 2,089,183	\$ 8,389,668
Nonmajor governmental funds	959,350	-	-	31,233	40,000	1,030,583
Internal Service Funds	325,000	-	-	215,365	-	540,365
Delinquent tax revolving	2,040,000	-	-	-	-	2,040,000
Nonmajor enterprise fund	200,000	-	-	-	-	200,000
Timing differences	-	15,645	-	1	-	15,646
	<u>\$ 3,524,350</u>	<u>\$ 763,336</u>	<u>\$ 1,905,587</u>	<u>\$ 3,893,806</u>	<u>\$ 2,129,183</u>	<u>\$ 12,216,262</u>

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

COUNTY OF CALHOUN, MICHIGAN

Notes To Financial Statements

8. CAPITAL LEASES

The government has entered into seventeen lease agreements for financing the acquisition of phone equipment, computer equipment, and vehicles. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

	Governmental Activities	Business-type Activities
Capital assets:		
Equipment and furniture	\$ 423,840	\$ -
Vehicles	769,381	22,504
Less accumulated depreciation for:		
Equipment and furniture	(394,140)	
Vehicles	(340,423)	(22,504)
Total	\$ 458,658	\$ -

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2012, were as follows:

Year Ending December 31,	Governmental Activities
2013	\$ 130,487
2014	96,905
2015	31,999
2016	32,000
Total minimum lease payments	291,391
Less - amount representing interest	(31,750)
Present value of minimum lease payments	\$ 259,641

COUNTY OF CALHOUN, MICHIGAN

Notes To Financial Statements

9. LONG-TERM DEBT

Primary Government

Governmental activities

General obligation bonds. The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental activities.

General obligation bonds are direct obligations and pledge the full faith and credit of the County. These bonds are typically issued as 10-20 year serial bonds with varying amounts of principal maturing each year. General obligation bonds currently outstanding are as follows:

Purpose	Installment	Interest Rates	Amount
County Building Authority refunding bonds of \$6,855,000	\$400,000 to \$580,000	3.00 to 4.125%	\$ 5,350,000
Recovery zone economic development bonds of \$7,000,000	\$260,000 to 455,000	1.500 to 6.550%	<u>6,485,000</u>
			<u>\$ 11,835,000</u>

Annual debt service requirements to maturity for governmental activities general obligation and Michigan Department of Transportation bonds are as follows:

Year Ending December 31,	Principal	Interest	Total
2013	\$ 670,000	\$ 552,065	\$ 1,222,065
2014	705,000	531,465	1,236,465
2015	720,000	508,410	1,228,410
2016	740,000	482,798	1,222,798
2017	760,000	454,322	1,214,322
2018-2022	4,090,000	1,770,139	5,860,139
2023-2027	2,420,000	885,204	3,305,204
2028-2032	1,730,000	231,543	1,961,543
	<u>\$ 11,835,000</u>	<u>\$ 5,415,946</u>	<u>\$ 17,250,946</u>

COUNTY OF CALHOUN, MICHIGAN

Notes To Financial Statements

Installment Obligations. The government entered into one long-term installment payment agreement during the year in the amount of \$657,000 for an energy conservation project.

Purpose	Installment	Interest Rates	Amount
2012 energy conservation project	\$ 65,700	2.17%	<u>\$ 657,000</u>

Year Ending December 31,	Principal	Interest	Total
2013	\$ 65,700	\$ 13,346	\$ 79,046
2014	65,700	12,831	78,531
2015	65,700	11,406	77,106
2016	65,700	9,980	75,680
2017	65,700	8,554	74,254
2018-2022	<u>328,500</u>	<u>21,385</u>	<u>349,885</u>
	<u>\$ 657,000</u>	<u>\$ 77,502</u>	<u>\$ 734,502</u>

Michigan Department of Transportation bonds. The County through its Road Department borrows from the Michigan Transportation Bond Fund to finance various capital projects.

Series	Due	Interest Rate	Amount
2003 Series	2013	3.85% to 4.05%	\$ 115,000
2005 Series	2015	3.75% to 4.05%	<u>240,000</u>
			<u>\$ 355,000</u>

The County, through its Road Department, entered into an installment purchase agreement for six dump trucks, which was secured by the related freightliner dump truck equipment. The agreement calls for monthly installments of \$24,614 through July 2015, with an additional amount of \$25,269 to be paid in August 2015, which includes interest at 4.3%. The balance of this loan is \$712,953 at December 31, 2012.

COUNTY OF CALHOUN, MICHIGAN

Notes To Financial Statements

Annual debt service requirements to maturity for Michigan Department of Transportation bonds and are as follows:

Year Ending December 31,	Principal	Interest	Total
2013	\$ 190,000	\$ 10,424	\$ 200,424
2014	80,000	5,042	85,042
2015	85,000	1,721	86,721
	<u>\$ 355,000</u>	<u>\$ 17,187</u>	<u>\$ 372,187</u>

Annual debt service for the six dump trucks is as follows:

Year Ending December 31,	Principal	Interest	Total
2013	\$ 268,261	\$ 27,108	\$ 295,369
2014	280,215	15,155	295,370
2015	164,477	3,196	167,673
	<u>\$ 712,953</u>	<u>\$ 45,459</u>	<u>\$ 758,412</u>

The County, through its Public Works Department, issues general obligation bonds to finance water and sewer infrastructure projects, which are administered by the Department. These bonds are direct obligations and pledge the full faith and credit of the County and the benefiting municipalities.

Annual debt service requirements to maturity for BPW bonds are as follows:

Year Ending December 31,	Principal	Interest	Total
2013	\$ 570,000	\$ 198,650	\$ 768,650
2014	565,000	181,792	746,792
2015	565,000	164,211	729,211
2016	585,000	145,912	730,912
2017	590,000	125,803	715,803
2018-2022	1,865,000	103,387	1,968,387
2023-2027	495,000	79,698	574,698
2028-2032	590,000	63,712	653,712
	<u>\$ 5,825,000</u>	<u>\$ 1,063,165</u>	<u>\$ 6,888,165</u>

The County, on behalf of Emmett Township refunded \$1,725,000 in direct obligation bonds of the Township in 2012, by the issuance of \$1,725,000 2012 sewage disposal refunding bonds. The balance of the defeased bonds outstanding is \$1,725,000 at December 31, 2012. The deferred loss on refunding is not shown for the County since the Township is directly responsible for this debt service.

COUNTY OF CALHOUN, MICHIGAN

Notes To Financial Statements

Business-type activities

Delinquent tax notes. The government issues delinquent tax notes to finance the purchase of delinquent real property taxes receivable from each taxing district in the County. These notes are reported in the proprietary funds (i.e., Delinquent Tax Revolving Enterprise Fund) as they are expected to be repaid from proprietary fund revenues. Each series of delinquent tax notes are subject to variable interest rates which are determined on a weekly basis by the County’s remarketing agent using established criteria and legal limitations. Principal and interest payments are predicated upon actual collections of delinquent property taxes, which are subject to collection over a period not to exceed three years. Delinquent tax notes outstanding at December 31, 2012, are as follows:

Series	Amount
2012 - \$6,000,000 G.O. Limited Tax Notes payable dated May 30, 2012, due 5/1/2013 and 11/1/2013	<u>\$ 4,500,000</u>

General obligation bonds. The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for business-type activities.

General obligation bonds are direct obligations and pledge the full faith and credit of the County. These bonds are typically issued as 10-20 year serial bonds with varying amounts of principal maturing each year. General obligation bonds currently outstanding are as follows:

Purpose	Installment	Interest Rates	Amount
County Building Authority - \$8,000,000 issue for Medical Care Facility improvements	\$250,000 to \$700,000	3.70 to 4.00%	<u>\$ 6,800,000</u>

Annual debt service requirements to maturity for business type activities general obligation bonds are as follows:

Year Ending December 31,	Principal	Interest	Total
2013	\$ 300,000	\$ 257,975	\$ 557,975
2014	350,000	244,475	594,475
2015	350,000	230,475	580,475
2016	400,000	214,975	614,975
2017	400,000	199,875	599,875
2018-2022	2,450,000	733,444	3,183,444
2023-2026	2,550,000	185,500	2,735,500
	<u>\$ 6,800,000</u>	<u>\$ 2,066,719</u>	<u>\$ 8,866,719</u>

COUNTY OF CALHOUN, MICHIGAN

Notes To Financial Statements

Component Unit - Water Resources Commission

Notes payable. The Water Resources Commission issues bonds for the construction or major maintenance of drainage and lake level districts. Such bonds are repaid from special assessments to local property owners.

Purpose	Due	Installments	Interest Rate	Amount
Drain bonds payable	2013 - 2026	\$30,000 to \$35,000	3.00% - 3.65%	<u>\$ 450,000</u>

Year Ending December 31,	Principal	Interest	Total
2013	\$ 30,000	\$ 13,750	\$ 43,750
2014	30,000	12,850	42,850
2015	30,000	11,950	41,950
2016	30,000	11,050	41,050
2017	30,000	10,150	40,150
2018-2022	160,000	36,924	196,924
2023-2026	140,000	9,896	149,896
	<u>\$ 450,000</u>	<u>\$ 106,570</u>	<u>\$ 556,570</u>

Notes payable. The Water Resources Commission issues notes payable for the construction or major maintenance of drainage and lake level districts. Such notes are repaid from special assessments to local property owners.

Purpose	Due	Installments	Interest Rate	Amount
Various drain and lake level notes payable	2013 - 2018	\$47,857 to \$602,000	Various	<u>\$ 3,889,091</u>

Annual debt service requirements to maturity for drain notes are as follows:

Year Ending December 31,	Principal	Interest	Total
2013	\$ 1,509,747	\$ 122,590	\$ 1,632,337
2014	745,954	94,396	840,350
2015	448,734	66,674	515,408
2016	400,333	47,583	447,916
2017	383,666	35,077	418,743
2018	400,657	35,804	436,461
	<u>\$ 3,889,091</u>	<u>\$ 402,124</u>	<u>\$ 4,291,215</u>

COUNTY OF CALHOUN, MICHIGAN

Notes To Financial Statements

Component Unit - Land Bank Authority

The Authority enters into mortgages to acquire properties for the purpose of demolishing and preparing the site for rehabilitation. The mortgage is interest free and is due upon sale of the underlying properties. As of year-end, the Authority has properties totaling an amount due of \$1,155,035.

The Authority was transferred properties by the Neighborhoods, Inc. of Battle Creek (NIBC) during the year, which the Authority is holding. The amount of the mortgage is NIBC's costs basis of \$194,141. The mortgage is interest free and due January 1, 2016 at such time the title of all properties revert back to NIBC.

COUNTY OF CALHOUN, MICHIGAN

Notes To Financial Statements

Changes in long-term debt

Long-term debt liability activity for the year ended December 31, 2012, was as follows:

	Balance January 1, 2012	Additions	Deletions	Balance December 31, 2012	Due in One Year
Governmental activities - General					
General obligation Bonds	\$ 12,495,000	\$ -	\$ (660,000)	\$ 11,835,000	\$ 670,000
Installment purchase agreement	-	657,000	-	657,000	65,700
Unamortized bond discount	(111,298)	-	10,328	(100,970)	(10,328)
Unamortized gain on bond refunding	9,291	-	(1,328)	7,963	1,328
Lease purchase agreements	204,748	237,012	(182,119)	259,641	113,919
Compensated absences	1,570,898	3,208,420	(2,958,768)	1,820,550	1,099,628
	<u>\$ 14,168,639</u>	<u>\$ 4,102,432</u>	<u>\$ (3,791,887)</u>	<u>\$ 14,479,184</u>	<u>\$ 1,940,247</u>
Governmental activities - Road Department					
Michigan Transportation fund bonds	\$ 670,000	\$ -	\$ (315,000)	\$ 355,000	\$ 190,000
Installment purchase agreement	1,026,175	-	(313,222)	712,953	268,261
Compensated absences	126,172	-	(6,070)	120,102	25,000
	<u>\$ 1,822,347</u>	<u>\$ -</u>	<u>\$ (634,292)</u>	<u>\$ 1,188,055</u>	<u>\$ 483,261</u>
Governmental activities - Public Works Department					
Bonds payable	<u>\$ 6,365,000</u>	<u>\$ 1,750,000</u>	<u>\$ (2,290,000)</u>	<u>\$ 5,825,000</u>	<u>\$ 570,000</u>
Governmental activities - Total					
General obligation Bonds	\$ 18,860,000	\$ 1,750,000	\$ (2,950,000)	\$ 17,660,000	\$ 1,240,000
Unamortized bond discount	(111,298)	-	10,328	(100,970)	(10,328)
Unamortized gain on bond refunding	9,291	-	(1,328)	7,963	1,328
Michigan Transportation fund bonds	670,000	-	(315,000)	355,000	190,000
Installment purchase agreement	1,026,175	657,000	(313,222)	1,369,953	333,961
Lease purchase agreements	204,748	237,012	(182,119)	259,641	113,919
Compensated absences	1,697,070	3,208,420	(2,964,838)	1,940,652	1,124,628
	<u>\$ 22,355,986</u>	<u>\$ 5,852,432</u>	<u>\$ (6,716,179)</u>	<u>\$ 21,492,239</u>	<u>\$ 2,993,508</u>
Business-type activities					
General obligation limited tax notes payable	\$ 749,834	\$ 6,000,000	\$ (2,249,834)	\$ 4,500,000	\$ 4,500,000
General obligation bonds	7,100,000	-	(300,000)	6,800,000	300,000
Lease purchase agreements	143,007	-	(143,007)	-	-
	<u>\$ 7,992,841</u>	<u>\$ 6,000,000</u>	<u>\$ (2,692,841)</u>	<u>\$ 11,300,000</u>	<u>\$ 4,800,000</u>

COUNTY OF CALHOUN, MICHIGAN

Notes To Financial Statements

	Balance January 1, 2012	Additions	Deletions	Balance December 31, 2012	Due in One Year
<u>Component units</u>					
Water Resources Commission					
Drain bonds payable	\$ -	\$ 450,000	\$ -	\$ 450,000	\$ 30,000
Bonds discount	-	(6,618)	441	(6,177)	(441)
Drain notes payable	3,251,654	1,638,000	(1,050,563)	3,839,091	1,509,747
Lake level notes payable	50,000	-	-	50,000	-
	<u>\$ 3,301,654</u>	<u>\$ 2,081,382</u>	<u>\$ (1,050,122)</u>	<u>\$ 4,332,914</u>	<u>\$ 1,539,306</u>
Land Bank Authority					
Mortgage payable	<u>\$ 1,279,885</u>	<u>\$ 725,609</u>	<u>\$ (656,318)</u>	<u>\$ 1,349,176</u>	<u>\$ -</u>

For the governmental activities, compensated absences are generally liquidated by the general fund.

Beginning balances of the governmental activities long-term debt have been restated as the Road Department and Public Works Department, which were component units of the County through December 31, 2011, have been included as funds of the primary government for the current year.

COUNTY OF CALHOUN, MICHIGAN

Notes To Financial Statements

10. OTHER INFORMATION

Risk management / self-insurance programs

The government manages its risk exposures and provides certain employee benefits through a combination of self-insurance programs, risk management pools and commercial insurance and excess coverage policies. On risks that are commercially insured, settlements have not exceeded insurance coverage in any of the past three years. Following is a summary of the self-insurance programs and risk management pool participation.

Liability. The County participates in the Michigan Municipal Risk Management Authority (MMRMA) for general and automobile liability, motor vehicle physical damage and property damage coverages. The MMRMA provides risk management, underwriting, reinsurance and claim review and processing services for all member governments pursuant to its charter.

The government makes annual contributions to MMRMA based on actuarial studies using historical data and insurance industry statistics. These contributions are paid from an internal service fund (i.e., the Insurance fund) using premiums paid into it by the general fund of the government. Such contributions as received by MMRMA are allocated between the general and member retention funds. Economic resources in the MMRMA's general fund are expended for reinsurance coverage, claim payments and certain general and administrative costs, whereas resources in the member retention fund are used for loss payments and defense costs up to the members self-insured retention limits along with certain other member-specific costs.

Under most circumstances, the County's maximum loss retention per occurrence was as follows:

Type of Risk	Maximum Retention Per Occurrence
General liability	\$200,000
Motor vehicle physical damage	\$15,000 per vehicle \$30,000 per occurrence

The County had estimated claims payable of \$531,238 at December 31, 2012. At December 31, 2011, the balance of the County's member retention fund was \$189,941.

Changes in the balances of the County's estimated claims payable during the past two years are as follows:

	2012	2011
Unpaid claims, beginning of year	\$ 428,702	\$ 383,424
Incurred claims (including IBNR's)	940,128	750,657
Claim payments	(837,592)	(705,379)
Unpaid claims, end of year	<u>\$ 531,238</u>	<u>\$ 428,702</u>

COUNTY OF CALHOUN, MICHIGAN

Notes To Financial Statements

Employee Benefits. The government maintains a self-insurance program for employee health care coverage which is accounted for in an internal service fund (i.e., the Employee Benefits fund). The program is administered by a third party administrator who provides claims review and processing services. Premiums are paid into the internal service fund by all other funds based on actuarial and management estimates. These premiums are available to pay health care claims, claim reserves, excess coverage and administrative costs as well as to purchase dental, life, and long-term disability insurance coverage from commercial carriers and to reimburse the State for unemployment benefits paid.

Health care liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. An excess coverage insurance policy covers annual individual claims in excess of \$170,000. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors.

Changes in the balances of health care claims liabilities during the past two years are as follows:

	2012	2011
Unpaid claims, beginning of year	\$ 692,099	\$ (201,385)
Incurred claims (including IBNR's)	6,246,318	6,952,781
Claim payments	<u>(7,497,809)</u>	<u>(6,059,297)</u>
(Prepaid) unpaid claims, end of year	<u>\$ (559,392)</u>	<u>\$ 692,099</u>

Workers' Compensation. The government maintains a self-insurance program for workers' compensation coverage which is accounted for in an internal service fund (i.e., the Workers' Compensation fund). The program is administered by a third party administrator who conducts safety inspections and provides claims review and processing services. Premiums are paid into the internal service fund by all other funds based on payrolls and job classifications and are available to pay claims, claim reserves, excess coverage and administrative costs.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. An excess coverage insurance policy covers individual claims in excess of \$350,000 subject to an annual aggregate limit of \$1 million. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Changes in the balances of claims liabilities during the past two years are as follows:

	2012	2011
Unpaid claims, beginning of year	\$ 128,498	\$ 164,346
Incurred claims (including IBNR's)	245,324	226,311
Claim payments	<u>(186,163)</u>	<u>(262,159)</u>
Unpaid claims, end of year	<u>\$ 187,659</u>	<u>\$ 128,498</u>

COUNTY OF CALHOUN, MICHIGAN

Notes To Financial Statements

11. PROPERTY TAXES

County operating property taxes are levied annually on July 1 (the lien date) to fund operations for the current year. The property taxes are due in full within nine months (prior to March 1), at which time uncollected taxes became delinquent.

Property taxes are levied on the assessed taxable value of the property as established by local units, accepted by the County and equalized under State statute at approximately 50% of the current estimated market value. The assessed and taxable value of real and personal property for the 2011 levies, for which revenue was recognized in fiscal 2012, was \$3,604,972,221. The general operating tax rate for this levy was 5.3779 mills with an additional 0.7452 mills and 0.2482 mills assessed for Senior Services and Medical Care Facility operations, respectively.

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

12. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

Defined Contribution Pension Plan - Primary Government

Substantially all of the government’s full-time employees are eligible to participate in one of two defined contribution pension plans, as established by Board policy and labor agreements. Required government contributions to the pension plans are at various rates based on Board policy and labor agreements with the various bargaining units. The Calhoun County Board of Commissioners established both plans and may amend them and the related contribution requirements, subject to the County’s various collective bargaining agreements. The plans are administered and the assets are in the custody of third-party insurance companies.

The government’s contributions for each employee, and interest allocated to an employee’s account, are fully vested after five years of service, except for Sheriff Department employees who are fully vested after ten years. Employee contributions are fully vested at the time of contribution. Employer contributions and allocated interest for employees who leave employment before full vesting are used to reduce the employer current-period contribution requirement. All required employer contributions were made as disclosed below:

	General County	Medical Care Facility	
	Merrill Lynch	Kemper/Pert	Total
Required and actual employer contributions	\$ 252,640	\$ 148,201	\$ 400,841
Required and actual employee contributions	511,095	195,907	707,002

COUNTY OF CALHOUN, MICHIGAN

Notes To Financial Statements

Defined Benefit Pension Plans - Primary Government

Calhoun County Defined Benefit Plan

Plan Description. Substantially all of the government's full-time employees, other than Sheriff Supervisory and Non-Supervisory Unions, are eligible to participate in a defined benefit plan, as established by the Board during 2001. The Calhoun County Defined Benefit Plan provides retirement and death benefits to plan members and beneficiaries. The plan is administered by the County and is a single-employer plan. The plan financial statements are part of this report. A separate, stand-alone report is not issued.

Basis of Accounting. The Plan's financial statements are prepared on the accrual basis of accounting. Member contributions are recognized in the period in which they are due. The County's contributions are recognized when due and the employer has made a formal commitment to provide them. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Valuation of Investments. The Plan's investments are stated at fair value. 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 their fair values as determined by the custodian under the direction of the Board of Commissioners, with the assistance of a valuation service.

Funding Policy. The County is required to contribute at an actuarially determined rate; the current rate for the County is 7.00% of annual covered payroll. All participating employees are required to contribute 10.05% of their annual salary. Administrative costs of the plan are financed through investment earnings. The benefit provisions and contribution requirements of the County and of plan members are established by and may be amended by the Board of Commissioners.

