

County of  
Calhoun, Michigan



Year Ended  
December 31,  
2011

Comprehensive  
Annual Financial  
Report

This page intentionally left blank.

# **COUNTY OF CALHOUN, MICHIGAN COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED DECEMBER 31, 2011**

**Board of Commissioners:**

Art Kale, Chairperson

Terris E. Todd, Vice-Chairperson

Blaine VanSickle

Jim Haadsma

Julie Camp Seifke

Steve Frisbie

Mark Behnke

**Prepared by:**

Finance Department

**County Administrator/Controller:**

Kelli Scott

**Assistant County Administrator:**

Bradley Wilcox

# County of Calhoun, Michigan

## Table of Contents

### Page

#### INTRODUCTORY SECTION

Letter of Transmittal	3
Certificate of Achievement for Excellence in Financial Reporting	9
Organizational Chart	10

#### FINANCIAL SECTION

Independent Auditors' Report	13
Management's Discussion and Analysis	16
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	28
Statement of Activities	29
Fund Financial Statements:	
Balance Sheet - Governmental Funds	32
Reconciliation of Fund Balances for Governmental Funds to Net Assets of Governmental Activities	33
Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds	36
Reconciliation of Net Changes in Fund Balances of Governmental Funds to Change in Net Assets of Governmental Activities	38
Statement of Revenue, Expenditures and Changes in Fund Balances - Budget and Actual:	
General Fund	39
Health Department Special Revenue Fund	43
Senior Millage Fund	44
Child Care Special Revenue Fund	45
Statement of Net Assets - Proprietary Funds	46
Statement of Revenue, Expenses and Changes in Fund Net Assets - Proprietary Funds	47
Statement of Cash Flows - Proprietary Funds	48
Statement of Fiduciary Net Assets	50
Statement of Changes in Fiduciary Net Assets	51
Statement of Net Assets - Component Units	52
Statement of Activities - Component Units	54
Notes to Financial Statements	59

# County of Calhoun, Michigan

## Table of Contents

	<u>Page</u>
Required Supplementary Information:	
Employees Retirement System	100
Other Postemployment Benefit Plan	100
Municipal Employees Retirement System	101
Combining and Individual Fund Financial Statements and Schedules:	
Combining Balance Sheet - Nonmajor Governmental Funds	104
Combining Statement of Revenue, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	105
Combining Balance Sheet - Nonmajor Special Revenue Funds	110
Combining Statement of Revenue, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds	116
Combining Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual - Nonmajor Special revenue Funds	122
Combining Balance Sheet - Nonmajor Debt Service Funds	148
Combining Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual - Nonmajor Debt Service Funds	149
Combining Statement of Net Assets - Nonmajor Enterprise Funds	152
Combining Schedule of Revenue, Expenditures, and Changes in Fund Net Assets - Nonmajor Enterprise Funds	153
Combining Statement of Cash Flows - Nonmajor Enterprise Funds	154
Combining Statement of Net Assets - Internal Service Funds	156
Combining Schedule of Revenue, Expenditures, and Changes in Fund Net Assets - Internal Service Funds	158
Combining Statement of Cash Flows - Internal Service Funds	160
Combining Statement of Fiduciary Net Assets - Pension and Other Employee Benefit Trust Funds	166
Combining Statement of Changes in Plan Net Assets - Pension and Other Employee Benefit Trust Funds	167
Combining Statement of Assets and Liabilities - Agency Funds	168
Combining Statement of Changes in Assets and Liabilities - All Agency Funds	170
Statement of Net Assets and Governmental Funds Balance Sheet - Water Resources Commission Component Unit	174
Reconciliation of Fund Balances of Governmental Funds to Net Assets - Water Resources Commission Component Unit	176
Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balance - Water Resources Commission Component Unit	178
Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities - Water Resources Commission Component Unit	180

# County of Calhoun, Michigan

## Table of Contents

### Page

#### STATISTICAL SECTION (UNAUDITED)

##### Financial Trends:

Statement of Net Assets	183
Statement of Changes in Net Assets	184
Statement of Fund Balances - Governmental Funds	188
Statement of 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

This page intentionally left blank.



# Calhoun County

## Office of the Administrator/Controller

*"Building A Better County Through Responsive Leadership"*

---

315 West Green Street  
Marshall, MI 49068

Office (269)-781-0966  
Fax (269)-781-0140

June 22, 2012

**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, 2011, 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, 2011, 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, 2011, 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 37<sup>th</sup> Judicial Circuit and the Probate Court and the 10<sup>th</sup> 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 Board of County Road Commissioners, the Board of Public Works, the Board of Parks Trustees, the 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 565 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 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.
- **911 Funding Initiative:** The Calhoun County Consolidated Dispatch Authority became operational in early 2010. Located in the County Administration Building, the Authority effectively combined three separate municipal dispatch operations into a single operational unit and has already resulted in significant budget savings. Calhoun County leases space to and provides for services fees many support service functions to the Authority including finance, human resource and legal services. The County Board of Commissioners voted to place on the August 2012 county wide ballot an initiative that, if successfully passed by voters, would secure 100% of needed operational funding for the dispatch center for the next ten years with a phone surcharge of up to \$2.25 per month per device.
- **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 is already beginning 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 2010, with a primary goal of creating long-term budgetary savings. Such savings began to accrue during 2011 and will be instrumental in helping to offset continuing declining revenues for 2012 and beyond. The County has also implemented many structural cost saving measures specifically focused on compensation, including the introduction of a high deductible employee health insurance plan coupled with Health Savings Accounts in 2010, and the implementation of 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 2011 and included in 2012 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 in 2011 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, 2011 the unrestricted, unassigned fund balance was 10.2% 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, 2011 the County's outstanding direct bonded debt was \$20.3 million, a net decrease of \$0.9 million from the prior year-end. Our overall bond rating was reaffirmed during 2011 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, 2010. 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 fifteen 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,

A handwritten signature in blue ink, reading "Kelli Scott", with a vertical dashed line to its right.

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, 2010

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.



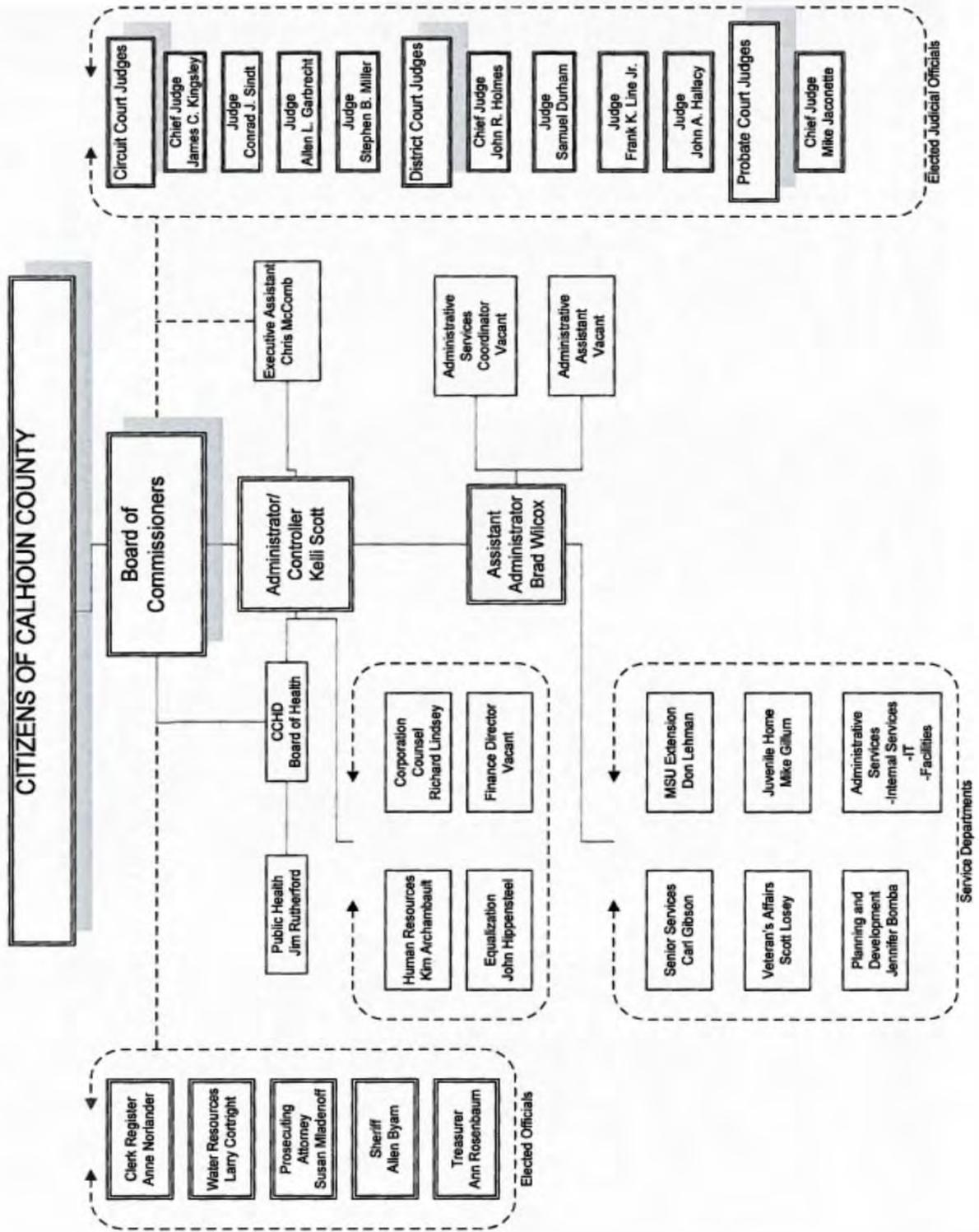
*Linda C. Danson*

President

*Jeffrey R. Enen*

Executive Director

# CALHOUN COUNTY ADMINISTRATIVE ORGANIZATIONAL CHART



## FINANCIAL SECTION

This page intentionally left blank.