For the year ended December 31, 2012, the annual pension cost of \$862,201 was equal to the required and actual contributions of the County. The required contributions were determined as part of the December 31, 2011 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 7.5%, (b) projected salary increase of 4.0% per year compounded annually, attributable to inflation, and (c) additional projected salary increases of 2.5% for employees with less than 10 years of service and 1.5% for employees with 10 or more years of service, attributable to seniority/merit. The actuarial value of plan assets was determined on the basis of a valuation method that assumes the fund earns the expected rate of return, and includes an adjustment to reflect fair value. The County's unfunded actuarial accrued liability is being amortized over a period of 30 years as a level percentage of projected payroll on an open basis. The latest actuarial valuation was performed as of December 31, 2011.

COUNTY OF CALHOUN, MICHIGAN

Notes To Financial Statements

Funded Status and Funding Progress. The funded status of the Plan as of December 31, 2011, the date of the most recent valuation, is as follows:

Actuarial Accrued Liability (AAL)	\$ 31,840,216
Actuarial Value of Assets	15,052,543
Unfunded Actuarial Accrued Liability	<u>\$ 16,787,673</u>
Funding ratio	47.28%
Covered payroll (active plan members)	\$ 12,152,539
UAAL as a percentage of covered payroll	138%

The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the 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.

Membership of the plan consisted of the following at December 31, 2011, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	73
Terminated plan members entitled to but not yet receiving benefits	23
Active plan members	<u>280</u>
Total	<u><u>376</u></u>

Fiscal Year Ending	Annual Pension Cost	Annual Required Contribution	Percentage Contributed	Net Pension Obligation
12/31/2010	\$ 883,337	\$ 883,337	100	\$ -
12/31/2011	847,080	847,080	100	-
12/31/2012	862,201	862,201	100	-

Municipal Employees Retirement System of Michigan

Plan Description. Both the Sheriff Supervisory and Non-Supervisory Unions are eligible to participate in the Municipal Employees Retirement System of Michigan (MERS), an agent multiple-employer, defined benefit pension plan. The System is administered by the MERS retirement board. MERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Act No. 427 of the Public Acts of 1984, as amended, establishes and amends the benefit provisions of the participants in MERS. A publicly available financial report that includes financial statements and required supplementary information for MERS may be obtained by writing to the Municipal Employees Retirement System of Michigan, 1134 Municipal Way, Lansing, MI 48917, or by calling (800) 767-6377.

COUNTY OF CALHOUN, MICHIGAN

Notes To Financial Statements

Funding Policy. The County is required to contribute at an actuarially determined rate; the current rate for the County is between 7.00% and 60.79% of annual covered payroll, depending on employee group. All participating employees are required to contribute between 12.00% and 12.59% percent of their annual salary. The contribution requirements of the County are established and may be amended by the Retirement Board of MERS. The contribution requirements of plan members are established and may be amended by the County Board of Commissioners, depending on the MERS contribution program adopted by the County.

COUNTY OF CALHOUN, MICHIGAN

Notes To Financial Statements

For the year ended December 31, 2012, the annual pension cost of \$902,481 was equal to the required and actual contributions of the County. The required contributions were determined as part of the December 31, 2011 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 8.0%, (b) projected salary increases of 4.5% per year compounded annually, attributable to inflation, (c) additional projected salary increases of 0.0% to 8.40% per year, depending on age, attributable to seniority/merit, and (d) the assumption that benefits will increase 2.5% per year after retirement for certain retirees depending on the benefit option selected. The actuarial value of MERS assets was determined on the basis of a valuation method that assumes the fund earns the expected rate of return, and includes an adjustment to reflect fair value. The County's unfunded actuarial accrued liability is being amortized over a period of 30 years as a level percentage of projected payroll on an open basis. The latest actuarial valuation was performed as of December 31, 2011.

Three-Year Trend Information				
Fiscal Year Ending	Annual Pension Cost	Annual Required Contribution	Percentage Contributed	Net Pension Obligation
12/31/2010	\$ 831,123	\$ 831,123	100%	\$ -
12/31/2011	824,485	824,485	100%	-
12/31/2012	902,481	902,481	100%	-

Schedule of Funding Progress						
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Entry Age	Unfunded Actuarial Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2011	\$ 16,847,105	\$ 31,265,135	\$ 14,418,030	54%	\$ 8,320,441	173%

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.

Flexible Benefit Plan - Primary Government

Plan Description. Calhoun County offers both health care and dependent care flexible spending accounts (FSAs). Eligible employees may contribute to an FSA through pre-tax payroll deductions. Eligible out-of-pocket health care or dependent care expenses are reimbursed to the employee through a third party administrator.

Financial statements for the individual pension and employee benefits plans follows.

COUNTY OF CALHOUN, MICHIGAN

Notes To Financial Statements

Statement of Plan Net Position- December 31, 2012

	Employees Defined Benefit	Flexible Benefits	Total
Assets			
Cash and cash equivalents	\$ 74,654	\$ 40,771	\$ 115,425
Investments	17,423,885	-	17,423,885
Total assets	17,498,539	40,771	17,539,310
Net position held in trust for			
Retirement	17,498,539	-	17,498,539
Employee benefits	-	40,771	40,771
Total net position	\$17,498,539	\$ 40,771	\$17,539,310

Statement of Changes in Plan Net Assets- year ended December 31, 2012

Additions			
Investment income:			
Change in value of investments	\$ 1,717,563	\$ -	\$ 1,717,563
Interest	213,111	-	213,111
Net investment income	1,930,674	-	1,930,674
Contributions			
Employer	862,201		862,201
Employee	1,172,433	112,585	1,285,018
Total contributions	2,034,634	112,585	2,147,219
Total additions	3,965,308	112,585	4,077,893
Deductions			
Pension benefits paid	905,554		905,554
Other	263,316	113,633	376,949
Total deductions	1,168,870	113,633	1,282,503
Net increase (decrease)	2,796,438	(1,048)	2,795,390
Net position held in trust			
Beginning of year	14,702,101	41,819	14,743,920
End of year	\$17,498,539	\$ 40,771	\$17,539,310

COUNTY OF CALHOUN, MICHIGAN

Notes To Financial Statements

Defined Benefit Pension Plan - Road Department

Plan Description. The County Road Department unit defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Road Department participates in the Municipal Employees Retirement System of Michigan (MERS), an agent multiple-employer plan administered by the Retirement Board of MERS. Act No. 427 of the Public Acts of 1984, as amended, establishes and amends the benefit provisions of the participants in MERS. The Municipal Employees Retirement System of Michigan issues a publicly available financial report that includes financial statements and required supplementary information for MERS. That report may be obtained by writing to the Municipal Employees Retirement System of Michigan, 1134 Municipal Way, Lansing, Michigan 48917, or by calling (800) 767-6377.

Funding Policy. The County is required to contribute at an actuarially determined rate; the current rate is 19.49% to 31.85% of annual covered payroll. Certain employees are required to contribute to the Plan. The contribution requirements of the County are established by Act No. 427 of the Public Acts of 1984, as amended, and may be amended by the Retirement Board of MERS. The contribution requirements of plan members, if any, are established and may be amended by the Road Department.

Annual Pension Cost. For the year ended December 31, 2012, the County - Road Component annual pension cost of \$566,398 for MERS was equal to the Road Department's required and actual contributions. The required contribution was determined as part of the December 31, 2011 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 8.0%, (b) projected salary increases of 4.5% per year compounded annually, attributable to inflation, and (c) additional projected salary increases of 0.0% to 8.4% per year, depending on age, attributable to seniority/merit. The actuarial value of MERS assets was determined on the basis of a valuation method that assumes the fund earns the expected rate of return, and includes an adjustment to reflect market value. The County - Road Component unfunded actuarial accrued liability as of December 31, 2011, the date of the latest actuarial valuation, is being amortized as a level percentage of projected payroll on an open basis over 28 years.

Three-Year Trend Information				
Fiscal Year Ending	Annual Pension Cost	Annual Required Contribution	Percentage Contributed	Net Pension Obligation
12/31/2010	\$ 606,067	\$ 606,067	100%	\$ -
12/31/2011	629,331	629,331	100%	-
12/31/2012	566,398	566,398	100%	-

Schedule of Funding Progress						
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Entry Age	Unfunded Actuarial Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2010	\$ 8,302,992	\$ 14,248,618	\$ 5,945,626	58%	\$ 2,709,992	219%
12/31/2011	8,453,250	15,135,270	6,682,020	56%	2,708,780	247%

COUNTY OF CALHOUN, MICHIGAN

Notes To Financial Statements

Other Postemployment Benefits

Primary Government

Plan Description. In accordance with labor agreements and board action, the County provides post-retirement healthcare benefits to full-time employees. The plans offered consist of an 80/20 Traditional Indemnity plan with prescription coverage, a Community Blue Preferred Provider Organization Plan 3 with prescription coverage, and a Medicare Advantage plan. To be eligible for coverage, a retiree must have a minimum of 10 years of service and attained the age of 50, with the sum of the age and years of service totaling at least 75. In 2012, 83 retirees met these requirements. Retirees are required to contribute 100% of the illustrated rate less any discount. A retiree who has completed at least 20 years of service and the sum of their age and years of service totals at least 85, are eligible for a discount as follows:

Age at Retirement	Monthly Discount
At least 60	\$8 x years of service
At least 61	\$9 x years of service
At least 62	\$10 x years of service

In 2012, Retirees in the self-funded Blue Cross/Blue Shield plans, were billed and paid \$152,219 based on illustrated rates established at the beginning of 2012, adjusted for the applicable service credit. Actual Claims/Rx costs for these plans totaled \$195,554, thereby resulting in net County payment of \$43,335.

In 2012, Retirees over 65 enrolled in the fully-funded Blue Care Network and Medicare Advantage PPO plans. Retirees were billed and paid \$85,022 based on rates established at the beginning of 2012, adjusted for applicable service credit. Premium billings for these plans totaled \$209,112 thereby resulting in a net County payment of \$124,090.

In summary, retiree payments received totaled \$237,241, which is offset by claim costs, premium billings, and return of 2011 retiree insurance supplement from U.S. Department of Treasury totaling \$412,539, netting a County payment of \$175,298.

Plan Membership. Plan membership consisted of the following at December 31, 2012:

Retirees and beneficiaries currently receiving benefits	83
Active plan members (excluding dependents)	<u>397</u>
Total	<u><u>480</u></u>

Funding Policy. The County is required to contribute at an amount actuarially determined in accordance with the parameters of GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The annual required contribution (ARC) represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

COUNTY OF CALHOUN, MICHIGAN

Notes To Financial Statements

Annual OPEB Cost and Net OPEB Obligation. For 2012, the components of the County’s annual OPEB (other postemployment benefit) cost for the year, the amount actually contributed to the Plan, and changes in the County’s net OPEB obligation to the Plan are as follows:

Annual required contribution	\$ 715,462
Interest on net OPEB obligation	124,260
Adjustment to annual required contribution	(186,890)
Annual OPEB cost (expense)	<u>652,832</u>
Contributions credit	(175,298)
Increase in net OPEB obligation	<u>477,534</u>
Net OPEB obligation, beginning of year	<u>3,106,505</u>
Net OPEB obligation, end of year	<u><u>\$ 3,584,039</u></u>

Fiscal Year Ending	Annual OPEB Cost	Actual Contribution	Percentage of AOC Contributed	Net OPEB Obligation
12/31/10	\$ 671,922	\$ 39,525	6%	\$ 2,417,315
12/31/11	692,281	3,091	0.45%	3,106,505
12/31/12	652,832	175,298	27%	3,584,039

Funded Status and Funding Progress. The funded status of the Plan as of December 31, 2012, the date of the latest actuarial valuation, was as follows:

Actuarial accrued liabilities (AAL)	\$ 8,504,632
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	8,504,632
Funded ratio	-
Covered payroll (active plan members)	\$ 26,540,035
UAAL as a percentage of covered payroll	32.0%

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. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The schedule of funding progress, presented as required supplementary information (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 liabilities for benefits.

COUNTY OF CALHOUN, MICHIGAN

Notes To Financial Statements

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

Actuarial valuation date	12/31/2012
Actuarial cost method	Projected unit credit
Amortization method	Level dollar, closed
Remaining amortization period	26 years
Actuarial assumptions:	
Investment rate of return	4.0%
Projected salary increases	Not applicable
Healthcare cost trend rate	7.0% downgraded to 5% over 2 years
Dental and vision cost trend rate	3.0%

Road Department Component

Plan Description. The Road Department through the County provides health insurance benefits for its retired employees, as established by County Board Resolution. The Road Department pays 90% of medical premiums for employees at various ages and years of service depending on classification upon retirement. Spouses are covered to the earlier of death or death of participant.

Plan Membership. Plan membership consisted of the following at December 31, 2011 (the date of the latest actuarial valuation):

Retirees and beneficiaries currently receiving benefits	61
Active plan members	60

Funding Policy. The Road Department Component is required to contribute at an amount actuarially determined in accordance with the parameters of GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The annual required contribution (ARC) represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The current combined ARC is 12.8% of annual covered payroll.

COUNTY OF CALHOUN, MICHIGAN

Notes To Financial Statements

Annual OPEB Cost and Net OPEB Obligation. For 2012, the components of the Road Department Component annual OPEB (other postemployment benefit) cost for the year, the amount actually contributed to the Plan, and changes in the Road Department Component net OPEB obligation to the Plan are as follows:

Annual required contribution	\$ 1,022,713
Interest on net OPEB obligation	30,355
Adjustment to annual required contribution	(45,659)
Annual OPEB cost (expense)	<u>1,007,409</u>
Contributions made	<u>(418,309)</u>
Increase in net OPEB obligation	589,100
Net OPEB obligation, beginning of year	<u>758,870</u>
Net OPEB obligation, end of year	<u><u>\$ 1,347,970</u></u>

Fiscal Year Ending	Annual OPEB Cost	Actual Contribution	Percentage of ARC	Net OPEB Obligation
12/31/2010	\$ 328,989	\$ 311,597	94.7%	\$ 167,524
12/31/2011	1,028,053	436,707	42.5%	758,870
12/31/2012	1,007,409	418,309	41.5%	1,347,970

Funded Status and Funding Progress. The funded status of the Plan as of December 31, 2011, the date of the latest actuarial valuation, was as follows:

Actuarial accrued liabilities (AAL)	\$ 10,807,728
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	10,807,728
Funded ratio	-
Covered payroll (active plan members)	not provided
UAAL as a percentage of covered payroll	n/a

COUNTY OF CALHOUN, MICHIGAN

Notes To Financial Statements

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

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

Actuarial valuation date	12/31/2011
Actuarial cost method	Projected unit credit
Amortization method	Level dollar, closed
Remaining amortization period	27 years
Actuarial assumptions:	
Investment rate of return	4.0%
Projected salary increases	5.0%
Healthcare inflation rate	6.0% downgraded to 5% over 1 year

13. COMMITMENTS AND CONTINGENCIES

Amounts received or receivable from grantor agencies and health care intermediaries including Medicare and Medicaid are subject to audit and adjustment by the grantor agencies or intermediaries. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantors or intermediaries cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

The government and its component units, individually or jointly, are a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the government and component unit's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the government.

COUNTY OF CALHOUN, MICHIGAN

Notes To Financial Statements

14. NET INVESTMENT IN CAPITAL ASSETS

Governmental Activities, excluding internal service funds:	
Capital assets, net of accumulated depreciation	\$ 80,746,619
Long-term debt related to capital assets	<u>(13,726,587)</u>
Net investment in capital assets, excluding internal service funds	67,020,032
Internal service funds:	
Building and grounds -	
Capital assets, net of accumulated depreciation	1,825,948
Administration services:	
Capital assets, net of accumulated depreciation	51,423
Long-term debt related to capital assets	<u>(3,283)</u>
Net investment in capital assets	<u>\$ 68,894,120</u>

15. RESTATEMENT

Beginning governmental activities net position was increased by \$46,060,197. An increase of \$45,952,624 and \$107,573 was due to the road commission and board of public works discretely presented component units being absorbed by the County when they were dissolved as of November 1, 2012. Beginning fund balance for the road department major special revenue fund and the public works department nonmajor special revenue fund and nonmajor debt service fund were established with a beginning balance of \$452,290, \$72,262 and \$3,014, respectively, which was the result of the dissolution of the Road Commission Board and the Board of Public Works. Beginning component unit net position decreased by \$46,060,197, which was the result of a decrease of \$45,952,624 and \$107,573 related to the transfer of operations of the operations as component units to operations within the primary government.

The County adopted the provisions of GASB Statements No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and No. 65, *Items Previously Reported as Assets and Liabilities*, in the current year. As a result, the beginning net position of the governmental activities net position was decreased by \$233,748 to eliminate unamortized bond issuance costs, which no longer meet the definition of an asset and are now required to be recognized as an expense in the period incurred.



REQUIRED SUPPLEMENTARY INFORMATION

COUNTY OF CALHOUN, MICHIGAN

Required Supplementary Information

Employees Retirement System/Other Postemployment Benefit Plan

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a % of Covered Payroll ((B-A)/C)
12/31/2003	\$ 2,249,674	\$ 10,902,589	\$ 8,652,915	21%	\$ 8,566,899	101%
12/31/2004	3,311,607	11,507,084	8,195,477	29%	9,358,934	88%
12/31/2005	4,370,131	16,258,413	11,888,282	27%	10,614,989	112%
12/31/2006	6,479,448	18,105,294	11,625,846	36%	10,368,517	112%
12/31/2007	8,275,209	19,488,001	11,212,792	42%	10,557,094	106%
12/31/2008	8,894,590	20,809,808	11,915,218	43%	10,769,141	111%
12/31/2009	10,904,993	23,022,661	12,117,668	47%	11,573,629	105%
12/31/2010	12,675,394	25,760,897	13,085,503	49%	11,378,929	115%
12/31/2011	15,052,543	31,840,216	16,787,673	47%	12,152,539	138%

Schedule of Employer Contributions

Year Ended December 31	Annual Required Contributions	Percentage Contributed
2004	\$ 532,818	100%
2005	519,753	100%
2006	740,089	100%
2007	751,800	100%
2008	762,920	100%
2009	835,013	100%
2010	883,337	100%
2011	847,080	100%
2012	862,201	100%

Other Postemployment Benefit Plan
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a % of Covered Payroll ((B-A)/C)
12/31/2007	\$ -	\$ 11,145,479	\$ 11,145,479	0%	\$ 25,020,978	45%
12/31/2009	-	8,534,203	8,534,203	0%	25,782,100	34%
12/31/2012	-	8,504,632	8,504,632	0%	26,540,035	32%

Schedule of Employer Contributions

Year Ended December 31	Annual Required Contributions	Percentage Contributed
2010	\$ 702,417	9%
2011	733,947	6%
2012	715,462	27%

COUNTY OF CALHOUN, MICHIGAN

Required Supplementary Information
Municipal Employees Retirement System

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a % of Covered Payroll ((B-A)/C)
12/31/2004	\$ 6,373,913	\$ 16,395,271	\$ 10,021,358	39%	\$ 6,713,373	149%
12/31/2005	7,704,029	19,944,123	12,240,094	39%	7,412,939	165%
12/31/2006	9,078,283	21,865,716	12,787,433	42%	7,358,040	174%
12/31/2007	10,558,816	23,646,999	13,088,183	45%	8,025,218	163%
12/31/2008	11,961,039	26,368,738	14,407,699	45%	8,216,643	175%
12/31/2009	13,637,782	27,162,367	13,524,585	50%	8,103,491	167%
12/31/2010	15,388,120	29,308,601	13,920,481	53%	8,181,844	170%
12/31/2011	16,847,105	31,265,135	14,418,030	54%	8,320,441	173%

Schedule of Employer Contributions

Year Ended December 31	Annual Required Contributions	Percentage Contributed
2004	\$ 466,928	100%
2005	586,510	100%
2006	609,154	100%
2007	683,559	100%
2008	699,556	100%
2009	803,268	100%
2010	831,123	100%
2011	824,485	100%
2012	902,481	100%

COUNTY OF CALHOUN, MICHIGAN

Required Supplementary Information

Municipal Employees Retirement System - Road Component

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a % of Covered Payroll ((B-A)/C)
12/31/2006	\$ 7,179,600	\$ 12,014,764	\$ 4,835,164	59.8%	\$ 2,948,271	164.0%
12/31/2007	7,689,116	12,717,735	5,028,619	60.5%	2,732,945	184.0%
12/31/2008	7,886,661	13,611,870	5,725,209	57.9%	2,576,262	222.2%
12/31/2009	8,024,910	13,528,995	5,504,085	59.3%	2,739,935	200.9%
12/31/2010	8,302,992	14,248,618	5,945,626	58.3%	2,709,992	219.4%
12/31/2011	8,453,250	15,135,270	6,682,020	55.9%	2,708,780	246.7%

Schedule of Employer Contributions

Year Ended December 31	Annual Required Contributions	Percentage Contributed
2007	\$ 497,365	100%
2008	517,141	100%
2009	535,483	100%
2010	606,067	100%
2011	629,331	100%
2012	566,398	100%

COUNTY OF CALHOUN, MICHIGAN

Required Supplementary Information
 Other Postemployment Benefit Plan - Road Component

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a % of Covered Payroll ((B-A)/C)
12/31/2008	\$ -	\$ 4,079,394	\$ 4,079,394	0%	\$ 2,576,262	158%
12/31/2011	-	10,807,728	10,807,728	0%	Not available	n/a

Schedule of Employer Contributions

Year Ended December 31	Annual Required Contributions	Percentage Contributed
2008	\$ 320,261	70.6%
2009	328,001	82.9%
2010	331,647	94.0%
2011	1,031,216	42.0%
2012	1,022,713	41.5%

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**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