## INDEPENDENT AUDITORS' REPORT

June 22, 2012

The Board of Commissioners  
County of Calhoun, Michigan  
Marshall, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the COUNTY OF CALHOUN, MICHIGAN, as of and for the year ended December 31, 2011, which collectively comprise the basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Medical Care Facility and Delinquent Tax Revolving Enterprise Funds, which are major funds, and therefore, separate opinion units. In addition, we did not audit the financial statements of the Land Bank Authority Component Unit, which represent less than 1% of the assets, net assets, and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports were furnished to us, and our opinions, insofar as they relate to the amounts included for the Medical Care Facility and Delinquent Tax Revolving Enterprise Fund and the Land Bank Authority Component Unit are based 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. The financial statements of the Medical Care Facility Enterprise Fund were not audited in accordance with Government Auditing Standards. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports 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 the County of Calhoun, Michigan, as of December 31, 2011, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparisons 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.

In accordance with *Government Auditing Standards*, we have also issued, under separate cover, our report dated June 22, 2012, on our consideration of the County of Calhoun, Michigan's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants, agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 16 through 25 and the schedules of funding progress on pages 100 to 101 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide assurance.

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 nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, and is also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has 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 it.



## 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, 2011. 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 3-8 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 \$67 million (*net assets*), an increase of \$0.4 million in 2011. Of this amount, \$17.8 million (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors. The majority of unrestricted net assets are contained within the Medical Care Facility and Delinquent Tax Revolving Fund, 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 \$9.9 million, an increase of approximately \$345 thousand in comparison with the prior year. Of the fund balance amount, \$4.2 million is *available for spending* at the government's discretion (*unassigned fund balance*).
- . Total fund balance for the general fund was \$4,267,638, an increase of \$245,909 for 2011. At the end of the year, the unassigned portion of the fund balance in the general fund was \$4,178,104, or approximately 10.5 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 \$35.8 million at the end of 2011, approximately the same as the previous year's balance.
- . The County's total bonded debt, excluding delinquent tax notes, equaled \$19.6 million at the close of 2011, decreasing by \$0.9 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 assets* presents information on all of the County's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (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 Road Commission, a legally separate Board of Public Works, and a legally separate Drain Commission, for which the County is financially accountable. Financial information for these *component units* 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 32 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, and the Child Care Fund which are considered to be major funds. Data from the other 28 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 its equipment purchases, building and grounds, administrative services, insurance, employee benefits, workers' compensation, and sick and accident 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 \$67 million at the close of the most recent fiscal year. The following schedule shows the County's assets by category.

The County's Net Assets (in Millions)

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 21.7	\$ 21.3	\$ 26.7	\$ 25.4	\$ 48.4	\$ 46.7
Capital assets	36.9	37.8	16.7	17.2	53.6	55.0
Total assets	58.6	59.1	43.4	42.6	102.0	101.7
Long-term liabilities outstanding	17.3	17.4	8.0	8.3	25.3	25.7
Other liabilities	7.8	7.2	2.0	2.2	9.8	9.4
Total liabilities	25.1	24.6	10.0	10.5	35.1	35.1
Net assets:						
Invested in capital assets, net	25.9	25.9	9.8	9.9	35.7	35.8
Restricted	2.2	4.0	11.3	11.8	13.5	15.8
Unrestricted	5.5	4.6	12.3	10.4	17.8	15.0
Total net assets	\$ 33.6	\$ 34.5	\$ 33.4	\$ 32.1	\$ 67.0	\$ 66.6

By far, the largest portion of the County's net assets, \$35.7 million (53.3%) 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 assets \$13.5 million (20.1%) represents resources that are subject to external restrictions on how they may be used. The County's unrestricted net assets are \$17.8 million (26.6%) as of December 31, 2011. These assets may be used to meet the County's ongoing obligations to citizens and creditors.

At the end of the 2011 fiscal year, the County is able to report positive balances in all three net asset categories (invested in capital asset-net of related debt, 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 Assets

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
<b>Revenues:</b>						
Program revenue:						
Charged for services	\$ 13.2	\$ 13.9	\$ 17.9	\$ 16.1	\$ 29.3	\$ 30.0
Operating grants and contributions	16.0	16.8	0.1	0.1	16.1	16.9
General revenues:						
Property taxes	22.3	22.9	0.9	1.0	23.2	23.9
Other	0.6	0.6	0.01	-	0.6	0.6
<b>Total revenues</b>	<b>52.1</b>	<b>54.2</b>	<b>18.9</b>	<b>17.2</b>	<b>71.0</b>	<b>71.4</b>
<b>Expenses:</b>						
Legislative	0.2	0.3	-	-	0.2	0.3
Judicial	12.1	12.8	-	-	12.1	12.8
General government	7.3	8.5	-	-	7.3	8.5
Public safety	20.0	20.1	-	-	20.0	20.1
Public works	0.2	0.1	-	-	0.2	0.1
Health and welfare	13.4	13.4	-	-	13.4	13.4
Recreation and cultural	1.7	1.7	-	-	1.7	1.7
Interest on long-term debt	0.3	0.2	-	0.3	0.3	0.5
Medical Care Facility	-	-	13.8	12.9	13.8	12.9
Delinquent tax collections	-	-	1.1	0.7	1.1	0.7
Inmate concessions	-	-	0.5	0.7	0.5	0.7
<b>Total expenses</b>	<b>55.2</b>	<b>57.1</b>	<b>15.4</b>	<b>14.6</b>	<b>70.6</b>	<b>71.7</b>
Increase (decrease) in net assets before transfers	(3.1)	(2.9)	3.5	2.6	0.4	(0.3)
Transfers	2.2	1.8	(2.2)	(1.9)	-	(0.1)
<b>Increase (decrease) in net assets</b>	<b>(0.9)</b>	<b>(1.1)</b>	<b>1.3</b>	<b>0.7</b>	<b>0.4</b>	<b>(0.4)</b>
Net assets, beginning of year	34.5	35.6	32.1	31.4	66.6	67.0
<b>Net assets, end of year</b>	<b>\$ 33.6</b>	<b>\$ 34.5</b>	<b>\$ 33.4</b>	<b>\$ 32.1</b>	<b>\$ 67.0</b>	<b>\$ 66.6</b>

## COUNTY OF CALHOUN, MICHIGAN

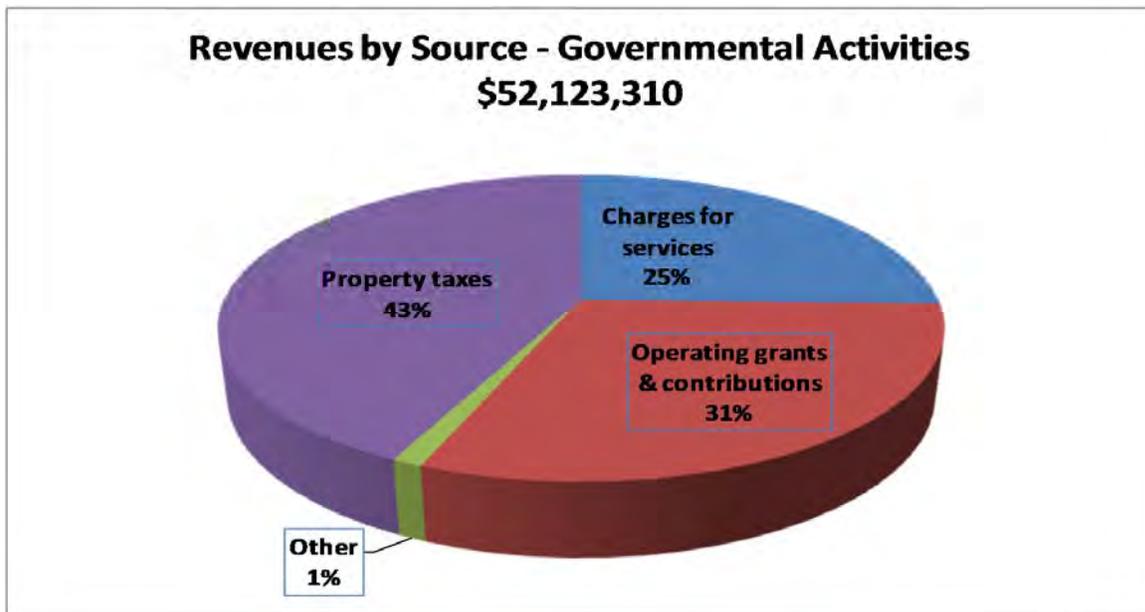
### Management's Discussion and Analysis

The County's total net assets increased by \$0.4 million during the current fiscal year. Governmental activities experienced a decrease of \$900 thousand, while business-type activities increased by \$1.3 million.

**Governmental activities.** Net assets decreased by \$0.9 million, mainly as a result of continued declining revenues. Cuts in total governmental expenses helped to offset these decreased revenues, so that the decrease in governmental net assets during 2011 was less than experienced in 2010.

Items of note include the following:

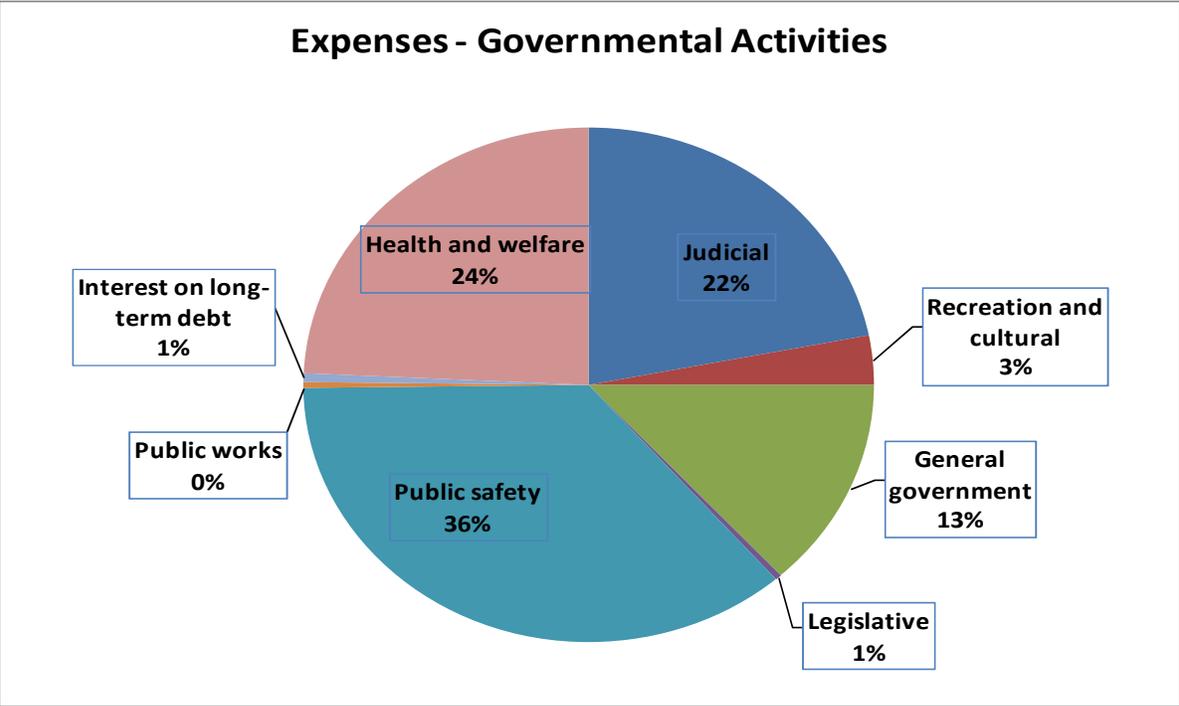
- Property tax revenues decreased slightly from 22.9 million in 2010 to \$22.3 million in 2011 due to a decline of approximately 4% in assessed property values in 2011, representing the second consecutive year of property value declines. This decline was partially offset by an inflationary factor of approximately 1% percent applied to taxable values.
- Operating grants and contributions revenues decreased by \$0.8 million in 2011, due primarily to grant programs that ended in 2010 within the public safety area.
- Charges for services revenues decreased by \$0.7 million from 2010 to 2011, mainly due to a one-time factor in 2010 that inflated revenues in this category. The County received in 2010 approximately \$0.6 million in reimbursement from Enbridge Energy Partners LLP for the County's emergency response and cleanup costs related to a July 2010 oil spill that released an estimated 819,000 gallons into the Talmadge Creek and Kalamazoo River. The remaining decrease in charges for services was attributed to lower revenues within the County's correctional facility and court-related fines and fees, partially offset by increased property tax transfer revenues and contractual revenues within Equalization for assessing services provided to two cities within Calhoun County.
- In total, Revenues from Governmental Activities decreased by \$2.1 million from 2010 to 2011, mainly due to decreased grant activity and reimbursement of oil spill response costs. Property taxes remain the largest source of governmental activity revenues, at 43%.



# COUNTY OF CALHOUN, MICHIGAN

## Management's Discussion and Analysis

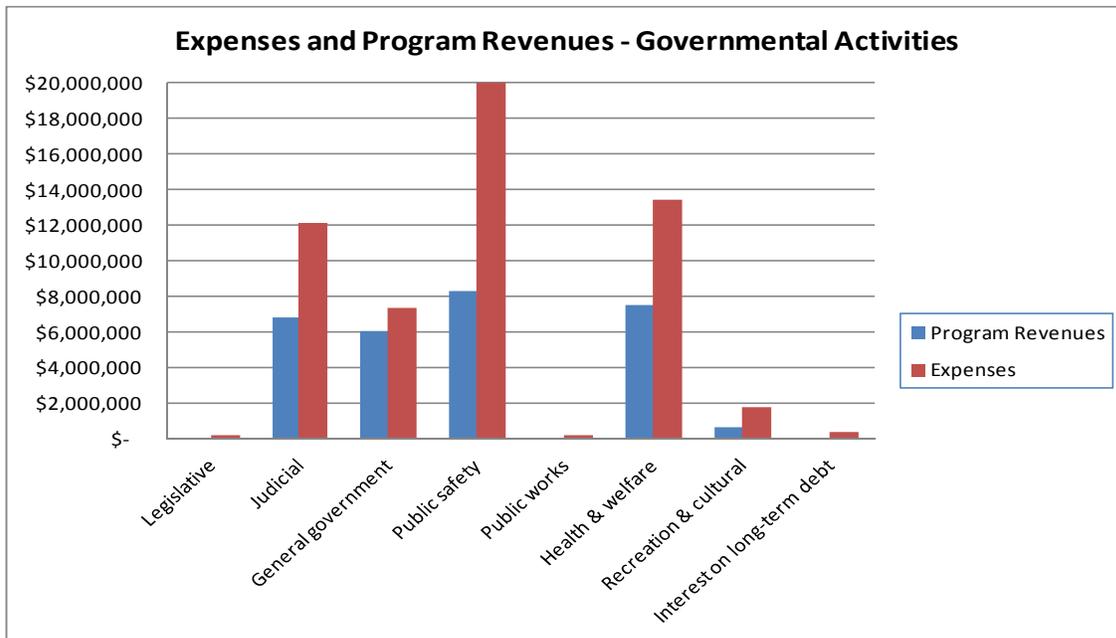
- Total Governmental Activity expenses decreased by \$1.9 million (3.4%) from 2010 to 2011 within all areas except public works and debt service. This decrease was due to one-time events from 2010 including the Enbridge oil spill, personnel savings from the 2010 Early Retirement Incentive Program, and changes to employee benefit plans and cost sharing arrangements designed to control compensation costs. 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.
- Transfers included \$800,000 to the Capital Improvement Fund in 2011, using positive budget variances in order to front fund budgeted 2012 and future transfers to ensure proper maintenance and replacement of the County's fixed assets.



- Public Safety, Health and Welfare and Judicial categories continue to represent the majority of spending on Governmental Activities, with 82% of total expenditures in these categories.

# COUNTY OF CALHOUN, MICHIGAN

## Management's Discussion and Analysis



- Program Revenues fall \$26 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 increased the County’s net assets by \$1.3 million during 2011. The key elements of the current year increase are as follows:

- The Medical Care Facility had an increase in net assets of \$900,000 mainly due to an increase in charges for services.
- The Delinquent Tax Revolving Fund contributed \$2.2 million to the increase in net assets before transfers but after a \$2 million transfer to the General Fund, the net contribution totaled \$0.2 million. This is an decrease of \$0.4 million from the previous year due to an increase in administrative fees.

### 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 \$9,884,260, an increase of \$344,780 in comparison with the prior year, with some factors that led to this use of fund balance listed below. Of the fund balance amount, \$4,178,104 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 \$4,178,104, while total fund balance was \$4,267,638. 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 10.5 percent of total general fund expenditures 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

Even though the County continues to face fiscal constraints due to limitations of major revenue sources, the fund balance in the General Fund increased by \$245,909 during the 2011 fiscal year. This was mainly due to ongoing expenditure savings implemented through prudent fiscal management by the Judiciary, Elected Officials, and Department Heads.

The Health Department experienced a decrease to fund balance during 2011. Operating revenue decreased by \$0.4 million (9.3%), mainly due to decreases in Federal and State grants received. Expenses decreased by \$0.2 million (4.1%), which was primarily related to the decreases in Federal and State grant revenues.

The Senior Millage fund increased their fund balance by \$210,532 during 2011 primarily due to an increase in taxes collected as a result of an inflationary factor applied to taxable values, in spite of declining assessed property values. Total fund balance at the end of the year is \$893,264.

The Child Care Fund has a fund balance of \$185,550, a decrease of \$16,301 in 2011 that is attributed to the planned use of accumulated prior years' excess contributions from the General Fund to fund current 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 \$9.8 million and \$2.2 million, respectively. This is an increase of \$1.1 million from the previous year. 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 \$0.39 million from the amended to the final budget. This was primarily attributable to \$0.07 million in revenues received to cover the unanticipated costs surrounding the Oil Spill, and a \$0.23 million increase to cover contractual services for Public Safety and Equalization operations.