CALHOUN COUNTY

Detail Schedule of Revenues

General Operating Fund - Road Department
Year Ended December 31, 2012

Revenues	
Licenses and permits	<u>\$ 87,374</u>
Federal sources:	
Surface Transportation Program	113,937
D Funds	20,090
Bridge	2,250
Other	-
Total Federal sources	<u>136,277</u>
State sources:	
Motor Vehicle Highway Funds - Act 51:	
Engineering	10,000
Primary roads	590,666
Local roads	242,142
Primary urban roads	5,155,416
Local urban roads	1,927,953
Critical Bridge	421
Other	33,576
Total State sources	<u>7,960,174</u>
Local sources	
Township contributions	435,351
Other contributions	202,413
Total Local sources	<u>637,764</u>
Charges for services	
State maintenance contract	1,448,615
Other services	234,868
Salvage sales	9,501
Total Charges for services	<u>1,692,984</u>
Other revenue	
Net gain on equipment disposal	675
Other	213,828
Total other revenue	<u>214,503</u>
Total Revenues	<u>\$ 10,729,076</u>

CALHOUN COUNTY

Detail Schedule of Expenditures

General Operating Fund - Road Department
Year Ended December 31, 2012

Expenditures

Preservation - Structural Improvements	
Primary roads and structures	\$ 17,981
Local roads and structures	267,925
Total Preservation - Structural Improvements	<u>285,906</u>
Maintenance:	
Primary roads and structures, winter and traffic control	2,551,569
Local roads and structures, winter and traffic control	3,618,778
Total Maintenance	<u>6,170,347</u>
Equipment:	
Direct	856,277
Indirect	397,971
Operating	405,657
Less: Equipment rental	(1,934,798)
Total Equipment	<u>(274,893)</u>
Administrative	<u>986,344</u>
Other - trunkline maintenance, non-maintenance and other	<u>1,849,645</u>
Capital outlay - net	<u>23,734</u>
Debt Service:	
Principal retirement	628,222
Interest	49,022
Total Debt Service	<u>677,244</u>
Total Expenditures	<u>\$ 9,718,327</u>

CALHOUN COUNTY

Detail Schedule of Revenues, Expenditures and Changes in Fund Balances

General Operating Fund - Road Department

Year Ended December 31, 2012

	Primary Road Fund	Local Road Fund	County Road Fund	Total
Revenues				
Licenses and permits	\$ -	\$ -	\$ 87,374	\$ 87,374
Intergovernmental:				
Federal sources	136,277	-	-	136,277
State sources	5,787,358	2,172,816	-	7,960,174
Local sources	-	435,351	202,413	637,764
Charges for services	1,621,713	-	71,271	1,692,984
Other	-	-	214,503	214,503
Total revenues	7,545,348	2,608,167	575,561	10,729,076
Expenditures				
Preservation -				
structural improvements	17,981	267,925	-	285,906
Maintenance:				
Road and structures	2,021,974	3,304,087	-	5,326,061
Winter	391,637	246,506	-	638,143
Traffic control	137,957	68,186	-	206,143
Equipment - net	(145,503)	(118,541)	(10,849)	(274,893)
Administrative	392,559	593,785	-	986,344
Trunkline maintenance	1,432,475	-	-	1,432,475
Trunkline non-maintenance	173,106	-	-	173,106
Other	125,487	67,568	51,009	244,064
Capital outlay-net	-	-	23,734	23,734
Debt service-principal	-	-	628,222	628,222
Debt service-interest	-	-	49,022	49,022
Total expenditures	4,547,673	4,429,516	741,138	9,718,327
Revenue over (under) expenditures before other financing sources (uses)	2,997,675	(1,821,349)	(165,577)	1,010,749
Other financing sources (uses)				
Optional transfers	(1,820,456)	1,820,456	-	-
Net change in fund balances	1,177,219	(893)	(165,577)	1,010,749
Fund Balance, beginning of year	16,374	893	435,023	452,290
Fund Balance, end of year	\$ 1,193,593	\$ -	\$ 269,446	\$ 1,463,039

COUNTY OF CALHOUN, MICHIGAN

Combining Balance Sheet
 Nonmajor Governmental Funds
 December 31, 2012

	Special Revenue Funds	Debt Service Funds	Capital Projects Fund	Permanent Fund Cemetery Perpetual Care	Total
Assets					
Cash and cash equivalents	\$ 1,926,049	\$ 7,827	\$ 1,308,660	\$ 37,763	\$ 3,280,299
Receivables:					
Accounts, net	259,292	-	-	-	259,292
Delinquent taxes	209	13,185	-	-	13,394
Accrued interest	511	-	-	35	546
Due from other governments	1,150,370	-	-	-	1,150,370
Due from other funds	4,963	-	-	-	4,963
Prepaid items	24,557	-	-	-	24,557
Total assets	\$ 3,365,951	\$ 21,012	\$ 1,308,660	\$ 37,798	\$ 4,733,421
Liabilities					
Accounts payable	\$ 277,078	\$ -	\$ 172,820	\$ -	\$ 449,898
Accrued liabilities	110,778	-	-	-	110,778
Due to other governments	41,000	-	-	-	41,000
Due to other funds	21,148	-	-	-	21,148
Interfund payables	486,712	-	-	-	486,712
Deferred revenue	14,220	-	-	-	14,220
Total liabilities	950,936	-	172,820	-	1,123,756
Deferred inflows of resources					
Unavailable revenue - Personnel property taxes	209	13,184	-	-	13,393
Fund balances					
Nonspendable	24,557	-	-	-	24,557
Restricted for:					
Judicial	457,443	-	-	-	457,443
General government	17,453	-	-	-	17,453
Public safety	538,364	-	-	-	538,364
Public works	78,190	-	-	-	78,190
Health and welfare	221,027	-	-	-	221,027
Recreation and cultural	1,080,548	-	-	-	1,080,548
Debt service	-	7,828	-	-	7,828
Capital projects	-	-	1,135,840	-	1,135,840
Perpetual care	-	-	-	37,798	37,798
Unassigned (deficit)	(2,776)	-	-	-	(2,776)
Total fund balances	2,414,806	7,828	1,135,840	37,798	3,596,272
Total liabilities, deferred inflows of resources and fund balances	\$ 3,365,951	\$ 21,012	\$ 1,308,660	\$ 37,798	\$ 4,733,421

COUNTY OF CALHOUN, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended December 31, 2012

	Special Revenue Funds	Debt Service Funds	Capital Projects Fund	Permanent Fund Cemetery Perpetual Care	Total
Revenues					
Taxes	\$ 1,207,355	\$ 20	\$ -	\$ -	\$ 1,207,375
Contributions	-	1,026,440	-	-	1,026,440
Licenses and permits	39,528	-	-	-	39,528
Intergovernmental	4,079,000	-	-	-	4,079,000
Charges for services	869,893	-	-	-	869,893
Fines and forfeitures	26,159	-	-	-	26,159
Interest and rents	3,679	-	48	215	3,942
Other	92,706	-	-	-	92,706
Total revenues	6,318,320	1,026,460	48	215	7,345,043
Expenditures					
Current:					
Judicial	3,686,313	-	-	-	3,686,313
General government	8,135	-	254,594	-	262,729
Public safety	1,860,290	-	-	-	1,860,290
Public works	58,255	-	-	-	58,255
Health and welfare	443,247	-	-	-	443,247
Recreation and cultural	1,818,938	-	-	-	1,818,938
Other	-	187,290	-	190	187,480
Debt service:					
Principal	-	965,000	422,270	-	1,387,270
Interest and fiscal charges	-	438,555	217,745	-	656,300
Capital outlay	9,000	-	1,043,217	-	1,052,217
Total expenditures	7,884,178	1,590,845	1,937,826	190	11,413,039
Revenues over (under) expenditures	(1,565,858)	(564,385)	(1,937,778)	25	(4,067,996)
Other financing sources (uses)					
Transfers in	1,959,373	595,076	1,339,357	-	3,893,806
Transfers out	(239,583)	-	(791,000)	-	(1,030,583)
Sale of capital assets	-	-	15,013	-	15,013
Proceeds from bond issuance	-	1,750,000	-	-	1,750,000
Proceeds from installment debt	-	-	657,000	-	657,000
Proceeds from capital leases	-	-	237,012	-	237,012
Premium on refunding bonds	-	50,761	-	-	50,761
Payment to refunding escrow agent	-	(1,834,446)	-	-	(1,834,446)
Total other financing sources (uses)	1,719,790	561,391	1,457,382	-	3,738,563
Net change in fund balance	153,932	(2,994)	(480,396)	25	(329,433)
Fund balance, beginning of year	2,260,874	10,822	1,616,236	37,773	3,925,705
Fund balance, end of year	\$ 2,414,806	\$ 7,828	\$ 1,135,840	\$ 37,798	\$ 3,596,272

COUNTY OF CALHOUN, MICHIGAN

Nonmajor Special Revenue Funds

Description of Funds

Friend of the Court - This fund is used to account for mediation services regarding custody or visitation rights to parties involved in divorce. This fund is also used to account for grant revenues that are specifically restricted to the provision of Child Support Services. Financing is provided by State and Federal sources and a County appropriation.

Family Counseling - This fund is used to account for the operations of a family counseling service. Financing is provided by marriage license fees.

County Special Projects - This fund is used to account for the costs of special projects and is funded by transfers from the General fund.

Accommodations Tax - This fund is used to account for a collection of a five percent hotel/motel room tax. Board of Commissioner's resolutions allocate a portion of these revenues to promote tourism and convention business. State law limits the use of hotel/motel accommodation tax revenue to the development and promotion of convention and entertainment facilities.

Solid Waste Management - This fund is used to account for costs related to a planning grant for solid waste and recycling management.

Circuit Court Grants - This fund is used to account for costs related to grants received by the Circuit Court.

Parks - This fund is used to account for certain operations and maintenance of County owned parks and facilities.

Remonumentation - This fund is used to account for the operations of the State-funded remonumentation grant and Board designated fees for enhancement of the County's remonumentation initiative.

Register of Deeds Automation - This fund is used to account for fees collected that are restricted by law to be used for technology upgrades with the Register of Deeds Department.

Clerk - This fund is used to account for the operations of the County Clerk's Byrne Memorial grant.

Local Emergency Planning - This fund is used to account for various local emergency planning committees.

Emergency 911 - This fund is used to account for the operations of the emergency telephone and dispatch system. Financing is provided through a County-wide surcharge.

Sheriff - This fund is used to account for the office of the Sheriff special operations and related grant funds.

Emergency Management - This fund is used to account for various Homeland Security Grants.

COUNTY OF CALHOUN, MICHIGAN

Nonmajor Special Revenue Funds

Description of Funds

Community Corrections - This fund is used to account for the County's community corrections program. This program is State funded.

Prosecutor - This fund is used to account for the Prosecutor's special operations and related grant funds.

Housing Rehabilitation - This fund is used to account for Community Development Block Grant Funds, which are under the administration of the Michigan State Housing Development Authority (MSHDA), as they are used for Housing Rehabilitation Program activities.

Federal and State Grant - This fund is used to account for the operations of Federal and State grant programs.

MSU Cooperative Extension - This fund is used to account for the various programs sponsored by MSU.

Human Services - This fund is used to account for funds which are provided by County, State, and Federal governments to administer the human services department, assist eligible recipients, and to administer various State and Federal human services programs.

Soldiers' Relief - This fund is used to account for funds provided by a tax levy for indigent veterans.

Veterans' Trust - This fund is used to account for revenue set aside for aid to veterans. Funding is provided by the State of Michigan.

Employee Benefits - This fund is used to account for the administrative costs of operating the County's 401(k) Pension Plan.

Calhoun County Trailway - This fund is used to account for costs relating to the planning of the Calhoun County Trailway project.

Public Works Department - This fund is used to account for various infrastructure projects in Calhoun County.

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COUNTY OF CALHOUN, MICHIGAN

Combining Balance Sheet
 Nonmajor Special Revenue Funds
 December 31, 2012

	(215) Friend of the Court	(216) Family Counseling	(228) County Special Projects	(229) Accommodations Tax
Assets				
Cash and cash equivalents	\$ -	\$ 72,244	\$ -	\$ 72,457
Receivables:				
Accounts, net	7	-	-	85,272
Delinquent taxes	-	-	-	-
Accrued interest	-	-	-	-
Due from other governments	790,047	-	-	-
Due from other funds	-	-	4,963	-
Prepaid items	-	-	13,600	-
Total assets	\$ 790,054	\$ 72,244	\$ 18,563	\$ 157,729
Liabilities				
Accounts payable	\$ 10,116	\$ -	\$ -	\$ 145,322
Accrued liabilities	72,044	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	12,407
Interfund payables	322,695	-	7,739	-
Unearned revenue	-	-	-	-
Total liabilities	404,855	-	7,739	157,729
Deferred inflows of resources				
Unavailable revenue - Personnel property taxes	-	-	-	-
Fund balances				
Nonspendable	-	-	13,600	-
Restricted for:				
Judicial	385,199	72,244	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Recreation and cultural	-	-	-	-
Unassigned	-	-	(2,776)	-
Total fund balances	385,199	72,244	10,824	-
Total liabilities, deferred inflows of resources and fund balances	\$ 790,054	\$ 72,244	\$ 18,563	\$ 157,729

(230) Solid Waste Management	(236) Circuit Court Grants	(243) Parks	(245) Remon- umentation	(256) Register of Deeds Automation
\$ 876,812	\$ 276,580	\$ 87,801	\$ 67,155	\$ 45,144
103,752	9,267	-	-	-
-	-	-	-	-
511	-	-	-	-
-	65,545	-	-	-
-	-	-	-	-
-	-	10,957	-	-
<u>\$ 981,075</u>	<u>\$ 351,392</u>	<u>\$ 98,758</u>	<u>\$ 67,155</u>	<u>\$ 45,144</u>
\$ 81,244	\$ 7,219	\$ 461	\$ 5,712	\$ 3,021
-	5,135	-	-	1,541
-	-	-	-	-
-	-	8,741	-	-
-	-	-	-	-
-	189	-	-	-
<u>81,244</u>	<u>12,543</u>	<u>9,202</u>	<u>5,712</u>	<u>4,562</u>
-	-	-	-	-
-	-	10,957	-	-
-	-	-	-	-
-	-	-	-	-
-	338,849	-	-	-
-	-	-	-	-
-	-	-	-	-
899,831	-	78,599	61,443	40,582
-	-	-	-	-
<u>899,831</u>	<u>338,849</u>	<u>89,556</u>	<u>61,443</u>	<u>40,582</u>
<u>\$ 981,075</u>	<u>\$ 351,392</u>	<u>\$ 98,758</u>	<u>\$ 67,155</u>	<u>\$ 45,144</u>

continued...

COUNTY OF CALHOUN, MICHIGAN

Combining Balance Sheet
 Nonmajor Special Revenue Funds
 December 31, 2012

	(260) Clerk	(263) Local Emergency Planning	(264) Emergency 911	(265) Sheriff
Assets				
Cash and cash equivalents	\$ 3,500	\$ 2,935	\$ -	\$ 83,413
Receivables:				
Accounts, net	-	-	-	26,159
Delinquent taxes	-	-	-	-
Accrued interest	-	-	-	-
Due from other governments	-	-	-	75,701
Due from other funds	-	-	-	-
Prepaid items	-	-	-	-
Total assets	\$ 3,500	\$ 2,935	\$ -	\$ 185,273
Liabilities				
Accounts payable	\$ -	\$ 1,690	\$ -	\$ 9,843
Accrued liabilities	-	-	-	5,137
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Interfund payables	-	-	-	-
Unearned revenue	-	548	-	13,483
Total liabilities	-	2,238	-	28,463
Deferred inflows of resources				
Unavailable revenue - Personnel property taxes	-	-	-	-
Fund balances				
Nonspendable	-	-	-	-
Restricted for:				
Judicial	-	-	-	-
General government	3,500	-	-	-
Public safety	-	697	-	156,810
Public works	-	-	-	-
Health and welfare	-	-	-	-
Recreation and cultural	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	3,500	697	-	156,810
Total liabilities, deferred inflows of resources and fund balances	\$ 3,500	\$ 2,935	\$ -	\$ 185,273



(266) Emergency Management	(273) Community Corrections	(281) Prosecutor	(285) Housing Rehabilitation	(287) Federal and State Grant
\$ -	\$ -	\$ -	\$ 4,838	\$ -
5,000	-	2,550	596	10,738
-	-	-	-	-
-	-	-	-	-
38,999	44,306	96,151	4,649	34,972
-	-	-	-	-
-	-	-	-	-
<u>\$ 43,999</u>	<u>\$ 44,306</u>	<u>\$ 98,701</u>	<u>\$ 10,083</u>	<u>\$ 45,710</u>
\$ 3,108	\$ 3,909	\$ 492	\$ 4,649	\$ -
2,382	3,720	13,265	-	7,554
-	-	-	-	-
-	-	-	-	-
31,517	36,677	50,178	-	37,906
-	-	-	-	-
<u>37,007</u>	<u>44,306</u>	<u>63,935</u>	<u>4,649</u>	<u>45,460</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
6,992	-	34,766	-	250
-	-	-	-	-
-	-	-	5,434	-
-	-	-	-	-
-	-	-	-	-
<u>6,992</u>	<u>-</u>	<u>34,766</u>	<u>5,434</u>	<u>250</u>
<u>\$ 43,999</u>	<u>\$ 44,306</u>	<u>\$ 98,701</u>	<u>\$ 10,083</u>	<u>\$ 45,710</u>

continued...

COUNTY OF CALHOUN, MICHIGAN

Combining Balance Sheet Nonmajor Special Revenue Funds December 31, 2012

	(289) MSU Coop. Ext.	(290) Human Services	(293) Soldiers' Relief	(294) Veterans' Trust
Assets				
Cash and cash equivalents	\$ -	\$ 184,479	\$ 65,533	\$ 3,295
Receivables:				
Accounts, net	-	-	-	3,578
Delinquent taxes	-	-	209	-
Accrued interest	-	-	-	-
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
Prepaid items	-	-	-	-
Total assets	\$ -	\$ 184,479	\$ 65,742	\$ 6,873
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ 292
Accrued liabilities	-	-	-	-
Due to other governments	-	41,000	-	-
Due to other funds	-	-	-	-
Interfund payables	-	-	-	-
Unearned revenue	-	-	-	-
Total liabilities	-	41,000	-	292
Deferred inflows of resources				
Unavailable revenue - Personnel property taxes	-	-	209	-
Fund balances				
Nonspendable	-	-	-	-
Restricted for:				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	143,479	65,533	6,581
Recreation and cultural	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	-	143,479	65,533	6,581
Total liabilities, deferred inflows of resources and fund balances	\$ -	\$ 184,479	\$ 65,742	\$ 6,873



(258) Employee Benefits	(208) Calhoun County Trailway	(520) Public Works Department	Totals
\$ 13,953	\$ 93	\$ 65,817	\$ 1,926,049
-	-	12,373	259,292
-	-	-	209
-	-	-	511
-	-	-	1,150,370
-	-	-	4,963
-	-	-	24,557
<u>\$ 13,953</u>	<u>\$ 93</u>	<u>\$ 78,190</u>	<u>\$ 3,365,951</u>
\$ -	\$ -	\$ -	\$ 277,078
-	-	-	110,778
-	-	-	41,000
-	-	-	21,148
-	-	-	486,712
-	-	-	14,220
-	-	-	950,936
-	-	-	209
-	-	-	24,557
-	-	-	457,443
13,953	-	-	17,453
-	-	-	538,364
-	-	78,190	78,190
-	-	-	221,027
-	93	-	1,080,548
-	-	-	(2,776)
<u>13,953</u>	<u>93</u>	<u>78,190</u>	<u>2,414,806</u>
<u>\$ 13,953</u>	<u>\$ 93</u>	<u>\$ 78,190</u>	<u>\$ 3,365,951</u>

concluded.

COUNTY OF CALHOUN, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Special Revenue Funds

For the Year Ended December 31, 2012

	(215) Friend of the Court	(216) Family Counseling	(228) County Special Projects	(229) Accommodations Tax
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ 1,195,830
Licenses and permits	-	13,730	-	-
Intergovernmental	2,118,262	-	-	-
Charges for services	70,235	-	-	-
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	-	-
Other	-	-	-	-
Total revenues	2,188,497	13,730	-	1,195,830
Expenditures				
Current:				
Judicial	3,686,313	-	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Recreation and cultural	-	-	25,360	1,076,247
Capital outlay	-	-	-	-
Total expenditures	3,686,313	-	25,360	1,076,247
Revenues over (under) expenditures	(1,497,816)	13,730	(25,360)	119,583
Other financing sources (uses)				
Transfers in	1,670,583	-	47,833	-
Transfers out	-	(10,000)	(40,000)	(119,583)
Total other financing sources (uses)	1,670,583	(10,000)	7,833	(119,583)
Net change in fund balance	172,767	3,730	(17,527)	-
Fund balance, beginning of year	212,432	68,514	28,351	-
Fund balance, end of year	\$ 385,199	\$ 72,244	\$ 10,824	\$ -



(230) Solid Waste Management	(236) Circuit Court Grants	(243) Parks	(245) Remon- umentation	(256) Register of Deeds Automation
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	388,954	-	81,328	-
295,035	-	120,844	-	138,495
-	-	-	-	-
2,027	-	8	-	-
3,833	14,302	-	43,862	-
<u>300,895</u>	<u>403,256</u>	<u>120,852</u>	<u>125,190</u>	<u>138,495</u>
-	-	-	-	-
-	-	-	-	-
-	341,717	-	-	-
-	-	-	-	-
-	-	-	-	-
247,423	-	124,790	109,122	140,427
-	-	-	-	-
<u>247,423</u>	<u>341,717</u>	<u>124,790</u>	<u>109,122</u>	<u>140,427</u>
<u>53,472</u>	<u>61,539</u>	<u>(3,938)</u>	<u>16,068</u>	<u>(1,932)</u>
-	-	-	-	-
-	-	-	-	(20,000)
-	-	-	-	(20,000)
53,472	61,539	(3,938)	16,068	(21,932)
846,359	277,310	93,494	45,375	62,514
<u>\$ 899,831</u>	<u>\$ 338,849</u>	<u>\$ 89,556</u>	<u>\$ 61,443</u>	<u>\$ 40,582</u>

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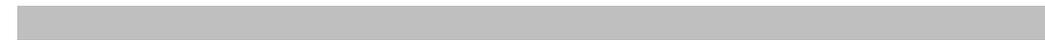
COUNTY OF CALHOUN, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Special Revenue Funds

For the Year Ended December 31, 2012

	(260) Clerk	(263) Local Emergency Planning	(264) Emergency 911	(265) Sheriff
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	1,690	-	200,972
Charges for services	-	-	-	63,144
Fines and forfeitures	-	-	-	26,159
Interest and rents	-	-	-	-
Other	-	-	-	14,101
Total revenues	-	1,690	-	304,376
Expenditures				
Current:				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	1,690	-	380,868
Public works	-	-	-	-
Health and welfare	-	-	-	-
Recreation and cultural	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	1,690	-	380,868
Revenues over (under) expenditures	-	-	-	(76,492)
Other financing sources (uses)				
Transfers in	-	-	-	79,624
Transfers out	-	-	-	(50,000)
Total other financing sources (uses)	-	-	-	29,624
Net change in fund balance	-	-	-	(46,868)
Fund balance, beginning of year	3,500	697	-	203,678
Fund balance, end of year	\$ 3,500	\$ 697	\$ -	\$ 156,810



(266) Emergency Management	(273) Community Corrections	(281) Prosecutor	(285) Housing Rehabilitation	(287) Federal and State Grant
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
116,100	199,955	422,526	171,063	112,049
-	-	-	3,804	124,254
-	-	-	-	-
-	-	-	-	-
-	-	3,050	-	-
<u>116,100</u>	<u>199,955</u>	<u>425,576</u>	<u>174,867</u>	<u>236,303</u>
-	-	-	-	-
-	-	-	-	-
109,422	210,169	587,945	-	228,479
-	-	-	-	-
-	-	-	174,135	7,824
-	-	-	-	-
9,000	-	-	-	-
<u>118,422</u>	<u>210,169</u>	<u>587,945</u>	<u>174,135</u>	<u>236,303</u>
<u>(2,322)</u>	<u>(10,214)</u>	<u>(162,369)</u>	<u>732</u>	<u>-</u>
-	10,214	151,119	-	-
-	-	-	-	-
-	10,214	151,119	-	-
(2,322)	-	(11,250)	732	-
9,314	-	46,016	4,702	250
<u>\$ 6,992</u>	<u>\$ -</u>	<u>\$ 34,766</u>	<u>\$ 5,434</u>	<u>\$ 250</u>

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COUNTY OF CALHOUN, MICHIGAN

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

	(289) MSU Coop. Ext.	(290) Human Services	(293) Soldiers' Relief	(294) Veterans' Trust
Revenues				
Taxes	\$ -	\$ -	\$ 11,525	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	204,161	-	18,500
Charges for services	-	54,082	-	-
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	-	-
Other	-	-	-	-
Total revenues	-	258,243	11,525	18,500
Expenditures				
Current:				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	242,135	2,733	16,420
Recreation and cultural	1	-	-	-
Capital outlay	-	-	-	-
Total expenditures	1	242,135	2,733	16,420
Revenues over (under) expenditures	(1)	16,108	8,792	2,080
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	(1)	16,108	8,792	2,080
Fund balance, beginning of year	1	127,371	56,741	4,501
Fund balance, end of year	\$ -	\$ 143,479	\$ 65,533	\$ 6,581



(258) Employee Benefits	(208) Calhoun County Trailway	(520) Board of Public Works	Totals
\$ -	\$ -	\$ -	\$ 1,207,355
-	-	25,798	39,528
-	15,257	28,183	4,079,000
-	-	-	869,893
-	-	-	26,159
-	-	1,644	3,679
5,000	-	8,558	92,706
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5,000	15,257	64,183	6,318,320
<hr/>	<hr/>	<hr/>	<hr/>
-	-	-	3,686,313
8,135	-	-	8,135
-	-	-	1,860,290
-	-	58,255	58,255
-	-	-	443,247
-	95,568	-	1,818,938
-	-	-	9,000
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8,135	95,568	58,255	7,884,178
<hr/>	<hr/>	<hr/>	<hr/>
(3,135)	(80,311)	5,928	(1,565,858)
<hr/>	<hr/>	<hr/>	<hr/>
-	-	-	1,959,373
-	-	-	(239,583)
<hr/>	<hr/>	<hr/>	<hr/>
-	-	-	1,719,790
<hr/>	<hr/>	<hr/>	<hr/>
(3,135)	(80,311)	5,928	153,932
<hr/>	<hr/>	<hr/>	<hr/>
17,088	80,404	72,262	2,260,874
<hr/>	<hr/>	<hr/>	<hr/>
\$ 13,953	\$ 93	\$ 78,190	\$ 2,414,806
<hr/>	<hr/>	<hr/>	<hr/>

concluded.

COUNTY OF CALHOUN, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Friend of the Court

For the Year Ended December 31, 2012

	Amended Budget	Actual	Over (Under) Budget	2011
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	2,338,023	2,118,262	(219,761)	2,087,239
Charges for services	69,012	70,235	1,223	54,932
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	-	-
Other	-	-	-	-
Total revenues	2,407,035	2,188,497	(218,538)	2,142,171
Expenditures				
Current:				
Judicial	4,217,848	3,686,313	(531,535)	3,656,537
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Recreation and cultural	-	-	-	-
Capital outlay	-	-	-	6,790
Total expenditures	4,217,848	3,686,313	(531,535)	3,663,327
Revenues over (under) expenditures	(1,810,813)	(1,497,816)	312,997	(1,521,156)
Other financing sources (uses)				
Transfers in	1,787,874	1,670,583	(117,291)	1,571,157
Transfers out	-	-	-	-
Total other financing sources	1,787,874	1,670,583	(117,291)	1,571,157
Net change in fund balance	(22,939)	172,767	195,706	50,001
Fund balance, beginning of year	212,432	212,432	-	162,431
Fund balance, end of year	\$ 189,493	\$ 385,199	\$ 195,706	\$ 212,432

COUNTY OF CALHOUN, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Family Counseling

For the Year Ended December 31, 2012

	Amended Budget	Actual	Over (Under) Budget	2011
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	13,730	13,730	14,040
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	-	-
Other	-	-	-	-
Total revenues	-	13,730	13,730	14,040
Expenditures				
Current:				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	3,500	-	(3,500)	-
Recreation and cultural	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	3,500	-	(3,500)	-
Revenues over (under) expenditures	(3,500)	13,730	17,230	14,040
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	(10,000)	(10,000)	-	(10,000)
Total other financing sources	(10,000)	(10,000)	-	(10,000)
Net change in fund balance	(13,500)	3,730	17,230	4,040
Fund balance, beginning of year	68,514	68,514	-	64,474
Fund balance, end of year	\$ 55,014	\$ 72,244	\$ 17,230	\$ 68,514

COUNTY OF CALHOUN, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - County Special Projects

For the Year Ended December 31, 2012

	Amended Budget	Actual	Over (Under) Budget	2011
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	-	-
Other	-	-	-	-
Total revenues	-	-	-	-
Expenditures				
Current:				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Recreation and cultural	40,000	25,360	(14,640)	62,418
Capital outlay	-	-	-	-
Total expenditures	40,000	25,360	(14,640)	62,418
Revenues over (under) expenditures	(40,000)	(25,360)	14,640	(62,418)
Other financing sources (uses)				
Transfers in	51,000	47,833	(3,167)	52,659
Transfers out	(40,000)	(40,000)	-	(40,000)
Total other financing sources	11,000	7,833	(3,167)	12,659
Net change in fund balance	(29,000)	(17,527)	11,473	(49,759)
Fund balance, beginning of year	28,351	28,351	-	78,110
Fund balance, end of year	\$ (649)	\$ 10,824	\$ 11,473	\$ 28,351

COUNTY OF CALHOUN, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Accommodations Tax

For the Year Ended December 31, 2012

	Amended Budget	Actual	Over (Under) Budget	2011
Revenues				
Taxes	\$ 1,275,000	\$ 1,195,830	\$ (79,170)	\$ 1,278,802
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	-	-
Other	-	-	-	-
Total revenues	1,275,000	1,195,830	(79,170)	1,278,802
Expenditures				
Current:				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Recreation and cultural	1,147,500	1,076,247	(71,253)	1,147,154
Capital outlay	-	-	-	-
Total expenditures	1,147,500	1,076,247	(71,253)	1,147,154
Revenues over (under) expenditures	127,500	119,583	(7,917)	131,648
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	(127,500)	(119,583)	7,917	(131,648)
Total other financing sources	(127,500)	(119,583)	7,917	(131,648)
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -

COUNTY OF CALHOUN, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Solid Waste Management

For the Year Ended December 31, 2012

	Amended Budget	Actual	Over (Under) Budget	2011
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	200,000	295,035	95,035	277,515
Fines and forfeitures	-	-	-	-
Interest and rents	2,000	2,027	27	1,589
Other	-	3,833	3,833	6,980
Total revenues	202,000	300,895	98,895	286,084
Expenditures				
Current:				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Recreation and cultural	298,494	247,423	(51,071)	254,719
Capital outlay	-	-	-	-
Total expenditures	298,494	247,423	(51,071)	254,719
Revenues over (under) expenditures	(96,494)	53,472	149,966	31,365
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources	-	-	-	-
Net change in fund balance	(96,494)	53,472	149,966	31,365
Fund balance, beginning of year	846,359	846,359	-	814,994
Fund balance, end of year	\$ 749,865	\$ 899,831	\$ 149,966	\$ 846,359

COUNTY OF CALHOUN, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Circuit Court Grants

For the Year Ended December 31, 2012

	Amended Budget	Actual	Over (Under) Budget	2011
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	335,078	388,954	53,876	41,069
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	-	-
Other	17,966	14,302	(3,664)	16,413
Total revenues	353,044	403,256	50,212	57,482
Expenditures				
Current:				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	353,044	341,717	(11,327)	326,775
Public works	-	-	-	-
Health and welfare	-	-	-	-
Recreation and cultural	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	353,044	341,717	(11,327)	326,775
Revenues over (under) expenditures	-	61,539	61,539	(269,293)
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources	-	-	-	-
Net change in fund balance	-	61,539	61,539	(269,293)
Fund balance, beginning of year	277,310	277,310	-	546,603
Fund balance, end of year	\$ 277,310	\$ 338,849	\$ 61,539	\$ 277,310

COUNTY OF CALHOUN, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Parks

For the Year Ended December 31, 2012

	Amended Budget	Actual	Over (Under) Budget	2011
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	2,010	120,844	118,834	21,614
Fines and forfeitures	-	-	-	-
Interest and rents	-	8	8	8
Other	-	-	-	-
Total revenues	2,010	120,852	118,842	21,622
Expenditures				
Current:				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Recreation and cultural	180,000	124,790	(55,210)	13,211
Capital outlay	-	-	-	-
Total expenditures	180,000	124,790	(55,210)	13,211
Revenues over (under) expenditures	(177,990)	(3,938)	174,052	8,411
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources	-	-	-	-
Net change in fund balance	(177,990)	(3,938)	174,052	8,411
Fund balance, beginning of year	93,494	93,494	-	85,083
Fund balance, end of year	\$ (84,496)	\$ 89,556	\$ 174,052	\$ 93,494

COUNTY OF CALHOUN, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Remonumentation

For the Year Ended December 31, 2012

	Amended Budget	Actual	Over (Under) Budget	2011
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	69,264	81,328	12,064	89,700
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	-	-
Other	33,000	43,862	10,862	43,894
Total revenues	102,264	125,190	22,926	133,594
Expenditures				
Current:				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Recreation and cultural	113,904	109,122	(4,782)	189,885
Capital outlay	-	-	-	-
Total expenditures	113,904	109,122	(4,782)	189,885
Revenues over (under) expenditures	(11,640)	16,068	27,708	(56,291)
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources	-	-	-	-
Net change in fund balance	(11,640)	16,068	27,708	(56,291)
Fund balance, beginning of year	45,375	45,375	-	101,666
Fund balance, end of year	\$ 33,735	\$ 61,443	\$ 27,708	\$ 45,375

COUNTY OF CALHOUN, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Register of Deeds Automation

For the Year Ended December 31, 2012

	Amended Budget	Actual	Over (Under) Budget	2011
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	125,000	138,495	13,495	124,955
Fines and forfeitures	-	-	-	-
Interest and rents	235	-	(235)	-
Other	-	-	-	-
Total revenues	125,235	138,495	13,260	124,955
Expenditures				
Current:				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Recreation and cultural	148,820	140,427	(8,393)	113,144
Capital outlay	10,000	-	(10,000)	-
Total expenditures	158,820	140,427	(18,393)	113,144
Revenues over (under) expenditures	(33,585)	(1,932)	31,653	11,811
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	(25,000)	(20,000)	(5,000)	(20,000)
Total other financing sources	(25,000)	(20,000)	(5,000)	(20,000)
Net change in fund balance	(58,585)	(21,932)	26,653	(8,189)
Fund balance, beginning of year	62,514	62,514	-	70,703
Fund balance, end of year	\$ 3,929	\$ 40,582	\$ 26,653	\$ 62,514

COUNTY OF CALHOUN, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Clerk

For the Year Ended December 31, 2012

	Amended Budget	Actual	Over (Under) Budget	2011
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	-	-
Other	-	-	-	-
Total revenues	-	-	-	-
Expenditures				
Current:				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Recreation and cultural	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Revenues over (under) expenditures	-	-	-	-
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources	-	-	-	-
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	3,500	3,500	-	3,500
Fund balance, end of year	\$ 3,500	\$ 3,500	\$ -	\$ 3,500

COUNTY OF CALHOUN, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Local Emergency Planning

For the Year Ended December 31, 2012

	Amended Budget	Actual	Over (Under) Budget	2011
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	1,200	1,690	490	3,200
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	-	-
Other	-	-	-	-
Total revenues	1,200	1,690	490	3,200
Expenditures				
Current:				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	1,200	1,690	490	3,200
Public works	-	-	-	-
Health and welfare	-	-	-	-
Recreation and cultural	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	1,200	1,690	490	3,200
Revenues over (under) expenditures	-	-	-	-
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources	-	-	-	-
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	697	697	-	697
Fund balance, end of year	<u>\$ 697</u>	<u>\$ 697</u>	<u>\$ -</u>	<u>\$ 697</u>

COUNTY OF CALHOUN, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Emergency 911

For the Year Ended December 31, 2012

	Amended Budget	Actual	Over (Under) Budget	2011
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	-	-
Other	-	-	-	-
Total revenues	-	-	-	-
Expenditures				
Current:				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	-	-	25,156
Public works	-	-	-	-
Health and welfare	-	-	-	-
Recreation and cultural	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	-	-	25,156
Revenues over (under) expenditures	-	-	-	(25,156)
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	(59,998)
Total other financing sources	-	-	-	(59,998)
Net change in fund balance	-	-	-	(85,154)
Fund balance, beginning of year	-	-	-	85,154
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -

COUNTY OF CALHOUN, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Sheriff

For the Year Ended December 31, 2012

	Amended Budget	Actual	Over (Under) Budget	2011
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	240,291	200,972	(39,319)	263,193
Charges for services	105,000	63,144	(41,856)	115,771
Fines and forfeitures	28,300	26,159	(2,141)	4,865
Interest and rents	-	-	-	-
Other	14,000	14,101	101	1,400
Total revenues	387,591	304,376	(83,215)	385,229
Expenditures				
Current:				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	422,802	380,868	(41,934)	352,787
Public works	-	-	-	-
Health and welfare	-	-	-	-
Recreation and cultural	-	-	-	-
Capital outlay	3,000	-	(3,000)	-
Total expenditures	425,802	380,868	(44,934)	352,787
Revenues over (under) expenditures	(38,211)	(76,492)	(38,281)	32,442
Other financing sources (uses)				
Transfers in	77,211	79,624	2,413	50,081
Transfers out	(50,000)	(50,000)	-	-
Total other financing sources	27,211	29,624	2,413	50,081
Net change in fund balance	(11,000)	(46,868)	(35,868)	82,523
Fund balance, beginning of year	203,678	203,678	-	121,155
Fund balance, end of year	\$ 192,678	\$ 156,810	\$ (35,868)	\$ 203,678

COUNTY OF CALHOUN, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Emergency Management

For the Year Ended December 31, 2012

	Amended Budget	Actual	Over (Under) Budget	2011
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	111,648	116,100	4,452	101,670
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	-	-
Other	-	-	-	10,000
Total revenues	111,648	116,100	4,452	111,670
Expenditures				
Current:				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	111,962	109,422	(2,540)	95,811
Public works	-	-	-	-
Health and welfare	-	-	-	-
Recreation and cultural	-	-	-	-
Capital outlay	9,000	9,000	-	6,545
Total expenditures	120,962	118,422	(2,540)	102,356
Revenues over (under) expenditures	(9,314)	(2,322)	6,992	9,314
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources	-	-	-	-
Net change in fund balance	(9,314)	(2,322)	6,992	9,314
Fund balance, beginning of year	9,314	9,314	-	-
Fund balance, end of year	\$ -	\$ 6,992	\$ 6,992	\$ 9,314

COUNTY OF CALHOUN, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Community Corrections

For the Year Ended December 31, 2012

	Amended Budget	Actual	Over (Under) Budget	2011
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	231,993	199,955	(32,038)	199,728
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	-	-
Other	-	-	-	-
Total revenues	231,993	199,955	(32,038)	199,728
Expenditures				
Current:				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	253,888	210,169	(43,719)	204,479
Public works	-	-	-	-
Health and welfare	-	-	-	-
Recreation and cultural	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	253,888	210,169	(43,719)	204,479
Revenues over (under) expenditures	(21,895)	(10,214)	11,681	(4,751)
Other financing sources (uses)				
Transfers in	21,895	10,214	(11,681)	4,751
Transfers out	-	-	-	-
Total other financing sources	21,895	10,214	(11,681)	4,751
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -

COUNTY OF CALHOUN, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Prosecutor

For the Year Ended December 31, 2012

	Amended Budget	Actual	Over (Under) Budget	2011
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	423,425	422,526	(899)	429,231
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	-	-
Other	14,000	3,050	(10,950)	10,563
Total revenues	437,425	425,576	(11,849)	439,794
Expenditures				
Current:				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	638,359	587,945	(50,414)	605,761
Public works	-	-	-	-
Health and welfare	-	-	-	-
Recreation and cultural	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	638,359	587,945	(50,414)	605,761
Revenues over (under) expenditures	(200,934)	(162,369)	38,565	(165,967)
Other financing sources (uses)				
Transfers in	200,934	151,119	(49,815)	164,003
Transfers out	-	-	-	-
Total other financing sources	200,934	151,119	(49,815)	164,003
Net change in fund balance	-	(11,250)	(11,250)	(1,964)
Fund balance, beginning of year	46,016	46,016	-	47,980
Fund balance, end of year	\$ 46,016	\$ 34,766	\$ (11,250)	\$ 46,016

COUNTY OF CALHOUN, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Housing Rehabilitation

For the Year Ended December 31, 2012

	Amended Budget	Actual	Over (Under) Budget	2011
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	177,000	171,063	(5,937)	63,932
Charges for services	-	3,804	3,804	-
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	-	-
Other	-	-	-	-
Total revenues	177,000	174,867	(2,133)	63,932
Expenditures				
Current:				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	177,000	174,135	(2,865)	67,536
Recreation and cultural	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	177,000	174,135	(2,865)	67,536
Revenues over (under) expenditures	-	732	732	(3,604)
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources	-	-	-	-
Net change in fund balance	-	732	732	(3,604)
Fund balance, beginning of year	4,702	4,702	-	8,306
Fund balance, end of year	\$ 4,702	\$ 5,434	\$ 732	\$ 4,702

COUNTY OF CALHOUN, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Federal and State Grant

For the Year Ended December 31, 2012

	Amended Budget	Actual	Over (Under) Budget	2011
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	128,863	112,049	(16,814)	168,528
Charges for services	116,005	124,254	8,249	111,199
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	-	-
Other	-	-	-	-
Total revenues	244,868	236,303	(8,565)	279,727
Expenditures				
Current:				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	235,898	228,479	(7,419)	251,101
Public works	-	-	-	-
Health and welfare	15,000	7,824	(7,176)	32,785
Recreation and cultural	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	250,898	236,303	(14,595)	283,886
Revenues over (under) expenditures	(6,030)	-	6,030	(4,159)
Other financing sources (uses)				
Transfers in	-	-	-	1,831
Transfers out	-	-	-	-
Total other financing sources	-	-	-	1,831
Net change in fund balance	(6,030)	-	6,030	(2,328)
Fund balance, beginning of year	250	250	-	2,578
Fund balance, end of year	\$ (5,780)	\$ 250	\$ 6,030	\$ 250

COUNTY OF CALHOUN, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - MSU Cooperative Extension

For the Year Ended December 31, 2012

	Amended Budget	Actual	Over (Under) Budget	2011
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	10,883
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	-	-
Other	-	-	-	-
Total revenues	-	-	-	10,883
Expenditures				
Current:				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Recreation and cultural	-	1	1	10,882
Capital outlay	-	-	-	-
Total expenditures	-	1	1	10,882
Revenues over (under) expenditures	-	(1)	(1)	1
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources	-	-	-	-
Net change in fund balance	-	(1)	(1)	1
Fund balance, beginning of year	1	1	-	-
Fund balance, end of year	\$ 1	\$ -	\$ (1)	\$ 1

COUNTY OF CALHOUN, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Human Services