A corresponding increase in budgeted expenditures in the general fund (including transfers out) of \$0.37 million occurred from the original to final budget. In conjunction with the revenue increases, due to the Oil Spill, Public Safety, and Equalization items mentioned above, it was necessary to increase the associated expenditure budget by \$0.37 million.

### Capital Asset and Debt Administration

**Capital assets.** The County's investment in capital assets (net of accumulated depreciation) as of December 31, 2011 for its governmental and business-type activities amounted to \$36,900,954 and \$16,700,515 respectively. These capital assets include land, buildings and improvements, equipment and furniture, and vehicles.

The total decrease in the County's investment in capital assets for the 2011 fiscal year was \$1.4 million and is primarily the result of depreciation on previous purchases exceeding new purchases, in both Governmental and Business-type Activities.

### The County's Capital Assets (Net of Depreciation)

	Governmental Activities	Business-type Activities	Total
Land	\$ 1,266,264	\$ -	\$ 1,266,264
Construction in process	7,097,631	-	7,097,631
Buildings and improvements	26,759,492	16,035,655	42,795,147
Equipment and furniture	1,399,381	664,860	2,064,241
Vehicles	378,186	-	378,186
	<u>\$ 36,900,954</u>	<u>\$ 16,700,515</u>	<u>\$ 53,601,469</u>

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

## COUNTY OF CALHOUN, MICHIGAN

### Management's Discussion and Analysis

**Long-term debt.** At the end of the 2011, the County had total bonded debt outstanding of \$20,344,834, a decrease of \$1,045,166 from 2010. In 2011, the County retired debt of \$895,000 in general obligation bonds. The County issued \$150,166 less in delinquent tax notes during 2011 than in 2010. The entire balance comprises debt backed by the full faith and credit of the County.

#### The County's Outstanding Debt General Obligation

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
General obligation bonds	\$ 12,495,000	\$ 13,140,000	\$ 7,100,000	\$ 7,350,000	\$ 19,595,000	\$ 20,490,000
Delinquent tax notes	-	-	749,834	900,000	749,834	900,000
	<u>\$ 12,495,000</u>	<u>\$ 13,140,000</u>	<u>\$ 7,849,834</u>	<u>\$ 8,250,000</u>	<u>\$ 20,344,834</u>	<u>\$ 21,390,000</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 \$396,588,039, 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.

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

The following factors were considered in preparing the County's budget for the 2012 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. The steepest decreases were seen in residential properties. Additional decreased property values are anticipated for 2012 and 2013. We anticipate this to be followed by a period of stabilization with increases starting in approximately 2014.

State Revenue Sharing for counties is dictated by the Legislature through the General Government Appropriations Bill that gets enacted each year. The currently enacted 2012 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, 2013 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 2012 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 two years, with budgeted and authorized positions in 2012 at 32 fewer than were included in the budget in 2010.

The 2012 budget also includes the County's implementation of Section 4 of the State of Michigan's recently enacted 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 2012 budget reflecting an expected 11% net increase in employee health insurance costs.

## COUNTY OF CALHOUN, MICHIGAN

### Management's Discussion and Analysis

Total general fund expenditures of \$39.8 million are budgeted for 2012, representing a decrease of nearly \$2.0 million from 2010 actual expenditures of \$41.8 million. Also included in the 2012 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 2012 budget was developed to include a small increase in fund balance in order to keep the balance at its current level of approximately 10% 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-quests for additional financial information should be addressed to The County Finance Department, 315 West Green Street, Marshall, Michigan 49068.

This page intentionally left blank.

## BASIC FINANCIAL STATEMENTS

# COUNTY OF CALHOUN, MICHIGAN

## Statement of Net Assets

December 31, 2011

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and cash equivalents	\$ 12,340,214	\$ 8,763,383	\$ 21,103,597	\$ 915,880
Receivables, net	8,941,452	17,631,208	26,572,660	11,101,076
Internal balances	(163,210)	163,210	-	-
Prepaid items and other assets	611,498	174,492	785,990	2,145,983
Capital assets not being depreciated	8,363,895	-	8,363,895	27,322,219
Capital assets being depreciated, net	28,537,059	16,700,515	45,237,574	26,942,464
<b>Total assets</b>	<b>58,630,908</b>	<b>43,432,808</b>	<b>102,063,716</b>	<b>68,427,622</b>
<b>Liabilities</b>				
Accounts payable and accrued liabilities	4,226,396	1,079,614	5,306,010	2,429,121
Unearned revenue	3,545,635	900,779	4,446,414	-
Due to component unit	12,873	-	12,873	-
Long-term liabilities:				
Due within one year	1,867,026	1,114,000	2,981,026	2,441,117
Due in more than one year	12,301,613	6,878,841	19,180,454	10,327,769
Other noncurrent liability - net other postemployment benefit liability	3,106,505	-	3,106,505	758,870
<b>Total liabilities</b>	<b>25,060,048</b>	<b>9,973,234</b>	<b>35,033,282</b>	<b>15,956,877</b>
<b>Net assets</b>				
Invested in capital assets, net of related debt	25,919,449	9,834,395	35,753,844	49,266,854
Restricted for:				
Debt service	-	8,788,992	8,788,992	-
Foreclosures	-	1,920,718	1,920,718	-
Judicial programs	280,946	-	280,946	-
General government	20,588	-	20,588	-
Public safety programs	537,265	-	537,265	-
Health and welfare programs	193,315	-	193,315	-
Recreation and cultural programs	1,142,414	-	1,142,414	-
Specific operating activities	-	595,922	595,922	-
Perpetual care - nonexpendable	37,773	-	37,773	-
Unrestricted	5,439,110	12,319,547	17,758,657	3,203,891
<b>Total net assets</b>	<b>\$ 33,570,860</b>	<b>\$ 33,459,574</b>	<b>\$ 67,030,434</b>	<b>\$ 52,470,745</b>

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

COUNTY OF CALHOUN, MICHIGAN

**Statement of Activities**

For the Year Ended December 31, 2011

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary government</b>					
Governmental activities:					
Legislative	\$ 191,652	\$ -	\$ -	\$ -	\$ (191,652)
Judicial	12,086,136	3,762,583	3,016,815	-	(5,306,738)
General government	7,328,175	1,174,305	4,840,643	-	(1,313,227)
Public safety	20,027,705	7,053,569	1,263,128	-	(11,711,008)
Public works	190,315	-	-	-	(190,315)
Health and welfare	13,424,228	788,957	6,706,565	-	(5,928,706)
Recreation and cultural	1,722,165	424,084	222,575	-	(1,075,506)
Interest on long-term debt	329,792	-	-	-	(329,792)
<b>Total governmental activities</b>	<b>55,300,168</b>	<b>13,203,498</b>	<b>16,049,726</b>	<b>-</b>	<b>(26,046,944)</b>
Business-type activities:					
Medical Care Facility	13,842,469	13,744,393	79,383	-	(18,693)
Delinquent tax collections/forfeitures	1,078,310	3,318,350	-	-	2,240,040
Inmate concessions	479,629	826,509	-	-	346,880
Property description	930	-	-	-	(930)
<b>Total business-type activities</b>	<b>15,401,338</b>	<b>17,889,252</b>	<b>79,383</b>	<b>-</b>	<b>2,567,297</b>
<b>Total primary government</b>	<b>\$ 70,701,506</b>	<b>\$ 31,092,750</b>	<b>\$ 16,129,109</b>	<b>\$ -</b>	<b>\$ (23,479,647)</b>
<b>Component units</b>					
County Drains	\$ 402,109	\$ -	\$ 29,942	\$ 1,196,501	\$ 824,334
County Roads	13,173,828	2,099,244	10,810,945	2,336,143	2,072,504
Board of Public Works	626,818	29,422	612,792	-	15,396
Land Bank	1,114,084	49,168	992,643	-	(72,273)
<b>Total component units</b>	<b>\$ 15,316,839</b>	<b>\$ 2,177,834</b>	<b>\$ 12,446,322</b>	<b>\$ 3,532,644</b>	<b>\$ 2,839,961</b>

continued...

# COUNTY OF CALHOUN, MICHIGAN

## Statement of Activities (Concluded) For the Year Ended December 31, 2011

Functions/Programs	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Changes in net assets</b>				
Net (expense) revenue	\$ (26,046,944)	\$ 2,567,297	\$ (23,479,647)	\$ 2,839,961
General revenues:				
Property taxes	22,249,038	946,455	23,195,493	-
Grants and contributions not restricted to specific programs	591,065	-	591,065	-
Unrestricted investment earnings	27,591	11,436	39,027	5
Gain on sale of capital assets	-	-	-	106,426
Transfers - internal activities	2,200,520	(2,190,000)	10,520	-
<b>Total general revenues and transfers</b>	<b>25,068,214</b>	<b>(1,232,109)</b>	<b>23,836,105</b>	<b>106,431</b>
<b>Change in net assets</b>	<b>(978,730)</b>	<b>1,335,188</b>	<b>356,458</b>	<b>2,946,392</b>
Net assets, beginning of year	34,549,590	32,124,386	66,673,976	49,524,353
<b>Net assets, end of year</b>	<b>\$ 33,570,860</b>	<b>\$ 33,459,574</b>	<b>\$ 67,030,434</b>	<b>\$ 52,470,745</b>

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

This page intentionally left blank.