For the Year Ended December 31, 2012

	Amended Budget	Actual	Over (Under) Budget	2011
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	352,347	204,161	(148,186)	437,890
Charges for services	40,293	54,082	13,789	33,838
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	-	-
Other	-	-	-	-
Total revenues	392,640	258,243	(134,397)	471,728
Expenditures				
Current:				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	392,640	242,135	(150,505)	470,909
Recreation and cultural	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	392,640	242,135	(150,505)	470,909
Revenues over (under) expenditures	-	16,108	16,108	819
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources	-	-	-	-
Net change in fund balance	-	16,108	16,108	819
Fund balance, beginning of year	127,371	127,371	-	126,552
Fund balance, end of year	<u>\$ 127,371</u>	<u>\$ 143,479</u>	<u>\$ 16,108</u>	<u>\$ 127,371</u>

COUNTY OF CALHOUN, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Soldiers' Relief
For the Year Ended December 31, 2012

	Amended Budget	Actual	Over (Under) Budget	2011
Revenues				
Taxes	\$ 10,000	\$ 11,525	\$ 1,525	\$ 11,656
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	-	-
Other	-	-	-	-
Total revenues	10,000	11,525	1,525	11,656
Expenditures				
Current:				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	10,000	2,733	(7,267)	2,543
Recreation and cultural	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	10,000	2,733	(7,267)	2,543
Revenues over (under) expenditures	-	8,792	8,792	9,113
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources	-	-	-	-
Net change in fund balance	-	8,792	8,792	9,113
Fund balance, beginning of year	56,741	56,741	-	47,628
Fund balance, end of year	\$ 56,741	\$ 65,533	\$ 8,792	\$ 56,741

COUNTY OF CALHOUN, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Veterans' Trust

For the Year Ended December 31, 2012

	Amended Budget	Actual	Over (Under) Budget	2011
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	27,800	18,500	(9,300)	23,400
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	-	-
Other	-	-	-	-
Total revenues	27,800	18,500	(9,300)	23,400
Expenditures				
Current:				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	27,800	16,420	(11,380)	19,998
Recreation and cultural	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	27,800	16,420	(11,380)	19,998
Revenues over (under) expenditures	-	2,080	2,080	3,402
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources	-	-	-	-
Net change in fund balance	-	2,080	2,080	3,402
Fund balance, beginning of year	4,501	4,501	-	1,099
Fund balance, end of year	<u>\$ 4,501</u>	<u>\$ 6,581</u>	<u>\$ 2,080</u>	<u>\$ 4,501</u>

COUNTY OF CALHOUN, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Employee Benefits

For the Year Ended December 31, 2012

	Amended Budget	Actual	Over (Under) Budget	2011
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	-	-
Other	6,000	5,000	(1,000)	12,542
Total revenues	6,000	5,000	(1,000)	12,542
Expenditures				
Current:				
Judicial	-	-	-	-
General government	10,000	8,135	(1,865)	8,621
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Recreation and cultural	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	10,000	8,135	(1,865)	8,621
Revenues over (under) expenditures	(4,000)	(3,135)	865	3,921
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources	-	-	-	-
Net change in fund balance	(4,000)	(3,135)	865	3,921
Fund balance, beginning of year	17,088	17,088	-	13,167
Fund balance, end of year	\$ 13,088	\$ 13,953	\$ 865	\$ 17,088

COUNTY OF CALHOUN, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Calhoun County Trailway

For the Year Ended December 31, 2012

	Amended Budget	Actual	Over (Under) Budget	2011
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	95,757	15,257	(80,500)	80,404
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	-	-
Other	-	-	-	-
Total revenues	95,757	15,257	(80,500)	80,404
Expenditures				
Current:				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Recreation and cultural	95,757	95,568	(189)	-
Capital outlay	-	-	-	-
Total expenditures	95,757	95,568	(189)	-
Revenues over (under) expenditures	-	(80,311)	(80,311)	80,404
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources	-	-	-	-
Net change in fund balance	-	(80,311)	(80,311)	80,404
Fund balance, beginning of year	80,404	80,404	-	-
Fund balance, end of year	\$ 80,404	\$ 93	\$ (80,311)	\$ 80,404

COUNTY OF CALHOUN, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Public Works Department

For the Year Ended December 31, 2012

	Amended Budget	Actual	Over (Under) Budget	2011
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	25,798	25,798	-
Intergovernmental	-	28,183	28,183	242,907
Charges for services	-	-	-	29,422
Fines and forfeitures	-	-	-	-
Interest and rents	-	1,644	1,644	5
Other	-	8,558	8,558	-
Total revenues	-	64,183	64,183	272,334
Expenditures				
Current:				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	58,255	58,255	254,726
Health and welfare	-	-	-	-
Recreation and cultural	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	58,255	58,255	254,726
Revenues over (under) expenditures	-	5,928	5,928	17,608
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources	-	-	-	-
Net change in fund balance	-	5,928	5,928	17,608
Fund balance, beginning of year	72,262	72,262	-	54,654
Fund balance, end of year	\$ 72,262	\$ 78,190	\$ 5,928	\$ 72,262

COUNTY OF CALHOUN, MICHIGAN

Nonmajor Debt Service Funds

Description of Funds

Jail Series III Refunding - This fund is used to account for the retirement of refunding bonds issued in 1997. Funding is provided by a property tax levy.

Justice Center Refunding - This fund is used to account for payment of principal and interest of bonds related to the Justice Center Complex project. Funding is provided through General Fund appropriations.

Public Works Debt Service Fund - This fund is used to account for the accumulation of resources for, and the payment of, interest and principal on bonded debt.

COUNTY OF CALHOUN, MICHIGAN

Combining Balance Sheet

Nonmajor Debt Service Funds

December 31, 2012

	(368) Jail Series III Refunding	(370) Justice Center Refunding	Public Works Debt Service	Total
Assets				
Cash and cash equivalents	\$ 6,659	\$ 1,168	\$ -	\$ 7,827
Delinquent taxes receivable	13,185	-	-	13,185
Total assets	\$ 19,844	\$ 1,168	\$ -	\$ 21,012
Deferred inflows of resources				
Unavailable revenue - Personnel property taxes	\$ 13,184	\$ -	\$ -	\$ 13,184
Fund balances				
Restricted	6,660	1,168	-	7,828
Total deferred inflows of resources and fund balances	\$ 19,844	\$ 1,168	\$ -	\$ 21,012

COUNTY OF CALHOUN, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Debt Service Funds
For the Year Ended December 31, 2012

	(368) Jail Series III Refunding	(370) Justice Center Refunding	(365) Public Works Debt Service	Total
Revenues				
Taxes	\$ 20	\$ -	\$ -	\$ 20
Contributions	-	-	1,026,440	1,026,440
Total revenues	20	-	1,026,440	1,026,460
Expenditures				
Other expense	-	-	187,290	187,290
Debt service:				
Principal	-	400,000	565,000	965,000
Interest and fiscal charges	-	195,076	243,479	438,555
Total expenditures	-	595,076	995,769	1,590,845
Revenues over (under) expenditures	20	(595,076)	30,671	(564,385)
Other financing sources				
Transfers in	-	595,076	-	595,076
Issuance of refunding bonds	-	-	1,750,000	1,750,000
Premium on refunding bonds	-	-	50,761	50,761
Payment to refunding escrow agent	-	-	(1,834,446)	(1,834,446)
Total other financing sources (uses)	-	595,076	(33,685)	561,391
Net change in fund balance	20	-	(3,014)	(2,994)
Fund balance, beginning of year	6,640	1,168	3,014	10,822
Fund balance, end of year	\$ 6,660	\$ 1,168	\$ -	\$ 7,828

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COUNTY OF CALHOUN, MICHIGAN

■ Nonmajor Enterprise Funds

Description of Funds

Property Description - This fund is used to account for the sale of property descriptions and aerial maps to the general public.

Sheriff Inmate Concession - This fund is used to account for the operations of a store for Calhoun County Jail inmates. Funding is provided through sales of merchandise.

COUNTY OF CALHOUN, MICHIGAN

Combining Statement of Net Position

Nonmajor Enterprise Funds

December 31, 2012

	(503) Property Description	(595) Sheriff Inmate Concession	Total
Assets			
Current assets -			
Cash and cash equivalents	\$ 5,914	\$ 293,519	\$ 299,433
Accounts receivable	-	38,271	38,271
Total current assets	5,914	331,790	337,704
Current liabilities			
Accounts payable	-	7,017	7,017
Net position			
Unrestricted	\$ 5,914	\$ 324,773	\$ 330,687

COUNTY OF CALHOUN, MICHIGAN

Combining Statement of Revenues, Expenses and Changes in Fund Net Position Nonmajor Enterprise Funds For the Year Ended December 31, 2012

	(503) Property Description	(595) Sheriff Inmate Concession	Total
Operating revenues			
Charges for services	\$ -	\$ 505,778	\$ 505,778
Operating expenses			
Depreciation	465	-	465
Other	-	270,282	270,282
Total operating expenses	465	270,282	270,747
Income (loss) before transfers	(465)	235,496	235,031
Transfers			
Transfers out	-	(200,000)	(200,000)
Change in fund net position	(465)	35,496	35,031
Net position, beginning of year	6,379	289,277	295,656
Net position, end of year	\$ 5,914	\$ 324,773	\$ 330,687

COUNTY OF CALHOUN, MICHIGAN

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

For the Year Ended December 31, 2012

	(503) Property Description	(595) Sheriff Inmate Concession	Total
Cash flows from operating activities			
Cash received from customers	\$ -	\$ 476,891	\$ 476,891
Cash payments to suppliers	-	(290,489)	(290,489)
Net cash provided by operating activities	-	186,402	186,402
Cash flows from noncapital financing activities			
Transfers out	-	(200,000)	(200,000)
Net change in cash and cash equivalents	-	(13,598)	(13,598)
Cash and cash equivalents, beginning of year	5,914	307,117	313,031
Cash and cash equivalents, end of year	\$ 5,914	\$ 293,519	\$ 299,433
Cash flows from operating activities			
Operating income (loss)	\$ (465)	\$ 235,496	\$ 235,031
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operations:			
Depreciation	465	-	465
Changes in assets and liabilities:			
Accounts receivable	-	(28,887)	(28,887)
Accounts payable	-	(20,207)	(20,207)
Net cash provided by operating activities	\$ -	\$ 186,402	\$ 186,402

COUNTY OF CALHOUN, MICHIGAN

Internal Service Funds

Description of Funds

Combining Financial Statements

Building & Grounds - This fund is used to record the operation and maintenance of County buildings. Revenue is derived from building rents.

Administrative Services - This fund is used to account for the operations of printing, mailing and telephone services, and data processing. Funding is provided through departmental user charges and contractual agreements.

Insurance - This fund is used to account for the liability insurance coverage to the County. Funds are provided by a General Fund appropriation.

Employee Benefits - This fund is used to account for various employee benefits which include health, dental, life, and disability insurance. Funding is provided by charges to user departments.

Workers' Compensation - This fund is used to record worker's compensation expenses and premium coverage from catastrophic loss. Financing for this fund is provided by departmental user charges.

Sick & Accident - This fund is used to account for third party short-term disability administrative costs. Funding is provided by past charges to user departments.

COUNTY OF CALHOUN, MICHIGAN

Combining Statement of Net Position

Internal Service Funds

December 31, 2012

	(631) Building & Grounds	(636) Administrative Services	(677) Insurance
Assets			
Current assets:			
Cash and cash equivalents	\$ 753,929	\$ 373,754	\$ 507,243
Accounts receivable	12,588	21,691	9,660
Due from other governments	-	-	8,111
Inventory	-	3,797	-
Prepaid items	-	15,608	189,941
Total current assets	766,517	414,850	714,955
Capital assets, net	1,825,948	51,423	-
Total assets	2,592,465	466,273	714,955
Liabilities			
Current liabilities:			
Accounts payable	117,586	15,519	9,783
Accrued liabilities	10,408	7,865	-
Claims payable	-	-	531,238
Advance from other funds	133,673	-	-
Current portion of capital leases payable	-	3,283	-
Total current liabilities	261,667	26,667	541,021
Net position			
Net investment in capital assets	1,825,948	48,140	-
Unrestricted	504,850	391,466	173,934
Total net position	\$ 2,330,798	\$ 439,606	\$ 173,934



(694) Employee Benefits	(695) Workers' Compensation	(696) Sick & Accident	Total
\$ 91,240	\$ 368,888	\$ 34,106	\$ 2,129,160
134,272	1,809	-	180,020
-	-	-	8,111
-	-	-	3,797
837,203	-	-	1,042,752
<hr/>			
1,062,715	370,697	34,106	3,363,840
<hr/>			
-	-	-	1,877,371
<hr/>			
1,062,715	370,697	34,106	5,241,211
<hr/>			
87,251	326	-	230,465
-	-	-	18,273
-	187,659	-	718,897
-	-	-	133,673
-	-	-	3,283
<hr/>			
87,251	187,985	-	1,104,591
<hr/>			
-	-	-	1,874,088
975,464	182,712	34,106	2,262,532
<hr/>			
\$ 975,464	\$ 182,712	\$ 34,106	\$ 4,136,620
<hr/> <hr/>			

COUNTY OF CALHOUN, MICHIGAN

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

Internal Service Funds

For the Year Ended December 31, 2012

	(631) Building & Grounds	(636) Administrative Services	(677) Insurance
Operating revenues			
Charges for services	\$ 965,306	\$ 955,086	\$ 299,916
Other	38,817	-	-
Total operating revenues	1,004,123	955,086	299,916
Operating expenses			
Administration	-	-	-
Cost of services	1,806,322	870,582	940,127
Depreciation	237,555	41,388	-
Total operating expenses	2,043,877	911,970	940,127
Operating income (loss)	(1,039,754)	43,116	(640,211)
Nonoperating revenues			
Interest revenue	-	-	11,175
Income (loss) before transfers	(1,039,754)	43,116	(629,036)
Transfers			
Transfers in	1,518,153	40,000	571,030
Transfers out	(540,365)	-	-
Total transfers	977,788	40,000	571,030
Change in net position	(61,966)	83,116	(58,006)
Net position, beginning of year	2,392,764	356,490	231,940
Net position, end of year	\$ 2,330,798	\$ 439,606	\$ 173,934



(694) Employee Benefits	(695) Workers' Compensation	(696) Sick & Accident	Total
\$ 6,848,784	\$ -	\$ -	\$ 9,069,092
-	-	-	38,817
<hr/>	<hr/>	<hr/>	<hr/>
6,848,784	-	-	9,107,909
<hr/>	<hr/>	<hr/>	<hr/>
461,396	61,442	26,838	549,676
6,246,318	245,324	300	10,108,973
-	-	-	278,943
<hr/>	<hr/>	<hr/>	<hr/>
6,707,714	306,766	27,138	10,937,592
<hr/>	<hr/>	<hr/>	<hr/>
141,070	(306,766)	(27,138)	(1,829,683)
<hr/>	<hr/>	<hr/>	<hr/>
-	-	-	11,175
<hr/>	<hr/>	<hr/>	<hr/>
141,070	(306,766)	(27,138)	(1,818,508)
<hr/>	<hr/>	<hr/>	<hr/>
-	-	-	2,129,183
-	-	-	(540,365)
<hr/>	<hr/>	<hr/>	<hr/>
-	-	-	1,588,818
<hr/>	<hr/>	<hr/>	<hr/>
141,070	(306,766)	(27,138)	(229,690)
<hr/>	<hr/>	<hr/>	<hr/>
834,394	489,478	61,244	4,366,310
<hr/>	<hr/>	<hr/>	<hr/>
\$ 975,464	\$ 182,712	\$ 34,106	\$ 4,136,620
<hr/>	<hr/>	<hr/>	<hr/>

COUNTY OF CALHOUN, MICHIGAN

Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended December 31, 2012

	(631) Building & Grounds	(636) Administrative Services	(677) Insurance
Cash flows from operating activities			
Cash received from interfund services	\$ 1,004,387	\$ 937,223	\$ 290,757
Cash payments to suppliers	(1,161,093)	(545,937)	(883,246)
Cash payments to employees	(654,710)	(327,941)	-
Net cash provided by (used in) operating activities	<u>(811,416)</u>	<u>63,345</u>	<u>(592,489)</u>
Cash flows from noncapital financing activities			
Transfers in	1,518,153	40,000	571,030
Transfers out	(540,365)	-	-
Net cash provided by noncapital financing activities	<u>977,788</u>	<u>40,000</u>	<u>571,030</u>
Cash flows from capital and related financing activities			
Capital lease payments	-	(12,808)	-
Cash flows from investing activities			
Interest earned	-	-	11,175
Net change in cash and cash equivalent	166,372	90,537	(10,284)
Cash and cash equivalents, beginning of year	<u>587,557</u>	<u>283,217</u>	<u>517,527</u>
Cash and cash equivalents, end of year	<u>\$ 753,929</u>	<u>\$ 373,754</u>	<u>\$ 507,243</u>



(694) Employee Benefits	(695) Workers' Compensation	(696) Sick & Accident	Total
\$ 6,865,845	\$ -	\$ -	\$ 9,098,212
(7,965,210)	(249,938)	(27,138)	(10,832,562)
-	-	-	(982,651)
<u>(1,099,365)</u>	<u>(249,938)</u>	<u>(27,138)</u>	<u>(2,717,001)</u>
-	-	-	2,129,183
-	-	-	(540,365)
-	-	-	1,588,818
-	-	-	(12,808)
-	-	-	11,175
(1,099,365)	(249,938)	(27,138)	(1,129,816)
<u>1,190,605</u>	<u>618,826</u>	<u>61,244</u>	<u>3,258,976</u>
<u>\$ 91,240</u>	<u>\$ 368,888</u>	<u>\$ 34,106</u>	<u>\$ 2,129,160</u>

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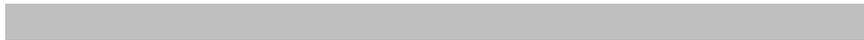
COUNTY OF CALHOUN, MICHIGAN

Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended December 31, 2012

	(631) Building & Grounds	(636) Administrative Services	(677) Insurance
Cash flows from operating activities			
Operating income (loss)	\$ (1,039,754)	\$ 43,116	\$ (640,211)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operations:			
Depreciation	237,555	41,388	-
Changes in assets and liabilities:			
Accounts receivable	264	(17,863)	(1,048)
Due from other governments	-	-	(8,111)
Inventory	-	(1,513)	-
Prepaid items	-	(251)	(49,850)
Accounts payable	21,697	(2,993)	4,195
Accrued liabilities	(1,641)	1,461	-
Advances from other funds	(29,537)	-	-
Claims payable	-	-	102,536
Net cash provided by (used in) operating activities	<u>\$ (811,416)</u>	<u>\$ 63,345</u>	<u>\$ (592,489)</u>



(694) Employee Benefits	(695) Workers' Compensation	(696) Sick & Accident	Total
\$ 141,070	\$ (306,766)	\$ (27,138)	\$ (1,829,683)
-	-	-	278,943
17,061	(1,809)	-	(3,395)
-	-	-	(8,111)
-	-	-	(1,513)
(622,189)	-	-	(672,290)
56,792	(524)	-	79,167
-	-	-	(180)
-	-	-	(29,537)
<u>(692,099)</u>	<u>59,161</u>	<u>-</u>	<u>(530,402)</u>
<u>\$ (1,099,365)</u>	<u>\$ (249,938)</u>	<u>\$ (27,138)</u>	<u>\$ (2,717,001)</u>

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COUNTY OF CALHOUN, MICHIGAN

Fiduciary Funds

Description of Funds

Combining Financial Statements

Pension Trust Funds

Employees Defined Benefit - This fund is used to account for the operations of the Defined Benefit Pension Plan.

Flexible Benefits - This fund is used to account for flexible spending accounts for dependent care and health care reimbursement.

Agency Funds

Trust and Agency - This fund is used to account for assets held by Calhoun County acting as an agent for individuals, private organizations, other governmental units, and other funds.

Penal Fines - This fund is used to account for money that is received from the courts for fines imposed as a result of State law violations.

Inmate Trust - This fund is used to account for inmate monies held by the County while incarcerated.

Friend of the Court - This fund is used to account for monies collected from non-custodial parents for distribution to custodial parents and/or other governmental units.

District Court - This fund is used to account for various fines and bonds collected and subsequently distributed.