# COUNTY OF CALHOUN, MICHIGAN

## Balance Sheet

Governmental Funds  
December 31, 2011

	General Fund	Health Department	Senior Millage	Child Care
<b>Assets</b>				
Cash and cash equivalents	\$ 2,506,229	\$ 1,654,560	\$ 1,339,154	\$ -
Receivables:				
Accounts	277,410	27,980	473	2,484
Current taxes	1,422,147	-	2,489,602	-
Delinquent taxes	294,922	-	52,177	-
Accrued interest	2,472	-	-	-
Due from other governments	2,184,647	196,648	-	441,066
Due from other funds	8,073	-	-	-
Interfund receivable	606,258	-	-	-
Advances to component unit	76,600	-	-	-
Prepaid items	12,934	10,283	-	-
<b>Total assets</b>	<b>\$ 7,391,692</b>	<b>\$ 1,889,471</b>	<b>\$ 3,881,406</b>	<b>\$ 443,550</b>
<b>Liabilities</b>				
Accounts payable	\$ 635,548	\$ 82,310	\$ 282,985	\$ 64,235
Accrued liabilities	476,784	84,875	2,605	62,934
Due to other governments	294,105	156,986	-	-
Due to other funds	-	-	-	-
Due to component unit	-	-	-	-
Interfund payables	-	-	-	130,831
Deferred revenue	1,717,617	877,921	2,702,552	-
<b>Total liabilities</b>	<b>3,124,054</b>	<b>1,202,092</b>	<b>2,988,142</b>	<b>258,000</b>
<b>Fund balances</b>				
Nonspendable	89,534	10,283	-	-
Restricted for:				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	677,096	893,264	185,550
Recreation and cultural	-	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Perpetual care	-	-	-	-
Unassigned	4,178,104	-	-	-
<b>Total fund balances</b>	<b>4,267,638</b>	<b>687,379</b>	<b>893,264</b>	<b>185,550</b>
<b>Total liabilities and fund balances</b>	<b>\$ 7,391,692</b>	<b>\$ 1,889,471</b>	<b>\$ 3,881,406</b>	<b>\$ 443,550</b>

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



Other Governmental Funds	Total
\$ 3,583,687	\$ 9,083,630
286,240	594,587
-	3,911,749
13,404	360,503
412	2,884
996,143	3,818,504
5,382	13,455
-	606,258
-	76,600
14,084	37,301
<u>\$ 4,899,352</u>	<u>\$ 18,505,471</u>

\$ 377,193	\$ 1,442,271
103,560	730,758
41,000	492,091
13,455	13,455
12,873	12,873
475,427	606,258
25,415	5,323,505
<u>1,048,923</u>	<u>8,621,211</u>

14,084	113,901
280,946	280,946
20,588	20,588
537,265	537,265
193,315	1,949,225
1,142,414	1,142,414
7,808	7,808
1,616,236	1,616,236
37,773	37,773
-	4,178,104
<u>3,850,429</u>	<u>9,884,260</u>
<u>\$ 4,899,352</u>	<u>\$ 18,505,471</u>

# COUNTY OF CALHOUN, MICHIGAN

## Reconciliation

Fund Balances for Governmental Funds  
to Net Assets of Governmental Activities  
December 31, 2011

Fund balances - total governmental funds	\$ 9,884,260
Amounts reported for <i>governmental activities</i> in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources, and therefore not reported in the funds.	
Capital assets not being depreciated	8,181,006
Capital assets being depreciated	59,072,194
Accumulated depreciation	(32,508,560)
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 revenues in the governmental funds, and thus are not included in fund balance.	
Deferred property taxes	1,777,870
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 assets.	
Net assets of governmental activities accounted for in internal service funds	4,366,310
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	(12,023,657)
Bonds and capital leases payable, current portion	(660,000)
Unamortized bond issuance costs	201,451
Unamortized bond discount	111,298
Unamortized gain on bond refunding	(9,291)
Other postemployment benefit obligation	(3,106,505)
Compensated absences	(1,570,898)
Accrued interest on long-term liabilities	(144,618)
Net assets of governmental activities	<u>\$ 33,570,860</u>

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

This page intentionally left blank.

COUNTY OF CALHOUN, MICHIGAN

**Statement of Revenue, Expenditures and Changes in Fund Balances**

Governmental Funds

For the Year Ended December 31, 2011

	General Fund	Health Department	Senior Millage	Child Care
<b>Revenue</b>				
Taxes	\$ 18,211,018	\$ -	\$ 2,767,509	\$ -
Licenses and permits	92,058	332,631	-	-
Intergovernmental	5,401,082	3,558,141	-	2,172,838
Charges for services	10,581,689	231,743	-	177,787
Fines and forfeitures	840,519	-	-	-
Interest and rents	22,023	-	2,091	-
Other	1,675,482	21,545	21,068	-
<b>Total revenue</b>	<b>36,823,871</b>	<b>4,144,060</b>	<b>2,790,668</b>	<b>2,350,625</b>
<b>Expenditures</b>				
Current:				
Legislative	153,165	-	-	-
Judicial	7,445,094	-	-	-
General government	6,294,129	-	-	-
Public safety	15,739,866	-	-	-
Public works	190,315	-	-	-
Health and welfare	968,405	4,825,986	2,580,136	4,318,345
Recreation and cultural	-	-	-	-
Other	53,815	-	-	-
Debt service:				
Principal	6,629	-	-	-
Interest and fiscal charges	848	-	-	-
Capital outlay	-	126,216	-	-
<b>Total expenditures</b>	<b>30,852,266</b>	<b>4,952,202</b>	<b>2,580,136</b>	<b>4,318,345</b>
Revenue over (under) expenditures	5,971,605	(808,142)	210,532	(1,967,720)
<b>Other financing sources (uses)</b>				
Transfers in	3,138,198	741,905	-	1,951,419
Transfers out	(8,863,894)	-	-	-
Sale of capital assets	-	-	-	-
Issuance of long-term debt	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(5,725,696)</b>	<b>741,905</b>	<b>-</b>	<b>1,951,419</b>
Net change in fund balances	245,909	(66,237)	210,532	(16,301)
Fund balances, beginning of year	4,021,729	753,616	682,732	201,851
<b>Fund balances, end of year</b>	<b>\$ 4,267,638</b>	<b>\$ 687,379</b>	<b>\$ 893,264</b>	<b>\$ 185,550</b>

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



Other Governmental Funds	Total
\$ 1,290,468	\$ 22,268,995
14,040	438,729
4,057,090	15,189,151
739,824	11,731,043
4,865	845,384
2,538	26,652
107,555	1,825,650
<u>6,216,380</u>	<u>52,325,604</u>
-	153,165
3,656,537	11,101,631
247,469	6,541,598
1,865,070	17,604,936
-	190,315
593,771	13,286,643
1,791,413	1,791,413
108	53,923
742,291	748,920
426,621	427,469
734,479	860,695
<u>10,057,759</u>	<u>52,760,708</u>
<u>(3,841,379)</u>	<u>(435,104)</u>
3,942,341	9,773,863
(261,646)	(9,125,540)
20,590	20,590
110,971	110,971
<u>3,812,256</u>	<u>779,884</u>
(29,123)	344,780
<u>3,879,552</u>	<u>9,539,480</u>
<u>\$ 3,850,429</u>	<u>\$ 9,884,260</u>

# COUNTY OF CALHOUN, MICHIGAN

## Reconciliation

Net Changes in Fund Balances of Governmental Funds  
to Change in Net Assets of Governmental Activities  
For the Year Ended December 31, 2011

Net change in fund balances - total governmental funds \$ 344,780

Amounts reported for *governmental activities* 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	860,695
Depreciation expense	(1,375,670)
Net book value of capital assets sold	(4,145)

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	(19,957)
---	----------

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

Principal payments on long-term liabilities	748,920
Proceeds from capital leases	(110,971)
Amortization of bond discount	(10,328)
Amortization of gain on refunding	1,328
Amortization of bond issuance costs	(21,282)

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	(91,455)
Increase in the accrual for net other postemployment benefit obligations	(689,190)
Increase in the accrual of compensated absences	105,682

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	5,568
Net operating loss from governmental activities accounted for in internal service	(2,274,902)
Internal activities (transfers) accounted for in internal service funds	1,552,197

Change in net assets of governmental activities \$ (978,730)

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

COUNTY OF CALHOUN, MICHIGAN

Statement of Revenue, Expenditures, and

Changes in Fund Balance - Budget and Actual - General Fund

For the Year Ended December 31, 2011

(With Comparative Actual Amounts for the Year Ended December 31, 2010)