COUNTY OF CALHOUN, MICHIGAN

Combining Statement of Fiduciary Net Position

Pension and Other Employee Benefit Trust Funds

December 31, 2012

	(735) Employees Defined Benefit	(734) Flexible Benefits	Total
Assets			
Cash and cash equivalents	\$ 74,654	\$ 40,771	\$ 115,425
Investments -			
Mutual and cash management funds	17,423,885	-	17,423,885
Total assets	<u>17,498,539</u>	<u>40,771</u>	<u>17,539,310</u>
Net position held in trust for			
Retirement benefits	17,498,539	-	17,498,539
Employee benefits	-	40,771	40,771
Total net position	<u>\$ 17,498,539</u>	<u>\$ 40,771</u>	<u>\$ 17,539,310</u>

COUNTY OF CALHOUN, MICHIGAN

Combining Statement of Changes in Fiduciary Net Position

Pension and Other Employee Benefit Trust Funds

For the Year Ended December 31, 2012

	(735) Employees Defined Benefit	(734) Flexible Benefits	Total
Additions:			
Investment income:			
Change in fair value of investments	\$ 1,717,563	\$ -	\$ 1,717,563
Interest	213,111	-	213,111
Total investment income	1,930,674	-	1,930,674
Contributions:			
Employer	862,201	-	862,201
Employee	1,172,433	112,585	1,285,018
Total contributions	2,034,634	112,585	2,147,219
Total additions	3,965,308	112,585	4,077,893
Deductions:			
Pension benefits paid to participants	905,554	-	905,554
Actuarial fees	27,042	-	27,042
Refunds	236,274	-	236,274
Employee reimbursements	-	113,633	113,633
Total deductions	1,168,870	113,633	1,282,503
Net increase (decrease)	2,796,438	(1,048)	2,795,390
Net position held in trust for pension and employee benefits			
Beginning of year	14,702,101	41,819	14,743,920
End of year	\$ 17,498,539	\$ 40,771	\$ 17,539,310

COUNTY OF CALHOUN, MICHIGAN

Combining Statement of Assets and Liabilities

Agency Funds
December 31, 2012

	Trust and Agency	Penal Fines	Inmate Trust
Assets			
Cash and cash equivalents	\$ 369,615	\$ 167,466	\$ 131,196
Accounts receivable	621,563	22,133	-
Total assets	\$ 991,178	\$ 189,599	\$ 131,196
Liabilities			
Accounts payable	\$ 270,292	\$ -	\$ -
Due to individuals and agencies	253,760	-	131,196
Due to other governments	467,126	189,599	-
Total liabilities	\$ 991,178	\$ 189,599	\$ 131,196



Friend of the Court	District Court	Total
\$ 4,707	\$ 440,554	\$ 1,113,538
-	-	643,696
<u>\$ 4,707</u>	<u>\$ 440,554</u>	<u>\$ 1,757,234</u>
\$ -	\$ -	\$ 270,292
4,707	440,554	830,217
-	-	656,725
<u>\$ 4,707</u>	<u>\$ 440,554</u>	<u>\$ 1,757,234</u>

COUNTY OF CALHOUN, MICHIGAN

Agency Funds

Combining Statement of Changes in Assets and Liabilities

For the Year Ended December 31, 2012

	Beginning Balance	Additions	Reductions	Ending Balance
<i>Trust and Agency Fund</i>				
Assets				
Cash	\$ 919,305	\$ 24,684,996	\$ 25,234,686	\$ 369,615
Accounts receivable	25,000	1,268,019	671,456	621,563
Due from other governments	-	3,684	3,684	-
Total assets	<u>\$ 944,305</u>	<u>\$ 25,956,699</u>	<u>\$ 25,909,826</u>	<u>\$ 991,178</u>
Liabilities				
Accounts payable	\$ 131,881	\$ 21,190,436	\$ 21,052,025	\$ 270,292
Due to individuals and agencies	274,165	2,290,241	2,310,646	253,760
Due to other governments	538,259	22,182,663	22,253,796	467,126
Total liabilities	<u>\$ 944,305</u>	<u>\$ 45,663,340</u>	<u>\$ 45,616,467</u>	<u>\$ 991,178</u>
<i>Penal Fines</i>				
Assets				
Cash	\$ 183,593	\$ 385,828	\$ 401,955	\$ 167,466
Accounts receivable	28,754	22,133	28,754	22,133
Total assets	<u>\$ 212,347</u>	<u>\$ 407,961</u>	<u>\$ 430,709</u>	<u>\$ 189,599</u>
Liabilities				
Accounts payable	\$ 101,173	\$ 294,282	\$ 395,455	\$ -
Due to other governments	111,174	423,923	345,498	189,599
	<u>\$ 212,347</u>	<u>\$ 718,205</u>	<u>\$ 740,953</u>	<u>\$ 189,599</u>
<i>Sheriff Inmate Trust Fund</i>				
Assets				
Cash and cash equivalents	<u>\$ 113,799</u>	<u>\$ 129,099</u>	<u>\$ 111,702</u>	<u>\$ 131,196</u>
Liabilities				
Due to individuals and agencies	<u>\$ 113,799</u>	<u>\$ 2,398,405</u>	<u>\$ 2,381,008</u>	<u>\$ 131,196</u>

continued...

COUNTY OF CALHOUN, MICHIGAN

Agency Funds

Combining Statement of Changes in Assets and Liabilities

For the Year Ended December 31, 2012

	Beginning Balance	Additions	Reductions	Ending Balance
<i>Friend of the Court Fund</i>				
Assets				
Cash and cash equivalents	\$ 4,226	\$ 1,084,684	\$ 1,084,203	\$ 4,707
Liabilities				
Due to individuals and agencies	\$ 4,226	\$ 1,084,684	\$ 1,084,203	\$ 4,707
<i>District Court Fund</i>				
Assets				
Cash and cash equivalents	\$ 465,587	\$ 6,216,510	\$ 6,241,543	\$ 440,554
Liabilities				
Due to individuals and agencies	\$ 465,587	\$ 6,216,510	\$ 6,241,543	\$ 440,554
<i>Total All Agency Funds</i>				
Assets				
Cash and cash equivalents	\$ 1,686,510	\$ 32,501,117	\$ 33,074,089	\$ 1,113,538
Accounts receivable	53,754	1,290,152	700,210	643,696
Due from other governments	-	3,684	3,684	-
Total assets	\$ 1,740,264	\$ 33,794,953	\$ 33,777,983	\$ 1,757,234
Liabilities				
Accounts payable	\$ 233,054	\$ 21,484,718	\$ 21,447,480	\$ 270,292
Due to individuals and agencies	857,777	11,989,840	12,017,400	830,217
Due to other governments	649,433	22,606,586	22,599,294	656,725
Total liabilities	\$ 1,740,264	\$ 56,081,144	\$ 56,064,174	\$ 1,757,234

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COUNTY OF CALHOUN, MICHIGAN

Water Resources Commission Component Unit

Description of Funds

Combining Component Unit Financial Statements

County Drain -- This fund is used to record construction, maintenance and storm repair expenditures for all drains which are not accounted for in other drain capital projects funds.

Lake Level -- This fund is used to account for revenues and expenditures related to the control of lake levels.

Drain Revolving -- This fund is used to account for monies advanced for engineering, surveys, and other preliminary costs of new drains. Monies for the operation of this fund are supplied by an advance from the County General Fund and reimbursements from drain funds as special assessments are collected.

Lake Level Revolving -- This fund is used to account for money advanced for engineering and other preliminary costs of a lake level project.

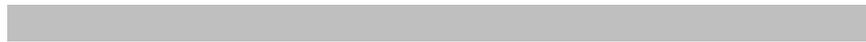
COUNTY OF CALHOUN, MICHIGAN

Water Resources Commission Component Unit

Statement of Net Position / Governmental Funds Balance Sheet

December 31, 2012

	Capital Projects Funds		
	County Drain	Lake Level	Drain Revolving
Assets			
Cash and cash equivalents	\$ 425,946	\$ -	\$ 66,000
Receivables:			
Accounts	3,639	-	-
Accrued interest	179	9	-
Special assessments	3,809,980	209,412	-
Interfund receivable	98,547	-	-
Capital assets, net	-	-	-
Total assets	\$ 4,338,291	\$ 209,421	\$ 66,000
Liabilities			
Accounts payable	\$ 35,870	\$ 576	\$ -
Accrued liabilities	1,944	43	-
Interfund payable	-	98,547	-
Advance from primary government	-	-	66,000
Long-term debt:			
Due in one year	-	-	-
Due in more than one year	-	-	-
Total liabilities	37,814	99,166	66,000
Deferred inflows of resources			
Unavailable revenue - special assessments	4,433,115	218,192	-
Fund balances			
Unreserved, undesignated (deficit)	(132,638)	(107,937)	-
Total liabilities, deferred inflows of resources and fund balances	\$ 4,338,291	\$ 209,421	\$ 66,000
Net position			
Net investment in capital assets			
Unrestricted			
Total net position			



Capital Projects Funds				
Lake Level Revolving	Total	Adjustments	Statement of Net Position	
\$ 10,600	\$ 502,546	\$ -	\$ 502,546	
-	3,639	-	3,639	
-	188	-	188	
-	4,019,392	-	4,019,392	
-	98,547	-	98,547	
-	-	8,119,682	8,119,682	
<u>\$ 10,600</u>	<u>\$ 4,624,312</u>	<u>8,119,682</u>	<u>12,743,994</u>	
\$ -	\$ 36,446	\$ -	\$ 36,446	
-	1,987	91,747	93,734	
-	98,547	-	98,547	
10,600	76,600	-	76,600	
-	-	1,539,306	1,539,306	
-	-	2,793,608	2,793,608	
10,600	213,580	4,424,661	4,638,241	
-	4,651,307	(4,651,307)	-	
-	(240,575)	240,575	-	
<u>\$ 10,600</u>	<u>\$ 4,624,312</u>			
		3,786,768	3,786,768	
		4,318,985	4,318,985	
		<u>\$ 8,105,753</u>	<u>\$ 8,105,753</u>	

COUNTY OF CALHOUN, MICHIGAN

Water Resources Commission Component Unit

Reconciliation of Fund Balances of
Governmental Funds to Net Position
December 31, 2012

Fund balances - total capital projects funds	\$ (240,575)
Amounts reported in the statement of net position are different because:	
Capital assets are not financial resources, and therefore not reported in the funds. Capital assets being depreciated, net	8,119,682
Because the focus of capital project funds is on a short-term financing, 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 capital projects funds, and thus are not included in fund balance. Deferred special assessments receivable	4,651,307
Certain liabilities, such as bonds payable, are not due and payable in the current period, and therefore are not reported in the funds. Bonds payable, long-term portion Bonds payable, current portion Accrued interest on long-term liabilities	(2,793,608) (1,539,306) <u>(91,747)</u>
Net position	<u>\$ 8,105,753</u>

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COUNTY OF CALHOUN, MICHIGAN

Water Resources Commission Component Unit

Statement of Activities / Governmental Funds Revenues, Expenditures
and Changes in Fund Balance
For the Year Ended December 31, 2012

	Capital Projects Funds		
	County Drain	Lake Level	Drain Revolving
Revenues			
Special assessments	\$ 1,103,318	\$ 115,859	\$ -
Interest and rentals	11,841	39	-
Total revenues	<u>1,115,159</u>	<u>115,898</u>	<u>-</u>
Expenditures/Expense			
Public works	2,270,678	53,371	-
Debt service:			
Principal	1,050,122	-	-
Interest and fiscal charges	131,019	2,879	-
Total expenditures/expenses	<u>3,451,819</u>	<u>56,250</u>	<u>-</u>
Revenue over (under) expenditures	<u>(2,336,660)</u>	<u>59,648</u>	<u>-</u>
Other financing sources (uses)			
Proceeds from issuance of long-term debt	2,088,000	-	-
Discount on issuance of long-term debt	(6,618)	-	-
Total other financing sources	<u>2,081,382</u>	<u>-</u>	<u>-</u>
Change in net position / fund balance	(255,278)	59,648	-
Net position / fund balances (deficit) -			
Beginning of year	<u>122,640</u>	<u>(167,585)</u>	<u>-</u>
End of year	<u>\$ (132,638)</u>	<u>\$ (107,937)</u>	<u>\$ -</u>



Capital Projects Funds			
Lake Level Revolving	Total	Adjustments	Statement of Activities
\$ -	\$ 1,219,177	\$ 1,410,576	\$ 2,629,753
-	11,880	-	11,880
-	1,231,057	1,410,576	2,641,633
-	2,324,049	(1,944,107)	379,942
-	1,050,122	(1,050,122)	-
-	133,898	(2,522)	131,376
-	3,508,069	(2,996,751)	511,318
-	(2,277,012)	4,407,327	2,130,315
-	2,088,000	(2,088,000)	-
-	(6,618)	6,618	-
-	2,081,382	(2,081,382)	-
-	(195,630)	2,325,945	2,130,315
-	(44,945)	6,020,383	5,975,438
\$ -	\$ (240,575)	\$ 8,346,328	\$ 8,105,753

COUNTY OF CALHOUN, MICHIGAN

Water Resources Commission Component Unit

Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2012

Net change in fund balances - total capital projects funds \$ (195,630)

Amounts reported in the statement of activities are different because:

Capital projects 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	2,090,405
Depreciation expense	(146,298)

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

Change in deferred special assessments	1,410,576
--	-----------

Bond proceeds provided current financial resources to capital projects funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the capital projects funds, but the repayment reduces long term-liabilities.

Principal payments on long-term liabilities	1,050,122
Proceeds from the issuance of notes payable	(2,088,000)
Discount on the issuance of long-term debt	6,618

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in capital projects funds.

Change in accrued interest on bonds	<u>2,522</u>
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Change in net position	<u><u>\$ 2,130,315</u></u>
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STATISTICAL SECTION

This part of Calhoun County's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents

Page

Financial Trends - *These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.*

Schedule 1 - Net Assets by Component	186
Schedule 2 - Changes in Net Assets	187
Schedule 3 - Fund Balances - Governmental Funds	189
Schedule 4 - Changes in Fund Balances - Governmental Funds	190
Schedule 5 - Changes in Fund Balances - General Fund	192

Revenue Capacity - *These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.*

Schedule 6 - Assessed and Actual Value of Taxable Property	194
Schedule 7 - Direct and Overlapping Property Tax Rates	195
Schedule 8 - Principal Property Tax Payers	196
Schedule 9 - Property Tax Levies and Collections	197

Debt Capacity - *These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.*

Schedule 10 - Ratios of Net General Bonded Debt Outstanding	198
Schedule 11 - Computation of Net Direct and Overlapping Debt	199
Schedule 12 - Legal Debt Margin	200

Demographic and Economic Information - *These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.*

Schedule 13 - Demographic and Economic Statistics	201
Schedule 14 - Principal Employers	202
Schedule 15 - Full-Time Equivalent County Government Employees by Function/Program	203

Operating Information - *These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.*

Schedule 16 - Operating Indicators by Function/Program	204
Schedule 17 - Capital Asset Statistics by Function/Program	205
Schedule 18 - Schedule of Insurance	206

CALHOUN COUNTY
Net Position by Component
Last Ten Years
(accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities										
Net investment in capital assets	\$ 24,917,772	\$ 26,187,657	\$ 26,169,587	\$ 26,820,780	\$ 26,678,844	\$ 26,076,987	\$ 25,589,514	\$ 25,936,451	\$ 25,919,449	\$ 68,894,120
Restricted	3,175,553	7,352,100	9,761,506	12,578,097	10,339,244	8,086,613	5,547,217	4,056,625	2,212,301	6,990,405
Unrestricted	4,078,915	3,095,329	2,485,207	3,163,653	5,480,540	5,222,655	4,471,520	4,556,514	5,441,502	1,295,813
Total governmental activities net position	\$ 32,172,240	\$ 36,635,086	\$ 38,416,300	\$ 42,562,530	\$ 42,498,628	\$ 39,386,255	\$ 35,608,251	\$ 34,549,590	\$ 33,573,252	\$ 77,180,338
Business-type activities										
Net investment in capital assets	\$ 2,667,701	\$ 2,368,673	\$ 2,383,023	\$ 2,088,376	\$ 6,786,181	\$ 9,959,362	\$ 10,210,371	\$ 9,857,671	\$ 9,834,395	\$ 9,305,075
Restricted	8,150,319	8,150,319	6,473,620	16,933,437	11,789,273	12,100,292	12,210,002	11,845,954	11,305,632	10,742,471
Unrestricted	14,459,298	15,396,070	18,010,841	10,079,667	12,230,406	9,166,103	9,023,351	10,420,761	12,319,547	13,404,784
Total business-type activities net position	\$ 25,277,318	\$ 25,915,062	\$ 26,867,484	\$ 29,101,480	\$ 30,805,860	\$ 31,225,757	\$ 31,443,724	\$ 32,124,386	\$ 33,459,574	\$ 33,452,330
Primary government										
Net investment in capital assets	\$ 27,585,473	\$ 28,556,330	\$ 28,552,610	\$ 28,909,156	\$ 33,465,025	\$ 36,036,349	\$ 35,799,885	\$ 35,794,122	\$ 35,753,844	\$ 78,199,195
Restricted	11,325,872	15,502,419	16,235,126	29,511,534	22,128,517	20,186,905	17,757,219	15,902,579	13,517,933	17,732,876
Unrestricted	18,538,213	18,491,399	20,496,048	13,243,320	17,710,946	14,388,758	13,494,871	14,977,275	17,761,049	14,700,597
Total primary government net position	\$ 57,449,558	\$ 62,550,148	\$ 65,283,784	\$ 71,664,010	\$ 73,304,488	\$ 70,612,012	\$ 67,051,975	\$ 66,673,976	\$ 67,032,826	\$ 110,632,668

Note - In 2012, the Road Department, which had been reported as a discretely presented component unit through 2011, became a department of the primary government

Source: Calhoun County Finance Department

CALHOUN COUNTY
Changes in Net Position
Last Ten Years
(accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses										
Governmental activities:										
Legislative	\$ 245,482	\$ 230,854	\$ 235,010	\$ 230,620	\$ 259,468	\$ 264,497	\$ 278,218	\$ 250,890	\$ 191,652	\$ 165,978
Judicial	11,635,598	11,569,900	12,423,746	12,482,683	12,838,999	13,101,700	13,276,476	12,833,338	12,086,136	11,796,789
General government	3,837,550	6,532,765	6,684,366	6,577,864	6,663,685	7,155,740	7,301,080	8,532,341	7,328,175	7,413,505
Public safety	16,317,111	17,320,180	18,481,346	18,139,312	19,222,310	20,020,438	20,025,881	20,117,862	20,027,705	20,428,079
Public works	86,098	81,496	105,166	104,239	98,130	120,455	102,313	127,581	190,315	11,687,016
Health and welfare	13,456,711	14,241,240	14,834,373	14,017,558	12,282,729	12,661,937	12,721,317	13,427,197	13,424,228	13,751,997
Recreation and cultural	1,304,732	1,285,261	1,286,701	1,489,081	1,349,696	1,395,784	1,212,391	1,654,434	1,722,165	1,610,466
Other activities	2,372,566	211,442	2,174	-	-	-	-	-	-	-
Interest on long-term debt	556,947	416,703	349,726	317,147	574,504	272,244	256,847	240,443	329,792	499,618
Total governmental activities expenses	49,812,795	51,889,841	54,402,608	53,358,504	53,289,521	54,992,795	55,174,523	57,184,086	55,300,168	67,353,448
Business-type activities:										
Medical Care Facility	9,238,743	9,163,132	9,183,020	10,493,607	10,619,996	12,145,234	12,339,701	12,930,706	13,558,494	14,077,493
Delinquent tax collection	154,424	238,944	299,849	279,085	478,706	484,567	616,862	705,342	1,078,310	1,125,875
Inmate concessions	575,324	620,706	697,820	664,950	628,914	603,588	627,488	673,988	479,629	270,282
Property description	50,029	52,116	51,299	2,136	1,911	1,253	876	930	930	465
Interest on long-term debt	-	-	-	-	-	-	292,920	301,231	283,975	272,975
Total business-type activities expenses	10,018,520	10,074,898	10,231,988	11,439,778	11,729,527	13,234,642	13,877,847	14,612,197	15,401,338	15,747,090
Total primary government expenses	59,831,315	61,964,739	64,634,596	64,798,282	65,019,048	68,227,437	69,052,370	71,796,283	70,701,506	83,100,538
Program revenues										
Governmental activities:										
Charges for services:										
Legislative	-	-	60	2,647	845	-	46	-	-	-
Judicial	4,068,932	3,971,477	4,093,128	4,252,948	4,132,091	3,901,000	3,988,700	3,985,650	3,762,583	3,653,392
General government	1,772,050	1,608,462	1,628,439	1,508,235	1,409,489	1,297,654	1,067,510	1,616,231	1,174,305	1,234,112
Public safety	5,465,928	5,462,496	5,594,938	6,501,626	6,862,744	7,971,988	7,180,480	7,177,247	7,053,569	7,040,941
Public works	-	-	-	-	-	-	-	-	-	1,692,984
Health and welfare	770,827	799,523	812,865	786,829	784,818	715,933	759,116	727,069	788,957	853,612
Recreation and cultural	469,278	438,780	439,650	412,788	353,095	353,486	375,826	448,453	424,084	554,374
Other activities	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	17,068,133	16,455,320	15,863,153	15,807,506	14,451,313	12,847,689	12,946,254	16,831,288	16,052,118	25,697,819
Capital grants and contributions	-	31,424	-	-	-	-	-	-	-	-
Total governmental activities program revenues	29,615,148	28,767,482	28,432,233	29,272,579	27,994,395	27,087,750	26,317,932	30,785,938	29,255,616	40,727,234
Business-type activities:										
Charges for services:										
Medical Care Facility	8,380,924	8,883,836	8,906,789	10,356,094	9,875,996	10,423,707	11,427,560	12,269,852	13,744,393	13,193,361
Delinquent tax collection	1,532,047	1,306,302	1,596,744	2,143,574	2,156,518	2,555,513	2,579,770	3,072,755	3,318,350	3,262,174
Inmate concession	626,433	707,365	786,296	789,694	738,156	754,476	814,302	744,102	826,509	505,778
Property description	1,293	1,857	1,976	-	-	-	-	-	-	-
Operating grants and contributions	442,177	631,816	1,001,194	1,330,785	1,196,474	453,690	72,060	103,277	79,383	75,760
Total business-type activities program revenues	10,982,874	11,531,176	12,292,999	14,620,147	13,967,144	14,187,386	14,893,692	16,189,986	17,968,635	17,037,073
Total primary government program revenues	40,598,022	40,298,658	40,725,232	43,892,726	41,961,539	41,275,136	41,211,624	46,975,924	47,224,251	57,764,307
Net (Expense)/Revenue										
Government activities	(20,197,647)	(23,122,359)	(25,970,375)	(24,085,925)	(25,295,126)	(27,905,045)	(28,856,591)	(26,398,148)	(26,044,552)	(26,626,214)
Business-type activities	964,354	1,456,278	2,061,011	3,180,179	2,237,617	952,744	1,015,845	1,577,789	2,567,297	1,289,983
Total primary government net expense	(19,233,293)	(21,666,081)	(23,909,364)	(20,905,746)	(23,057,509)	(26,952,301)	(27,840,746)	(24,820,359)	(23,477,255)	(25,336,231)