	Original Budget	Amended Budget	Actual	Over (Under) Budget	2010
<b>Revenue</b>					
Taxes:					
Property taxes	\$ 17,670,528	\$ 17,670,528	\$ 17,951,553	\$ 281,025	\$ 18,500,549
Industrial/commercial facilities tax	195,977	195,977	178,251	(17,726)	236,522
Payment in lieu of taxes	25,000	25,000	41,344	16,344	30,863
Trailer fees	15,000	15,000	13,412	(1,588)	16,682
Interest and fees	25,000	25,000	26,458	1,458	27,810
<b>Total taxes</b>	<b>17,931,505</b>	<b>17,931,505</b>	<b>18,211,018</b>	<b>279,513</b>	<b>18,812,426</b>
Licenses and permits:					
Dog licenses	48,000	57,500	55,564	(1,936)	54,080
Concealed weapons licenses	38,000	38,000	31,694	(6,306)	34,944
Marriage licenses	4,300	4,300	4,800	500	4,855
<b>Total licenses and permits</b>	<b>90,300</b>	<b>99,800</b>	<b>92,058</b>	<b>(7,742)</b>	<b>93,879</b>
Intergovernmental:					
Revenue Sharing	3,012,947	3,012,947	2,779,800	(233,147)	2,236,074
Local grants	-	-	-	-	-
Emergency services	24,000	24,000	27,234	3,234	23,499
Circuit judges' salary	182,900	182,900	160,934	(21,966)	182,896
District judges' salary	182,896	182,896	183,796	900	183,346
Probate judges' salary	297,000	297,000	211,733	(85,267)	296,990
Sheriff	12,000	20,294	5,929	(14,365)	27,490
Prosecuting Attorney	9,400	9,400	44,253	34,853	6,841
Juvenile officer grant	52,775	52,775	52,776	1	52,776
Marine safety	33,000	37,090	37,090	-	11,046
Liquor law enforcement	8,600	9,100	9,569	469	9,205
Liquor taxes	701,150	717,275	733,398	16,123	700,202
Cigarette taxes	4,817	4,817	8,781	3,964	22,781
Court equity program	850,000	850,000	825,452	(24,548)	882,358
ADC incentive	260,000	260,000	266,037	6,037	269,763
Juror fee reimbursement	40,000	40,000	54,300	14,300	46,733
<b>Total intergovernmental</b>	<b>5,671,485</b>	<b>5,700,494</b>	<b>5,401,082</b>	<b>(299,412)</b>	<b>4,952,000</b>
Charges for services:					
Circuit court fees	386,700	386,700	300,533	(86,167)	343,736
District court fees	2,377,291	2,377,291	2,277,888	(99,403)	2,379,563
Friend of the court fees	151,800	151,800	175,975	24,175	155,860
Probate court fees	66,700	66,700	55,173	(11,527)	61,282
Public defender fees	110,000	110,000	72,306	(37,694)	90,512
Election fees	20,000	25,000	34,612	9,612	17,400
Clerk/register fees	777,030	777,030	791,040	14,010	782,837
Prosecuting attorney fees	5,400	5,400	12,789	7,389	14,785
Equalization fees	4,500	87,333	90,330	2,997	6,677
Treasurer fees	10,000	10,000	11,722	1,722	88,387
Survey and remonumentation	500	500	2,150	1,650	650
Sheriff service fees	7,140,618	7,283,199	6,733,470	(549,729)	7,029,469
Tether program	3,000	3,000	648	(2,352)	1,832
Collection fees	10,000	12,000	15,553	3,553	13,842
Cooperative extension fees	15,000	15,000	7,500	(7,500)	15,000
<b>Total charges for services</b>	<b>11,078,539</b>	<b>11,310,953</b>	<b>10,581,689</b>	<b>(729,264)</b>	<b>11,001,832</b>

(continued...)

COUNTY OF CALHOUN, MICHIGAN

**Statement of Revenue, Expenditures, and**

Changes in Fund Balance - Budget and Actual - General Fund

For the Year Ended December 31, 2011

(With Comparative Actual Amounts for the Year Ended December 31, 2010)

	Original Budget	Amended Budget	Actual	Over (Under) Budget	2010
<b>Revenue (continued)</b>					
Fines and forfeitures:					
Bond forfeitures	\$ 66,000	\$ 66,000	\$ 76,239	\$ 10,239	\$ 62,163
Ordinance fines and costs	850,000	850,000	764,280	(85,720)	824,527
Total fines and forfeitures	<u>916,000</u>	<u>916,000</u>	<u>840,519</u>	<u>(75,481)</u>	<u>886,690</u>
Interest and rents:					
Interest on investments	25,000	25,000	22,023	(2,977)	369
Other:					
Sale of equipment	-	-	-	-	-
Indirect cost reimbursements	492,587	492,587	400,556	(92,031)	471,875
Miscellaneous	900,350	992,750	1,274,926	282,176	1,497,913
Total other	<u>1,392,937</u>	<u>1,485,337</u>	<u>1,675,482</u>	<u>190,145</u>	<u>1,969,788</u>
<b>Total revenue</b>	<u>37,105,766</u>	<u>37,469,089</u>	<u>36,823,871</u>	<u>(645,218)</u>	<u>37,716,984</u>
<b>Expenditures</b>					
Legislative:					
Board of commissioners	149,976	155,976	153,165	(2,811)	211,400
Judicial:					
Circuit court	974,666	942,974	909,403	(33,571)	919,839
Circuit court - family	985,356	985,356	859,286	(126,070)	867,005
Indigent public defender	1,736,249	1,736,249	1,601,836	(134,413)	1,713,120
District court	3,485,678	3,485,678	3,316,800	(168,878)	3,540,309
Probate court	819,593	819,593	664,841	(154,752)	816,003
Circuit court probation	30,153	30,153	28,188	(1,965)	30,890
Court services	109,568	109,568	64,740	(44,828)	151,578
Total judicial	<u>8,141,263</u>	<u>8,109,571</u>	<u>7,445,094</u>	<u>(664,477)</u>	<u>8,038,744</u>
General government:					
Elections	140,867	145,867	135,920	(9,947)	170,675
Civil counsel	134,272	134,272	125,644	(8,628)	124,097
Clerk of the circuit court	482,282	482,282	447,729	(34,553)	519,956
Clerk/register	699,869	699,869	665,469	(34,400)	641,287
Administrator	366,188	366,188	364,332	(1,856)	341,892
Finance	468,082	461,082	406,481	(54,601)	492,677
Equalization	327,935	426,492	418,693	(7,799)	395,812
Personnel	297,737	297,737	283,678	(14,059)	296,824
Purchasing	66,198	67,198	67,502	304	62,444
Prosecuting attorney	2,358,415	2,358,415	2,292,497	(65,918)	2,302,170
Treasurer	482,643	482,643	413,338	(69,305)	418,859
Cooperative extension	182,088	182,088	178,768	(3,320)	184,105
Water Resources commissioner	211,050	215,050	202,863	(12,187)	205,531
Administrative services	93,798	93,798	58,101	(35,697)	59,706
Planning department	30,690	30,690	30,383	(307)	30,717

(continued...)

COUNTY OF CALHOUN, MICHIGAN

**Statement of Revenue, Expenditures, and**

Changes in Fund Balance - Budget and Actual - General Fund

For the Year Ended December 31, 2011

(With Comparative Actual Amounts for the Year Ended December 31, 2010)

	Original Budget	Amended Budget	Actual	Over (Under) Budget	2010
Expenditures (continued)					
General government (concluded)					
Emergency services	\$ 111,216	\$ 115,716	\$ 108,168	\$ (7,548)	\$ 99,724
Oil spill services	-	78,300	67,832	(10,468)	452,990
Early retirement incentive payments	-	-	-	-	489,342
Soil conservation district	9,000	9,000	9,000	-	9,337
Storm response services	-	20,000	16,178	(3,822)	-
Chemical waste services	-	5,000	1,053	(3,947)	-
Potawatomi RC&D	500	500	500	-	500
<b>Total general government</b>	<b>6,462,830</b>	<b>6,672,187</b>	<b>6,294,129</b>	<b>(378,058)</b>	<b>7,298,645</b>
Public safety:					
Sheriff - administration	700,980	697,492	657,358	(40,134)	628,714
Support service	306,762	320,400	308,795	(11,605)	288,467
Detective division	166,255	169,255	168,887	(368)	164,807
Road patrol	1,238,934	1,367,154	1,368,288	1,134	1,261,718
Pennfield contract	923,746	904,296	806,570	(97,226)	892,181
Traffic safety	369,025	369,025	351,437	(17,588)	362,584
Sheriff training	89,330	92,830	89,050	(3,780)	77,524
MDOT	-	-	-	-	-
Convis Township contract	73,300	75,050	72,408	(2,642)	72,898
Civil process	97,938	138,938	140,416	1,478	90,613
T.E.A.M.	43,747	41,347	35,136	(6,211)	26,670
CISD	72,242	75,342	75,520	178	69,168
Marine safety	63,268	67,413	63,781	(3,632)	68,352
Tether program	32,920	33,988	35,019	1,031	35,374
Corrections/jail	10,966,992	10,966,992	11,183,370	216,378	11,191,099
Community corrections - administration	252,005	252,005	243,375	(8,630)	257,272
Drug enforcement	-	19,450	10,942	(8,508)	15,440
Animal control	136,734	136,734	129,514	(7,220)	129,061
<b>Total public safety</b>	<b>15,534,178</b>	<b>15,727,711</b>	<b>15,739,866</b>	<b>12,155</b>	<b>15,631,942</b>
Public works:					
Drain assessments	184,566	184,566	183,159	(1,407)	120,105
Board of public works	7,156	7,156	7,156	-	7,476
<b>Total public works</b>	<b>191,722</b>	<b>191,722</b>	<b>190,315</b>	<b>(1,407)</b>	<b>127,581</b>
Health and welfare:					
Substance abuse	350,575	366,700	366,699	(1)	350,101
Mental health	265,000	265,000	265,000	-	265,000
Medical examiner	184,515	184,515	175,316	(9,199)	165,083
Veteran's burials	33,750	24,150	15,150	(9,000)	17,775
Veteran's services	140,329	149,929	146,240	(3,689)	124,062
<b>Total health and welfare</b>	<b>974,169</b>	<b>990,294</b>	<b>968,405</b>	<b>(21,889)</b>	<b>922,021</b>
Other - intergovernmental services	-	(23,500)	53,815	77,315	113,294

(continued...)