CALHOUN COUNTY
Changes in Net Assets (Concluded)
Last Ten Fiscal Years
(accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Revenues										
Governmental activities:										
Property taxes	\$ 19,314,374	\$ 25,299,765	\$ 24,740,374	\$ 25,284,240	\$ 22,437,356	\$ 22,440,230	\$ 22,759,037	\$ 22,893,128	\$ 22,249,038	\$ 21,577,195
Unrestricted grants and contributions	447,192	486,212	469,410	486,774	512,072	541,822	554,629	561,128	591,065	513,502
Investment earnings	180,688	200,159	400,343	636,463	622,787	289,912	49,710	1,400	27,591	62,900
Gain on sale of capital assets	10,148	150	49,119	5,900	676	-	-	-	-	-
Transfers	1,112,441	1,604,755	1,989,009	1,863,778	1,658,333	1,520,708	1,714,633	1,883,831	2,200,520	2,255,646
Total governmental activities	21,064,843	27,591,041	27,648,255	28,277,155	25,231,224	24,792,672	25,078,009	25,339,487	25,068,214	24,409,243
Business-type activities:										
Property taxes	761,311	786,221	880,423	917,934	929,771	995,653	919,795	976,111	946,455	928,968
Investment earnings	-	-	-	-	-	-	-	16,762	11,436	13,805
Transfers	(1,112,441)	(1,604,755)	(1,989,009)	(1,864,117)	(1,658,333)	(1,528,500)	(1,717,673)	(1,890,000)	(2,190,000)	(2,240,000)
Total business-type activities	(351,130)	(818,534)	(1,108,586)	(946,183)	(728,562)	(532,847)	(797,878)	(897,127)	(1,232,109)	(1,297,227)
Total primary government	20,713,713	26,772,507	26,539,669	27,330,972	24,502,662	24,259,825	24,280,131	24,442,360	23,836,105	23,112,016
Change in Net Assets										
Government activities	867,196	4,468,682	1,677,880	4,191,230	(63,902)	(3,112,373)	(3,778,582)	(1,058,661)	(976,338)	(2,216,971)
Business-type activities	613,224	637,744	952,425	2,233,996	1,509,055	419,897	217,967	680,662	1,335,188	(7,244)
Total primary government	\$ 1,480,420	\$ 5,106,426	\$ 2,630,305	\$ 6,425,226	\$ 1,445,153	\$ (2,692,476)	\$ (3,560,615)	\$ (377,999)	\$ 358,850	\$ (2,224,215)

Source: Calhoun County Finance Department

CALHOUN COUNTY
Fund Balances - Governmental Funds
Last Ten Years
(modified accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund										
Reserved	\$ 77,200	\$ 76,600	\$ 76,600	\$ 77,520	\$ 77,180	\$ 77,225	\$ 79,536	\$ 86,261	\$ -	\$ -
Unreserved	3,171,366	2,281,002	1,952,034	2,912,949	3,458,805	3,846,820	3,779,909	3,935,468	-	-
Nondisposable	-	-	-	-	-	-	-	-	89,534	537,040
Unassigned	-	-	-	-	-	-	-	-	4,178,104	3,745,555
Total general fund	\$ 3,248,566	\$ 2,357,602	\$ 2,028,634	\$ 2,990,469	\$ 3,535,985	\$ 3,924,045	\$ 3,859,445	\$ 4,021,729	\$ 4,267,638	\$ 4,282,595
All Other Governmental Funds										
Reserved	\$ -	\$ 9,659	\$ 5,312	\$ 38,503	\$ 64,050	\$ 55,518	\$ 60,101	\$ 57,658	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	2,395,502	7,226,693	9,624,240	12,375,818	10,297,586	7,984,985	5,437,098	3,998,967	-	-
Debt service funds	772,821	12,167	129,783	123,662	4,691	7,580	7,881	8,079	-	-
Capital project funds	-	-	-	-	-	-	276,476	1,451,863	-	-
Permanent funds	37,864	38,002	38,453	2,304	1,456	1,806	1,332	1,184	-	-
Nondisposable	-	-	-	-	-	-	-	-	24,367	718,545
Restricted	-	-	-	-	-	-	-	-	5,594,647	6,271,860
Unassigned	-	-	-	-	-	-	-	-	-	(2,776)
Total all other governmental funds	\$ 3,206,187	\$ 7,286,521	\$ 9,797,788	\$ 12,540,287	\$ 10,367,783	\$ 8,049,889	\$ 5,782,888	\$ 5,517,751	\$ 5,619,014	\$ 6,987,629

Source: Calhoun County Finance Department

CALHOUN COUNTY
Changes in Fund Balances - Governmental Funds
Last Ten Years
(modified accrual basis of accounting)

	2003	2004	2005	2006	2007	2008
Revenues						
Taxes and Special Assessments	\$ 19,706,493	\$ 25,559,576	\$ 24,734,469	\$ 25,168,976	\$ 21,400,223	\$ 22,478,088
Contributions	-	-	-	-	-	-
Licenses and permits	3,180,063	3,591,686	4,347,485	397,905	392,035	394,030
Intergovernmental	12,597,492	11,889,121	10,787,120	14,150,759	12,568,945	11,530,118
Charges for services	10,827,782	10,662,423	10,677,921	11,885,817	11,946,966	12,717,043
Fines and forfeits	950,419	810,869	1,149,638	1,066,578	988,473	964,055
Interest and rents	840,193	674,843	596,957	1,016,798	765,357	353,734
Other revenues	1,546,983	1,482,186	1,804,723	2,104,470	2,417,036	2,042,352
Total revenues	49,649,425	54,670,704	54,098,313	55,791,303	50,479,035	50,479,420
Expenditures						
Legislative	195,403	187,300	185,610	188,974	219,096	216,517
Judicial	10,738,937	10,892,938	11,571,595	11,538,869	12,107,452	12,184,736
General government	10,373,446	5,999,219	6,161,596	6,074,052	6,332,872	6,648,296
Public safety	14,329,568	15,584,368	16,129,522	15,940,259	17,032,519	17,574,031
Public works	198,143	81,496	105,166	104,239	98,130	120,455
Health and Welfare	8,883,689	14,398,696	14,815,786	14,123,808	12,937,365	12,694,322
Recreation and cultural	1,094,946	1,104,299	1,200,254	1,430,257	1,213,583	1,229,966
Other activities	2,372,566	2,537,423	2,390,705	2,339,609	2,435,509	2,384,940
Debt service:						
Principal	3,677,737	2,085,571	624,042	676,077	710,349	564,963
Interest and fiscal charges	564,769	422,985	356,827	324,464	293,036	138,127
Bond issuance costs	-	-	-	-	-	172,464
Capital outlay	536,599	695,465	839,730	1,082,921	439,715	416,476
Total expenditures	52,965,803	53,989,760	54,380,833	53,823,529	53,819,626	54,345,293
Revenues over (under) expenditures	(3,316,378)	680,944	(282,520)	1,967,774	(3,340,591)	(3,865,873)
Other financing sources (uses)						
Issuance of refunding bonds	-	-	-	-	-	6,855,000
Discount on refunding bonds	-	-	-	-	-	(73,282)
Payment to refunding bond escrow agent	-	-	-	-	-	(6,609,254)
Capital lease proceeds	-	67,000	45,000	28,860	16,445	33,759
Sale of capital assets	-	-	-	-	-	-
Proceeds from issuance of long-term debt	-	-	-	-	-	-
Discount on issuance of long-term debt	-	-	-	-	-	-
Proceeds from installment debt	-	-	-	-	-	-
Issuance of long-term debt	-	-	-	-	-	-
Premium on refunding bonds	-	-	-	-	-	-
Transfers in	8,157,974	10,117,868	10,820,769	10,492,532	10,817,012	10,689,617
Transfers out	(6,961,172)	(7,670,606)	(8,504,284)	(8,739,832)	(9,119,854)	(8,959,801)
Total other financing sources (uses)	1,196,802	2,514,262	2,361,485	1,781,560	1,713,603	1,936,039
Net changes in fund balances	\$ (2,119,576)	\$ 3,195,206	\$ 2,078,965	\$ 3,749,334	\$ (1,626,988)	\$ (1,929,834)
Debt services as a percentage of noncapital expenditures	8.1%	4.7%	1.8%	1.9%	1.9%	1.3%

Source: Calhoun County Finance Department

**Schedule 4
UNAUDITED**

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 22,657,267	\$ 22,979,378	\$ 22,268,995	\$ 21,587,107
-	-	-	1,026,440
395,878	402,664	438,729	551,974
11,842,963	15,968,120	15,191,543	24,089,349
11,902,986	11,945,702	11,731,043	13,516,905
908,873	913,638	845,384	886,110
56,608	10,735	26,652	55,667
1,867,276	2,319,747	1,825,650	2,001,490
<u>49,631,851</u>	<u>54,539,984</u>	<u>52,327,996</u>	<u>63,715,042</u>
225,825	211,400	153,165	132,815
12,210,472	11,935,289	11,101,631	10,969,351
6,550,295	7,880,304	6,541,598	6,584,566
17,485,169	17,860,378	17,604,936	17,886,673
102,313	127,581	190,315	9,315,732
12,693,853	13,666,404	13,286,643	13,693,214
1,038,774	1,515,904	1,791,413	1,818,938
2,477,713	113,599	53,923	217,016
353,845	464,594	748,920	2,022,532
379,277	280,954	427,469	705,758
-	84,761	-	-
404,020	7,818,968	860,695	1,052,217
<u>53,921,556</u>	<u>61,960,136</u>	<u>52,760,708</u>	<u>64,398,812</u>
<u>(4,289,705)</u>	<u>(7,420,152)</u>	<u>(432,712)</u>	<u>(683,770)</u>
-	-	-	-
-	-	-	-
-	-	-	(1,834,446)
-	259,960	110,971	-
-	22,203	20,590	15,013
-	7,000,000	-	1,750,000
-	(63,000)	-	-
-	-	-	657,000
-	-	-	237,012
-	-	-	50,761
11,144,291	11,326,588	9,773,863	10,087,079
<u>(9,186,766)</u>	<u>(11,228,452)</u>	<u>(9,125,540)</u>	<u>(9,420,251)</u>
<u>1,957,525</u>	<u>7,317,299</u>	<u>779,884</u>	<u>1,542,168</u>
<u>\$ (2,332,180)</u>	<u>\$ (102,853)</u>	<u>\$ 347,172</u>	<u>\$ 858,398</u>
<u>1.4%</u>	<u>1.4%</u>	<u>2.3%</u>	<u>4.3%</u>

CALHOUN COUNTY
Changes in Fund Balances - General Fund
Last Ten Years

(modified accrual basis of accounting)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Revenues					
Taxes	\$ 15,253,145	\$ 15,585,141	\$ 15,933,547	\$ 16,449,007	\$ 17,941,376
Licenses and permits	72,586	84,729	93,439	76,368	69,367
Intergovernmental	5,441,526	4,323,001	3,009,127	2,972,748	3,026,542
Charges for services	10,033,582	9,887,270	9,876,911	10,884,532	11,073,182
Fines and forfeits	895,844	800,899	1,117,372	1,039,297	959,290
Interest and rents	179,922	199,462	316,649	378,759	310,609
Other revenues	625,894	603,932	966,515	1,033,703	1,153,374
Total revenues	<u>32,502,499</u>	<u>31,484,434</u>	<u>31,313,560</u>	<u>32,834,414</u>	<u>34,533,740</u>
Expenditures					
Legislative	195,403	187,300	185,610	188,974	219,096
Judicial	7,518,324	7,880,352	8,156,960	8,072,594	8,426,653
General government	5,635,978	5,999,219	6,161,596	6,074,052	6,332,872
Public safety	11,781,114	12,677,734	12,926,533	12,935,873	14,130,604
Public works	86,098	81,496	105,166	104,239	98,130
Health and welfare	894,540	885,481	909,717	943,284	689,356
Other activities	2,371,940	2,406,961	2,385,234	2,321,051	2,433,524
Debt service:					
Principal	-	-	-	-	16,409
Interest	-	-	-	-	1,351
Capital Outlay	153,947	223,758	139,064	161,241	185,904
Less: reimbursements	-	-	-	9,261	-
Total expenditures	<u>28,637,344</u>	<u>30,342,301</u>	<u>30,969,880</u>	<u>30,810,569</u>	<u>32,533,899</u>
Revenues over (under) expenditures	<u>3,865,155</u>	<u>1,142,133</u>	<u>343,680</u>	<u>2,023,845</u>	<u>1,999,841</u>
Other financing sources (uses)					
Proceeds from capital leases	-	-	-	28,860	16,445
Transfers in	1,214,485	3,978,007	4,974,613	4,720,992	4,704,474
Transfers out	(5,492,367)	(6,005,268)	(5,647,261)	(5,811,862)	(6,175,244)
Total other financing sources (uses)	<u>(4,277,882)</u>	<u>(2,027,261)</u>	<u>(672,648)</u>	<u>(1,062,010)</u>	<u>(1,454,325)</u>
Net changes in fund balances	<u>\$ (412,727)</u>	<u>\$ (885,128)</u>	<u>\$ (328,968)</u>	<u>\$ 961,835</u>	<u>\$ 545,516</u>

Source: Calhoun County Finance Department

Schedule 5
UNAUDITED

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 18,778,923	\$ 18,967,117	\$ 18,812,426	\$ 18,211,018	\$ 17,793,161
82,026	92,305	93,879	92,058	94,555
2,323,593	2,709,617	4,952,000	5,401,082	4,979,130
11,875,775	10,988,413	11,001,832	10,581,689	10,501,007
944,600	839,661	886,690	840,519	859,951
176,391	36,131	369	22,023	51,725
972,166	956,538	1,969,788	1,675,482	1,643,614
<u>35,153,474</u>	<u>34,589,782</u>	<u>37,716,984</u>	<u>36,823,871</u>	<u>35,923,143</u>
216,517	225,825	211,400	153,165	132,815
8,307,102	8,244,694	8,038,744	7,445,094	7,283,038
6,648,296	6,541,615	7,298,645	6,294,129	6,263,582
15,159,727	14,875,384	15,631,942	15,739,866	16,026,383
120,455	102,313	127,581	190,315	274,649
656,654	985,895	922,021	968,405	1,025,389
2,383,042	2,459,207	113,294	53,815	29,536
28,308	13,845	18,717	6,629	7,040
1,359	1,527	669	848	436
180,316	148,159	40,694	-	-
-	-	-	-	-
<u>33,701,776</u>	<u>33,598,464</u>	<u>32,403,707</u>	<u>30,852,266</u>	<u>31,042,868</u>
<u>1,451,698</u>	<u>991,318</u>	<u>5,313,277</u>	<u>5,971,605</u>	<u>4,880,275</u>
33,759	-	21,147	-	-
4,833,977	4,987,276	4,259,797	3,138,198	3,524,350
(5,931,374)	(6,043,194)	(9,431,937)	(8,863,894)	(8,389,668)
<u>(1,063,638)</u>	<u>(1,055,918)</u>	<u>(5,150,993)</u>	<u>(5,725,696)</u>	<u>(4,865,318)</u>
<u>\$ 388,060</u>	<u>\$ (64,600)</u>	<u>\$ 162,284</u>	<u>\$ 245,909</u>	<u>\$ 14,957</u>

CALHOUN COUNTY
Assessed and Actual Value of Taxable Property
Last Ten Years
(in thousands of dollars)

Year	Residential Property	Commercial Property	Industrial Property	Agriculture Property	Development Property	Personal Property	Total Assessed and Actual Value	Total Direct Tax Rate
2003	\$ 2,236,939	\$ 511,836	\$ 187,748	\$ 284,419	\$ 4,071	\$ 552,139	\$ 3,777,152	6.6513
2004	2,365,271	529,554	198,177	317,677	6,004	537,287	3,953,970	6.3713
2005	2,505,126	543,400	199,588	349,739	5,595	509,030	4,112,478	6.3713
2006	2,643,132	547,919	201,824	381,904	5,378	524,870	4,305,027	6.3713
2007	2,785,334	556,065	201,919	360,498	3,565	521,368	4,428,749	6.3713
2008	2,876,423	577,470	208,095	379,918	3,732	507,541	4,553,179	6.3713
2009	2,811,259	601,437	221,113	388,939	3,886	552,079	4,578,713	6.3713
2010	2,562,052	618,616	189,424	421,493	3,155	542,057	4,336,797	6.3713
2011	2,424,586	591,242	181,849	426,136	2,550	549,665	4,176,028	6.3713
2012	2,350,331	581,225	183,404	438,286	2,452	561,232	4,116,930	6.3713

Note: Residential, commercial and industrial values are calculated without tax-exempt values.

Source: County Equalization Department figures, exclusive of Industrial and Commercial Facility Tax and prior to any Board of Review actions.

CALHOUN COUNTY
Direct and Overlapping Property Tax Rates
Last Ten Years
(rate per \$1,000 of taxable value)

		2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
County direct rates											
Operation		5.37	5.37	5.37	5.38	5.38	5.38	5.38	5.38	5.38	5.38
Special voted		1.27	0.99	0.99	0.99	0.99	0.99	0.99	0.99	0.99	0.99
Total direct rate		6.64	6.36	6.36	6.37	6.37	6.37	6.37	6.37	6.37	6.37
Overlapping rates											
Cities:											
Albion		18.37	20.07	19.97	19.97	19.67	17.87	17.87	17.87	17.88	18.08
Albion - RZ		-	-	-	1.20	1.20	7.49	1.00	1.00	-	-
Battle Creek		13.00	13.00	13.92	14.48	14.48	14.48	14.48	14.48	14.74	14.74
Battle Creek - RZ		3.14	2.55	2.69	3.25	5.95	5.95	5.95	-	-	-
Battle Creek - DNR PILT		-	-	-	-	-	-	-	-	-	-
Marshall		16.76	16.73	16.76	16.76	16.76	16.76	16.76	16.89	16.89	16.89
Marshall - DDA		1.67	1.67	1.61	2.11	2.11	2.11	2.10	16.89	16.89	16.89
Springfield		14.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00
Townships (average)	(A)	1.65	1.70	1.69	1.93	1.75	1.69	1.69	1.56	1.73	1.71
Villages (average)	(B)	13.07	12.88	12.50	12.80	12.67	12.67	10.47	12.67	14.85	14.85
School districts (average)	(C)	22.86	23.60	23.46	23.33	23.56	23.53	22.05	23.75	29.71	29.71
Intermediate school district (average)	(D)	4.67	4.65	4.94	4.93	4.93	4.99	5.00	5.06	4.86	4.86
Community college (average)	(E)	3.26	3.26	3.26	3.26	3.26	3.26	3.26	3.26	3.26	3.26
Library (average)	(F)	1.73	2.07	2.06	2.02	2.01	2.04	2.03	2.03	2.04	2.04
(A) - Rates range from:											
Low		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
High		3.87	3.86	3.94	4.38	4.38	4.38	4.38	4.35	4.35	4.35
(B) - Rates range from:											
Low		10.32	9.85	9.85	9.85	9.86	9.85	-	9.85	11.72	11.72
High		16.78	16.47	17.10	16.65	15.97	15.97	15.97	15.97	17.89	17.89
(C) - Rates range from:											
Low		18.00	20.00	20.00	20.00	20.95	20.85	-	21.25	23.30	23.50
High		29.19	28.21	27.35	27.05	27.05	27.05	27.05	27.05	36.10	36.10
(D) - Rates range from:											
Low		2.01	1.99	1.97	1.96	1.96	1.95	1.95	1.95	1.95	1.95
High		8.22	8.17	8.13	8.11	8.10	8.11	8.11	8.11	8.11	8.11
(E) - Rates range from:											
Low		2.81	2.81	2.81	2.81	2.81	2.81	2.81	2.81	2.81	2.81
High		3.71	3.71	3.71	3.71	3.71	3.71	3.71	3.71	3.71	3.71
(F) - Rates range from:											
Low		1.46	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
High		2.00	2.14	2.12	2.03	2.25	2.25	2.25	2.25	2.25	2.25

Source: Calhoun County Equalization Department - Apportionment Report.

CALHOUN COUNTY
Principal Property Tax Payers
Current Year and Nine Years Ago

Taxpayer	2012			2003		
	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value
Kellogg Company	\$ 135,187,311	1	3.75%	\$ 160,223,977	1	5.15%
Consumers Energy	80,276,792	2	2.23%	21,786,810	6	0.70%
Post Foods	56,210,895	3	1.56%	48,582,235	3	1.56%
Denso Manufacturing MI Inc.	39,096,726	4	1.08%	93,203,622	2	3.00%
Semco Energy	24,537,861	5	0.68%	15,707,045	7	0.50%
Vector Pipeline, L. P.	22,979,200	6	0.64%	-		0.00%
Andersons Ethanol/Grain	21,789,898	7	0.60%	-		0.00%
Edward Rose Development	17,143,447	8	0.48%	-		0.00%
Enbridge Energy	13,500,976	9	0.37%	-		0.00%
Graphic Packaging	10,476,285	10	0.29%	-		0.00%
Technical Auto Parts Inc.				26,284,574	4	0.84%
II Stanley Co Inc.				21,901,265	5	0.70%
Hayes Lemmerz International				15,280,726	8	0.49%
Ralcorp Holdings, Inc.				15,267,961	9	0.49%
Michigan Carton & Paperboard Company				11,385,112	10	0.37%
	<u>\$ 421,199,391</u>		<u>11.68%</u>	<u>\$ 429,623,327</u>		<u>13.81%</u>

Source: Calhoun County Equalization Department.