COUNTY OF CALHOUN, MICHIGAN

**Statement of Revenue, Expenditures, and**

Changes in Fund Balance - Budget and Actual - General Fund

For the Year Ended December 31, 2011

(With Comparative Actual Amounts for the Year Ended December 31, 2010)

	Original Budget	Amended Budget	Actual	Over (Under) Budget	2010
Expenditures (concluded)					
Debt Service:					
Principal	\$ -	\$ -	\$ 6,629	\$ 6,629	\$ 18,717
Interest and fiscal charges	-	-	848	848	669
Total debt service	-	-	7,477	7,477	19,386
Capital outlay	8,500	7,500	-	(7,500)	40,694
<b>Total expenditures</b>	<b>31,462,638</b>	<b>31,831,461</b>	<b>30,852,266</b>	<b>(979,195)</b>	<b>32,403,707</b>
Revenue over expenditures	5,643,128	5,637,628	5,971,605	333,977	5,313,277
Other financing sources (uses)					
Transfers in	3,244,900	3,266,620	3,138,198	(128,422)	4,259,797
Transfers out	(8,817,875)	(8,820,567)	(8,863,894)	(43,327)	(9,431,937)
Proceeds from capital leases	-	-	-	-	21,147
<b>Total other financing uses</b>	<b>(5,572,975)</b>	<b>(5,553,947)</b>	<b>(5,725,696)</b>	<b>(171,749)</b>	<b>(5,150,993)</b>
<b>Net change in fund balance</b>	<b>70,153</b>	<b>83,681</b>	<b>245,909</b>	<b>162,228</b>	<b>162,284</b>
Fund balance, beginning of year	4,021,729	4,021,729	4,021,729	-	3,859,445
<b>Fund balance, end of year</b>	<b>\$ 4,091,882</b>	<b>\$ 4,105,410</b>	<b>\$ 4,267,638</b>	<b>\$ 162,228</b>	<b>\$ 4,021,729</b>

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

COUNTY OF CALHOUN, MICHIGAN

**Statement of Revenue, Expenditures, and**

Changes in Fund Balance - Budget and Actual - Health Department

For the Year Ended September 30, 2011

(With Comparative Actual Amounts for the Year Ended September 30, 2010)

	Original Budget	Amended Budget	Actual	Over (Under) Budget	2010
<b>Revenue</b>					
Licenses and permits	\$ 257,010	\$ 295,760	\$ 332,631	\$ 36,871	\$ 294,500
Intergovernmental	3,477,473	3,847,325	3,558,141	(289,184)	4,027,373
Charges for services	217,650	250,193	231,743	(18,450)	200,322
Other	2,959	11,959	21,545	9,586	5,380
<b>Total revenue</b>	<b>3,955,092</b>	<b>4,405,237</b>	<b>4,144,060</b>	<b>(261,177)</b>	<b>4,527,575</b>
<b>Expenditures</b>					
Current -					
Health and welfare	4,901,000	5,249,588	4,825,986	(423,602)	5,145,631
Capital outlay	10,200	143,234	126,216	(17,018)	20,935
<b>Total expenditures</b>	<b>4,911,200</b>	<b>5,392,822</b>	<b>4,952,202</b>	<b>(440,620)</b>	<b>5,166,566</b>
Revenue over (under) expenditures	(956,108)	(987,585)	(808,142)	179,443	(638,991)
<b>Other financing sources</b>					
Transfers in	824,672	824,672	741,905	(82,767)	857,175
Net change in fund balance	(131,436)	(162,913)	(66,237)	96,676	218,184
Fund balance, beginning of year	753,616	753,616	753,616	-	535,432
<b>Fund balance, end of year</b>	<b>\$ 622,180</b>	<b>\$ 590,703</b>	<b>\$ 687,379</b>	<b>\$ 96,676</b>	<b>\$ 753,616</b>

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

COUNTY OF CALHOUN, MICHIGAN

**Statement of Revenue, Expenditures, and**

Changes in Fund Balance - Budget and Actual - Senior Millage

For the Year Ended December 31, 2011

(With Comparative Actual Amounts for the Year Ended December 31, 2010)

	Original Budget	Amended Budget	Actual	Over (Under) Budget	2010
<b>Revenue</b>					
Taxes	\$ 2,695,056	\$ 2,695,056	\$ 2,767,509	\$ 72,453	2,863,006
Intergovernmental	-	-	-	-	-
Interest and rents	-	-	2,091	2,091	-
Other	-	-	21,068	21,068	7,684
<b>Total revenue</b>	<u>2,695,056</u>	<u>2,695,056</u>	<u>2,790,668</u>	<u>95,612</u>	<u>2,870,690</u>
<b>Expenditures</b>					
Current -					
Health and welfare	<u>2,780,820</u>	<u>2,780,820</u>	<u>2,580,136</u>	<u>(200,684)</u>	<u>2,653,224</u>
<b>Revenue over (under) expenditures</b>	<u>(85,764)</u>	<u>(85,764)</u>	<u>210,532</u>	<u>296,296</u>	<u>217,466</u>
Fund balance, beginning of year	<u>682,732</u>	<u>682,732</u>	<u>682,732</u>	<u>-</u>	<u>465,266</u>
<b>Fund balance, end of year</b>	<u>\$ 596,968</u>	<u>\$ 596,968</u>	<u>\$ 893,264</u>	<u>\$ 296,296</u>	<u>\$ 682,732</u>

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

COUNTY OF CALHOUN, MICHIGAN

**Statement of Revenue, Expenditures, and**

Changes in Fund Balance - Budget and Actual - Child Care

For the Year Ended December 31, 2011

(With Comparative Actual Amounts for the Year Ended December 31, 2010)

	Original Budget	Amended Budget	Actual	Over (Under) Budget	2010
<b>Revenue</b>					
Intergovernmental	\$ 2,148,737	\$ 2,148,737	\$ 2,172,838	\$ 24,101	2,071,975
Charges for services	125,000	125,000	177,787	52,787	157,583
<b>Total revenue</b>	<u>2,273,737</u>	<u>2,273,737</u>	<u>2,350,625</u>	<u>76,888</u>	<u>2,229,558</u>
<b>Expenditures</b>					
Current -					
Health and welfare	4,750,722	4,748,891	4,318,345	(430,546)	4,200,849
Revenue over (under) expenditures	(2,476,985)	(2,475,154)	(1,967,720)	507,434	(1,971,291)
<b>Other financing sources</b>					
Transfers in	2,275,134	2,273,303	1,951,419	(321,884)	1,954,412
<b>Net change in fund balance</b>	(201,851)	(201,851)	(16,301)	185,550	(16,879)
Fund balance, beginning of year	201,851	201,851	201,851	-	218,730
<b>Fund balance, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 185,550</u>	<u>\$ 185,550</u>	<u>\$ 201,851</u>

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

COUNTY OF CALHOUN, MICHIGAN

**Statement of Net Assets**

Proprietary Funds  
December 31, 2011

	Business-type Activities				Governmental Activities
	Medical Care Facility	Delinquent Tax Revolving Fund	Other Enterprise Funds	Total	Internal Service Funds
<b>Assets</b>					
Current assets:					
Cash and cash equivalents	\$ 633,730	\$ 7,816,622	\$ 313,031	\$ 8,763,383	\$ 3,258,976
Receivables:					
Accounts, net	2,756,511	37,295	9,384	2,803,190	176,625
Property taxes	836,488	-	-	836,488	-
Property taxes-delinquent	-	9,448,402	-	9,448,402	-
Accrued interest	-	2,777,966	-	2,777,966	-
Due from other governments	-	1,686,713	-	1,686,713	-
Advances to other funds	-	163,210	-	163,210	-
Advances to component units	-	78,449	-	78,449	-
Inventory	-	-	-	-	2,284
Prepaid items	174,492	-	-	174,492	370,462
<b>Total current assets</b>	<b>4,401,221</b>	<b>22,008,657</b>	<b>322,415</b>	<b>26,732,293</b>	<b>3,808,347</b>
Capital assets, net	16,673,032	27,018	465	16,700,515	2,156,314
<b>Total assets</b>	<b>21,074,253</b>	<b>22,035,675</b>	<b>322,880</b>	<b>43,432,808</b>	<b>5,964,661</b>
<b>Liabilities</b>					
Current liabilities:					
Accounts payable	169,792	-	27,224	197,016	151,298
Accrued liabilities	693,850	82,989	-	776,839	18,453
Claims payable	-	-	-	-	1,249,299
Due to other governments	-	105,759	-	105,759	-
Advance from other funds	-	-	-	-	163,210
Unearned revenue	900,779	-	-	900,779	-
Tax notes payable	-	749,834	-	749,834	-
Current portion of bonds payable	300,000	-	-	300,000	-
Current portion of capital leases payable	64,166	-	-	64,166	12,807
<b>Total current liabilities</b>	<b>2,128,587</b>	<b>938,582</b>	<b>27,224</b>	<b>3,094,393</b>	<b>1,595,067</b>
Long-term liabilities:					
Bonds payable	6,800,000	-	-	6,800,000	-
Capital leases payable	78,841	-	-	78,841	3,284
<b>Total long-term liabilities</b>	<b>6,878,841</b>	<b>-</b>	<b>-</b>	<b>6,878,841</b>	<b>3,284</b>
<b>Total liabilities</b>	<b>9,007,428</b>	<b>938,582</b>	<b>27,224</b>	<b>9,973,234</b>	<b>1,598,351</b>
<b>Net assets</b>					
Invested in capital assets, net of related debt	9,806,912	27,018	465	9,834,395	2,140,223
Restricted for debt service	-	8,788,992	-	8,788,992	-
Restricted for foreclosures	-	1,920,718	-	1,920,718	-
Restricted for specific operating activities	34,056	561,866	-	595,922	-
Unrestricted	2,225,857	9,798,499	295,191	12,319,547	2,226,087
<b>Total net assets</b>	<b>\$ 12,066,825</b>	<b>\$ 21,097,093</b>	<b>\$ 295,656</b>	<b>\$ 33,459,574</b>	<b>\$ 4,366,310</b>