CALHOUN COUNTY
Property Tax Levies and Collections
Last Ten Years

(1)

Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Subsequent Years Collections	Total Collections to Date	
		Amount	% of Levy		Amount	% of Levy
2003	\$ 15,612,489	\$ 14,220,519	91.08%	\$ 1,333,616	\$ 15,554,135	99.63%
2004	16,196,573	14,874,267	91.84%	1,273,331	16,147,598	99.70%
2005	16,649,367	15,365,609	92.29%	1,279,472	16,645,081	99.97%
2006	17,472,152	16,264,916	93.09%	1,206,520	17,471,436	100.00%
2007	18,165,735	16,697,148	91.92%	1,434,947	18,132,095	99.81%
2008	18,669,055	17,205,622	92.16%	1,437,044	18,642,666	99.86%
2009	19,084,890	17,538,727	91.90%	1,532,748	19,071,476	99.93%
2010	18,624,477	17,169,537	92.19%	1,434,879	18,604,416	99.89%
2011	18,200,085	16,749,071	92.03%	1,425,468	18,174,539	99.86%
2012	17,963,929	16,566,976	92.22%	-	16,566,976	92.22%

Source: Calhoun County Treasurer's Office

(1) Personal property taxes recorded at 80%

CALHOUN COUNTY
Ratios of Net General Bonded Debt Outstanding
Last Ten Years

Year	Governmental Activities			Business-Type Activities			Total Primary Government	% of Personal Income	Per Capita
	General Obligation Bonds	Capital Leases	Less: Amounts Restricted to Repaying Principal	General Obligation Bonds	General Obligation Tax Notes	Capital Leases			
2003	\$ 11,162,553	\$ -	\$ 717,829	\$ -	\$ 2,000,000	\$ -	\$ 12,444,724	0.33%	89.62
2004	9,089,270	366,231	12,168	-	450,000	-	9,893,333	0.26%	71.14
2005	8,481,241	309,330	13,118	-	500,000	-	9,277,453	0.23%	66.65
2006	7,831,155	269,599	123,662	8,000,000	350,000	-	16,327,092	0.40%	118.32
2007	7,154,693	251,364	4,691	8,000,000	750,000	14,497	16,165,863	0.40%	118.33
2008	6,855,000	240,666	7,580	7,800,000	250,000	7,490	15,145,576	0.35%	111.48
2009	6,515,000	162,209	7,881	7,600,000	200,000	-	14,469,328	0.33%	106.69
2010	13,140,000	253,660	8,079	7,350,000	900,000	-	21,635,581	0.48%	158.99
2011	12,495,000	204,748	7,806	7,100,000	749,834	143,007	20,684,783	0.46%	151.93
2012	17,660,000	259,641	7,828	6,800,000	4,500,000	-	29,211,813	0.64%	216.23

Year	Governmental Activities			Total	Taxable Value of Property	% of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Capital Leases	Less: Amounts Restricted to Repaying Principal				
2003	\$ 11,162,553	\$ -	\$ 717,829	\$ 10,444,724	\$ 3,111,551,148	0.34%	388.86
2004	9,089,270	366,231	12,168	8,710,871	3,228,412,954	0.27%	318.26
2005	8,481,241	309,330	13,118	8,158,793	3,318,085,093	0.25%	285.39
2006	7,831,155	269,599	123,662	7,437,894	3,470,883,407	0.21%	249.08
2007	7,154,693	251,364	4,691	6,898,638	3,611,665,400	0.19%	230.75
2008	6,855,000	240,666	7,580	6,606,754	3,724,578,452	0.18%	208.73
2009	6,515,000	162,209	7,881	6,344,910	3,849,508,652	0.16%	196.88
2010	13,140,000	253,660	8,079	12,878,261	3,710,386,490	0.35%	391.26
2011	12,495,000	204,748	7,806	12,282,446	3,629,245,779	0.34%	366.19
2012	17,660,000	259,641	7,828	17,392,531	3,604,972,221	0.48%	518.55

Source: Calhoun County Finance Department

CALHOUN COUNTY
Computation of Net Direct and Overlapping Debt
As of December 31, 2012

	<u>Gross Amount Outstanding</u>	<u>Self-Supporting or Paid by Benefited Entity</u>	<u>Net Amount Outstanding</u>
Direct debt			
Building authority bonds	\$ 5,350,000	\$ -	\$ 5,350,000
Energy Conservation Project	657,000	-	657,000
Public Works - water and sewer debt	5,825,000	5,825,000	-
Recovery zone economic development bonds	6,485,000	-	6,485,000
Michigan Transportation Fund bonds	712,953	-	712,953
Michigan Transportation Fund notes	355,000	-	355,000
	<u>\$ 19,384,953</u>	<u>\$ 5,825,000</u>	<u>\$ 13,559,953</u>
	<u>Debt Outstanding</u>	<u>Percentage Applicable</u>	<u>Government's Share of Overlapping Debt</u>
Overlapping debt			
School districts			
Albion	4,775,000	94.28	4,501,870
Athens	2,365,000	89.58	2,118,567
Battle Creek	61,140,000	100.00	61,140,000
Bellevue	25,157,078	16.51	4,153,434
Climax Scotts	5,501,916	12.84	706,446
Gull Lake	58,883,000	7.12	4,192,470
Harper Creek	69,049,261	100.00	69,049,261
Hastings	23,129,396	0.74	171,158
Homer	21,203,432	97.60	20,694,550
Lakeview Calhoun	46,070,000	100.00	46,070,000
Litchfield	1,245,000	3.64	45,318
Mar Lee	1,775,000	100.00	1,775,000
Marshall	55,815,000	100.00	55,815,000
Olivet	35,777,561	29.77	10,650,980
Pennfield	36,802,914	97.79	35,989,570
Springport	15,781,818	35.74	5,640,422
Tekonsha	480,000	85.60	410,880
Union City	1,760,000	42.17	742,192
			323,867,118
Intermediate school district	20,625,000	1.06	219,173
Library			
Marshall District Library	705,000	100.00	705,000
City	89,485,000	100.00	89,485,000
Township	6,078,000	100.00	6,078,000
Village	636,000	100.00	636,000
			<u>420,990,291</u>
Net overlapping debt			<u>420,990,291</u>
Net direct and overlapping debt			<u>\$ 434,550,244</u>

Source: Calhoun County Finance Department and Bendzinski & Co Municipal Finance Advisors

Note: Percentage of overlap based on state equalized values.

CALHOUN COUNTY
Legal Debt Margin
Last Ten Years

Legal Debt Margin Calculation for 2012

Total assessed value	\$ 4,116,930,142
Debt limit (10% of assessed value)	\$ 411,693,014
Debt applicable to limit	13,559,953
Legal debt margin	\$ 398,133,061

	<u>Debt Limit</u>	<u>Total Net Debt Applicable to Limit</u>	<u>Legal Debt Margin</u>	<u>Total Net Debt Applicable to Limit as a Percentage of Debt Limit</u>
2003	\$ 377,715,142	\$ 27,507,553	\$ 350,207,589	7.28%
2004	395,397,056	24,384,270	371,012,786	6.17%
2005	411,102,610	22,996,241	388,106,369	5.59%
2006	430,437,237	19,495,000	410,942,237	4.53%
2007	442,874,896	18,800,000	424,074,896	4.24%
2008	455,317,890	17,230,000	438,087,890	3.78%
2009	457,871,289	15,615,000	442,256,289	3.41%
2010	433,679,621	22,370,000	411,309,621	5.16%
2011	417,602,873	21,014,834	396,588,039	5.03%
2012	411,693,014	13,559,953	398,133,061	3.29%

Source: Calhoun County Finance Department and Bendzinski & Co Municipal Finance Advisors

CALHOUN COUNTY
Demographic and Economic Statistics
Last Ten Years

<u>Year</u>	<u>Population</u>	<u>Personal Income (thousands of dollars)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>	<u>School Enrollment</u>
2003	138,854	3,720,361	26,860	7.2%	27,528
2004	139,067	3,800,925	27,370	6.8%	25,962
2005	139,191	3,950,965	28,588	6.4%	25,709
2006	137,991	4,107,089	29,862	6.9%	26,703
2007	136,615	4,075,917	29,897	6.8%	25,941
2008	135,861	4,317,471	31,652	9.6%	23,805
2009	135,616	4,370,436	32,227	12.50%	22,885
2010	136,084	4,479,152	32,915	9.40%	25,020
2011	136,146	4,544,449	33,541	7.60%	22,166
2012	135,099	4,544,449 (a)	33,541 (a)	7.40%	20,688

(a) Data not available at the time of publication.

Sources: U.S. Census Bureau
Bureau of Economic Analysis, U.S. Department of Commerce
Calhoun Intermediate School District

CALHOUN COUNTY
Principal Employers
Current Year and Nine Years Ago

Employer	2012			2003		
	Employees	Rank	% of Total County Employment	Employees	Rank	% of Total County Employment
Kellogg Company	2,000	1	3.39%	2,383	2	3.59%
Denso International America, Inc.	1,759	2	2.99%	2,400	1	3.62%
Hart - Dole - Inouye Federal Center	1,586	3	2.69%	1,600	3	2.41%
Bronson Battle Creek	1,554	4	2.64%	1,422	4	2.15%
Kraft Foods, Post Division	1,550	5	2.63%	1,164	7	1.76%
						0.00%
Battle Creek Public Schools	1,300	6	2.21%	1,411	5	2.13%
Dept of Veterans Affairs Medical Center	1,150	7	1.95%	1,315	6	1.98%
Michigan Air National Guard	1,127	8	1.91%			
Meijer	700	9	1.19%			
Duncan Aviation	575	10	0.98%			
State Farm Insurance Company				826	8	1.25%
Tokai Rika				750	9	1.13%
I.I. Stanley				750	10	1.13%
	<u>13,301</u>		<u>22.57%</u>	<u>14,021</u>		<u>21.15%</u>

Source: Calhoun County Finance Department.

CALHOUN COUNTY
Full-Time Equivalent County Government Employees by Function/Program
Last Ten Years

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Legislative										
Board of Commissioners	8.00	8.00	8.00	8.00	8.00	8.00	8.00	7.00	7.00	7.00
Judicial										
Circuit Court	14.79	14.00	14.75	14.80	14.80	13.80	14.80	14.80	13.75	13.00
Circuit Court - Family	11.00	10.00	10.00	10.00	9.00	8.00	8.00	7.00	11.50	7.00
District Court	55.80	54.23	55.58	56.33	56.60	57.25	58.25	54.03	52.93	47.60
Friend of the Court	59.49	58.83	59.06	59.60	60.00	60.00	60.00	54.00	54.00	55.00
Probate Court	8.88	8.88	9.00	10.00	10.00	10.00	10.00	9.00	7.00	8.00
Court Services	4.00	3.00	3.00	3.00	2.00	2.00	2.00	1.00	1.00	1.00
General Government										
County Administrator	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Administrative Services	5.35	5.00	5.34	4.00	4.00	4.00	4.00	4.00	3.50	2.50
Information & Tech Systems	4.00	4.00	4.00	3.00	4.00	4.00	3.00	3.00	3.00	4.00
Facilities Management	10.00	10.00	12.00	11.00	12.00	12.00	12.00	12.00	11.00	10.00
Corporation Counsel	0.00	0.00	0.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Finance	5.00	5.00	5.00	4.00	5.00	5.00	5.00	5.00	4.00	4.00
Equalization	4.60	6.00	5.00	5.00	3.00	4.50	4.50	5.00	6.00	5.00
Human Resources	4.00	4.00	4.00	4.00	2.00	4.00	4.00	4.00	4.00	4.00
Clerk - Elections	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Clerk of the Circuit Court	9.00	9.00	9.00	9.00	8.00	9.00	9.00	8.00	8.00	12.00
Clerk/Register	11.50	11.50	11.50	11.50	12.50	12.50	12.50	12.50	11.50	10.00
Prosecuting Attorney	31.50	32.50	31.50	29.50	28.50	27.50	28.50	26.50	24.50	22.75
Treasurer	8.00	8.00	8.00	8.00	8.00	8.00	8.00	7.00	8.00	8.00
MSU Extension	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75	1.75
Water Resources Commissioner	3.16	2.97	3.06	3.00	3.00	3.00	3.50	3.70	3.75	3.75
Public Safety										
Sheriff	168.11	171.22	172.40	166.78	171.97	171.75	171.10	165.50	162.50	160.40
Community Corrections	8.50	8.00	8.00	7.00	8.00	8.00	8.00	7.00	7.00	7.50
Emergency Management	3.00	2.00	1.00	2.00	3.00	2.00	2.00	2.00	2.60	2.60
Drug Court	2.00	3.32	4.00	3.50	3.50	3.00	3.50	3.50	3.00	3.50
Sobriety Court	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.38	4.55
Prosecuting Attorney	13.30	15.00	12.00	12.00	11.00	11.00	11.00	8.00	10.00	9.75
Public Works										
Road Department										58.00
Health & Welfare										
Health Department	66.64	70.44	64.55	53.48	45.57	44.02	46.32	48.59	60.40	62.14
Child Care Fund	53.19	53.68	49.94	42.90	49.10	46.70	47.70	43.40	36.60	29.80
Senior Millage	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Veterans Services	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Total	583.55	589.31	580.42	553.13	554.29	550.77	556.42	527.27	530.66	573.59

Source: Calhoun County Finance Department

CALHOUN COUNTY
Operating Indicators by Function/Program
Last Ten Years

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Judicial										
Circuit Court:										
Number of petitions opened	2,118	1,931	1,932	1,873	1,762	1,750	1,543	1,471	1,416	1,451
Number of dispositions	2,082	2,003	1,955	2,021	1,940	1,780	1,500	1,437	1,411	1,506
Circuit Court - Family Division:										
Number of petitions opened	3,659	3,951	4,091	3,984	4,161	3,810	3,730	3,670	3,357	3,187
Number of dispositions	3,422	3,555	4,048	4,233	4,252	3,929	3,751	3,626	3,468	3,139
District Court:										
New felony cases	2,052	1,957	2,021	1,933	1,874	1,973	1,901	1,771	1,559	1,618
New misdemeanor cases	4,121	3,763	4,348	4,039	4,166	3,989	3,986	3,538	3,664	7,270
New traffic & civil infractions	34,641	32,644	42,773	35,145	33,294	30,785	32,809	31,652	27,555	21,158
New civil cases	10,266	9,960	10,363	10,270	11,257	11,787	10,864	10,383	10,032	10,031
New OWI/OWVI	849	731	886	883	733	816	764	820	775	694
Probate Court:										
Number of active estate and trust cases	467	474	461	433	448	474	467	456	448	437
Number of wills filed for safekeeping	731	1,065	1,161	335	421	614	500	310	341	316
Number of guardianships/conservatorships	2,216	2,119	2,090	2,036	1,936	1,908	1,937	1,952	1,935	1,899
Public Safety (Sheriff):										
Number of incidents	9,734	11,912	13,868	12,074	11,857	12,636	12,478	12,683	13,945	12,790
Number of bookings	11,916	11,020	11,574	10,810	11,104	11,575	11,679	12,565	10,702	10,605
Number of traffic crashes	1,603	1,722	1,771	1,604	1,811	1,878	1,661	1,465	1,433	1,191
Number of fatal crashes	4	1	6	6	8	12	9	4	5	11
Number of animal control calls	--*	--*	--*	--*	--*	--*	987	1,017	661	1,277
Health										
Public Health:										
Vaccines administered	8,459	9,456	9,966	6,884	2,848	4,160	13,753	10,457	9,157	10,471
Number of STD clients	2,335	2,492	2,804	2,523	2,298	2,376	2,604	2,079	1,811	1,449
Water Resources										
Drain & Lake Level control structure maintenance projects	27	60	46	51	61	69	77	67	76	82
Seniors										
Number of seniors served										
Health services:	5,228	4,898	4,613	3,698	3,255	2,834	2,972	2,444	1,535	1,328
Access services:	2,377	1,843	2,322	2,722	3,212	3,286	3,792	5,771	4,567	5,038
Home and Community Based Services	-	-	-	-	-	-	-	-	1,559	1,762

Source: Calhoun County Circuit Court, Calhoun County District Court, Calhoun County Probate Court, Calhoun County Sheriff's Department, Calhoun County Health Department, Calhoun County Water Resources Department, Calhoun County Senior Services Department

--* Information not available

CALHOUN COUNTY
Capital Asset Statistics by Function/Program
Last Ten Years

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Police										
Corrections facility maximum capacity	620	620	620	620	620	620	620	620	620	620
Vehicle patrol units:										
Police service automobiles	24	31	33	31	34	38	35	43	40	40
Animal control	2	2	2	2	2	2	2	2	2	2
Jail	5	5	5	5	7	9	8	8	4	4
Public works										
Miles of county maintained roads:										
Primary	483	483	483	483	483	483	483	483	483	483
Local	827	827	827	827	827	827	827	827	827	827
State Trunkline	205	205	205	205	205	205	205	205	205	205
Parks and Recreation										
County Parks	3	3	3	3	3	3	3	3	3	3
Custer Greens Golf Course	1	1	1	1	-	-	-	-	-	-

Source: Calhoun County Finance Department

CALHOUN COUNTY
Schedule of Insurance
As of December 31, 2012

Type of Coverage Name of Company	Policy Period	Premium	Description
Michigan Municipal Risk Management Authority (MMRMA)	01/01/12-12/31/12	\$ 580,673	Auto, general and police legal liability of the County for bodily injury, property damage and personal injury. Limit \$15,000,000 per occurrence; self insured retention (SIR) is \$200K for general liability, \$16K per vehicle/\$31K per vehicle damage.
Buildings and Contents: Michigan Municipal Risk Management Authority (MMRMA)	01/01/12-12/31/12	Included	All risk coverage on buildings and contents at replacement cost of \$122,105,079 with a \$2,500 maximum deductible per occurrence. Includes burglary as well as perils from flood and earthquake.
Michigan Municipal Risk Management Authority (MMRMA)	01/01/12-12/31/12	Included	Covers loss to the County caused by dishonesty or fraudulent act of an employee or failure to faithfully perform the duties or the position. Limit \$1,000,000. All County employees are covered under this Blanket Faithful Performance Bond with Elected Officials protected under individual Performance Bonds at the same dollar limit.
Marine Property Coverage	01/01/12-12/31/12	Included	Covers scheduled portable equipment consisting of boats, motors, trailers, jet skis, hovercraft, etc. Coverage limited to \$250K per occurrence.
Short-Term Bond Burnham & Flower Insurance Group	01/01/12-12/31/12	24,450	Bond is based on 40% of the tax levy for the County, schools and SET (State Education Tax). County is partially reimbursed for the cost of the bond.
Workers' Compensation Citizens Management Inc.	07/01/10-1/1/13	23,030	TPA for Claims Service.
Citizens Insurance Company of America	01/01/12-12/31/12	18,108	Statutory specific excess insurance above a \$350,000 retention subject to an annual aggregate limit of \$5 million.
Sick & Accident Regency Employee Benefits	01/01/12-12/31/12	26,838	TPA for Claims Service.
Long-Term Disability Mutual of Omaha	01/01/12-12/31/12	Varies	Covers all full-time IUOE, and MNA eligible employees Coverage is 66 and 2/3% of monthly salary up to a maximum of \$4,200.
Life Insurance Madison National Life	01/01/10-12/31/12	Varies	Covers death of employee and/or AD&D. All full-time employees with coverage equal to 1 X annual salary, rounded down to the nearest \$1,000, up to a maximum of \$50K. IUOE and MNA members receive a flat \$50K.
Dental Delta Dental Premier Plan	01/01/12-12/31/12	Varies	100% basic dental, 50% other services (incl Orthodontics), \$1,000 annual limit.
Community Blue Preferred Provider Organization (PPO) Plan 1 Blue Cross/Blue Shield	01/01/12-12/31/12	Varies	A cost-sharing medical care plan including preventive care services (in network only), coinsurance, prescription co-pay, with no deductible on covered in-network benefits. Out of network benefits have an annual deductible of \$250 individual/\$500 family.

Continued.....

CALHOUN COUNTY
Schedule of Insurance
As of December 31, 2012

Type of Coverage Name of Company	Policy Period	Premium	Description
Community Blue Preferred Provider Organization (PPO) Plan 3 Blue Cross/Blue Shield	01/01/12-12/31/12	Varies	A cost-sharing medical care plan including preventive care services (in network only), coinsurance, prescription co-pay, with an annual deductible on covered in-network benefits of \$250 individual/\$500 family. Out of network benefits have an annual deductible of \$500 individual/\$1,000 family.
Flexible Blue Preferred Provider Organization (PPO) Plan 3 Blue Cross/Blue Shield	01/01/12-12/31/12	Varies	A medical care plan including preventive care services (in network only), coinsurance, prescription co-pay, with an annual deductible on covered in-network benefits of \$2,000 individual/\$4,000 family. Out of network benefits have an annual deductible of \$4,000 individual/\$8,000 family.
First Dollar Plan w/Master Medical Option 1 (80/20) Blue Cross/Blue Shield	01/01/12-12/31/12	Varies	Basic and Master Medical Comprehensive medical care coverage including emergency care, and office visits. Annual deductible of \$250 individual/\$500 family on Major Medical Benefits.
Medicare Advantage Blue Care Network	01/01/12-12/31/12	283.62	A cost-sharing medical care plan requiring a Primary Care Physician choice. The plan includes preventive care services (in network only), coinsurance, prescription co-pay, with no deductible on covered in-network benefits.
Medicare Advantage Preferred Provider Organization (PPO) Blue Cross Blue Shield	01/01/12-12/31/12	447.68	A medical care plan including preventive care services, coinsurance, prescription co-pay, with an annual deductible on covered in-network benefits of \$250 individual/\$1,000 maximum. Out of network benefits have a annual deductible of \$500 individual/\$2,000 maximum.
Vision Care Blue Cross/Blue Shield/ Vision Service Plan (VSP)	01/01/12-12/31/12	Varies	Vision Care option pays for certain vision care tests and supplies, when obtained from a participating provider, after County employee pays the provider the required co-payment amount.