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

COUNTY OF CALHOUN, MICHIGAN

**Statement of Revenue, Expenses and Changes in Fund Net Assets**

Proprietary Funds

For the Year Ended December 31, 2011

	Business-type Activities				Governmental Activities
	Medical Care Facility	Delinquent Tax Revolving Fund	Other Enterprise Funds	Total	Internal Service Funds
<b>Operating revenue</b>					
Charges for services	\$ 13,744,393	\$ -	\$ 826,509	\$ 14,570,902	\$ 9,240,097
Interest on taxes	-	1,742,166	-	1,742,166	-
Administrative fees and penalties	-	1,576,184	-	1,576,184	-
Other revenue	79,383	-	-	79,383	43,790
<b>Total operating revenue</b>	<b>13,823,776</b>	<b>3,318,350</b>	<b>826,509</b>	<b>17,968,635</b>	<b>9,283,887</b>
<b>Operating expenses</b>					
Personnel services / administration	7,170,802	1,036,585	-	8,207,387	278,416
Cost of services	-	-	-	-	10,933,206
Depreciation	840,128	22,346	930	863,404	347,167
Other	5,547,564	-	479,629	6,027,193	-
<b>Total operating expenses</b>	<b>13,558,494</b>	<b>1,058,931</b>	<b>480,559</b>	<b>15,097,984</b>	<b>11,558,789</b>
<b>Operating income (loss)</b>	<b>265,282</b>	<b>2,259,419</b>	<b>345,950</b>	<b>2,870,651</b>	<b>(2,274,902)</b>
<b>Nonoperating revenue (expense)</b>					
Property taxes	946,455	-	-	946,455	-
Interest revenue	51	11,385	-	11,436	5,568
Interest and fiscal charges	(283,975)	(19,379)	-	(303,354)	-
<b>Total nonoperating revenue (expense)</b>	<b>662,531</b>	<b>(7,994)</b>	<b>-</b>	<b>654,537</b>	<b>5,568</b>
<b>Income (loss) before transfers</b>	<b>927,813</b>	<b>2,251,425</b>	<b>345,950</b>	<b>3,525,188</b>	<b>(2,269,334)</b>
<b>Transfers</b>					
Transfers in	-	-	-	-	2,314,808
Transfers out	-	(2,040,000)	(150,000)	(2,190,000)	(762,611)
<b>Total transfers</b>	<b>-</b>	<b>(2,040,000)</b>	<b>(150,000)</b>	<b>(2,190,000)</b>	<b>1,552,197</b>
<b>Change in net assets</b>	<b>927,813</b>	<b>211,425</b>	<b>195,950</b>	<b>1,335,188</b>	<b>(717,137)</b>
Net assets, beginning of year	11,139,012	20,885,668	99,706	32,124,386	5,083,447
<b>Net assets, end of year</b>	<b>\$ 12,066,825</b>	<b>\$ 21,097,093</b>	<b>\$ 295,656</b>	<b>\$ 33,459,574</b>	<b>\$ 4,366,310</b>

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, 2011

	Business-type Activities				Governmental Activities
	Medical Care Facility	Delinquent Tax Revolving Fund	Other Enterprise Funds	Total	Internal Service Funds
<b>Cash flows from operating activities</b>					
Cash received from customers	\$ 12,821,005	\$ 15,808,758	\$ 817,125	\$ 29,446,888	\$ -
Cash received from interfund services	-	-	-	-	9,390,006
Cash payments to suppliers	(5,673,921)	(14,464,127)	(555,259)	(20,693,307)	(9,445,751)
Cash payments to employees	(7,001,981)	-	-	(7,001,981)	(982,651)
<b>Net cash provided by operating activities</b>	<b>145,103</b>	<b>1,344,631</b>	<b>261,866</b>	<b>1,751,600</b>	<b>(1,038,396)</b>
<b>Cash flows from noncapital financing activities</b>					
Property taxes	970,361	-	-	970,361	-
Cash received on advances to other funds	-	28,130	-	28,130	-
Transfers in	-	-	-	-	2,314,808
Transfers (out)	-	(2,040,000)	(150,000)	(2,190,000)	(762,611)
Tax notes issued	-	6,000,000	-	6,000,000	-
Tax notes redeemed	-	(6,150,166)	-	(6,150,166)	-
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>970,361</b>	<b>(2,162,036)</b>	<b>(150,000)</b>	<b>(1,341,675)</b>	<b>1,552,197</b>
<b>Cash flows from capital and related financing activities</b>					
Purchase of capital assets	(356,248)	-	-	(356,248)	-
Bond and capital lease payments	(353,861)	-	-	(353,861)	(55,964)
Interest on long-term debt	(283,975)	(19,379)	-	(303,354)	-
<b>Net cash used in capital and related financing activities</b>	<b>(994,084)</b>	<b>(19,379)</b>	<b>-</b>	<b>(1,013,463)</b>	<b>(55,964)</b>
<b>Cash flows from investing activities</b>					
Sale of investments	-	3,502,453	-	3,502,453	-
Interest received	51	16,506	-	16,557	5,568
<b>Net cash provided by investing activities</b>	<b>51</b>	<b>3,518,959</b>	<b>-</b>	<b>3,519,010</b>	<b>5,568</b>
<b>Net change in cash and cash equivalents</b>	<b>121,431</b>	<b>2,682,175</b>	<b>111,866</b>	<b>2,915,472</b>	<b>463,405</b>
Cash and cash equivalents, beginning of year	512,299	8,642,021	201,165	9,355,485	2,795,571
<b>Cash and cash equivalents, end of year</b>	<b>\$ 633,730</b>	<b>\$ 11,324,196</b>	<b>\$ 313,031</b>	<b>\$ 12,270,957</b>	<b>\$ 3,258,976</b>
<b>Reconciliation to the Statement of Net Assets</b>					
Cash and cash equivalents	\$ 633,730	\$ 7,816,622	\$ 313,031	\$ 8,763,383	\$ 3,258,976

COUNTY OF CALHOUN, MICHIGAN

**Statement of Cash Flows**

Proprietary Funds

For the Year Ended December 31, 2011

	Business-type Activities				Governmental Activities
	Medical Care Facility	Delinquent Tax Revolving Fund	Other Enterprise Funds	Total	Internal Service Funds
<b>Cash flows from operating activities</b>					
Operating income (loss)	\$ 265,282	\$ 2,259,419	\$ 345,950	\$ 2,870,651	\$ (2,274,902)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) Operations:					
Depreciation	840,128	22,346	930	863,404	347,167
Changes in assets and liabilities:					
Accounts receivable	(1,030,260)	494,121	(9,384)	(545,523)	82,946
Due from other governments	-	(1,333,946)	-	(1,333,946)	7,584
Due from other funds	-	54,750	-	54,750	15,589
Property taxes receivable	27,489	83,961	-	111,450	-
Accrued interest receivable	-	(228,212)	-	(228,212)	-
Inventory	-	-	-	-	883
Prepaid items	5,436	-	-	5,436	94,238
Accounts payable	(128,210)	25,968	(75,630)	(177,872)	(3,753)
Accrued liabilities	168,821	-	-	168,821	18,453
Claims payable	-	-	-	-	701,529
Due to other governments	-	(16,764)	-	(16,764)	-
Advance from other funds	-	-	-	-	-
Due to other funds	-	(17,012)	-	(17,012)	(28,130)
Unearned revenue	(3,583)	-	-	(3,583)	-
<b>Net cash provided by (used in) operating activities</b>	<u>\$ 145,103</u>	<u>\$ 1,344,631</u>	<u>\$ 261,866</u>	<u>\$ 1,751,600</u>	<u>\$ (1,038,396)</u>

Concluded

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

# COUNTY OF CALHOUN, MICHIGAN

## Statement of Fiduciary Net Assets

Fiduciary Funds  
December 31, 2011

	Pension Trust Funds	Agency Funds
<b>Assets</b>		
Cash and cash equivalents	\$ 153,699	\$ 1,686,510
Investments -		
Mutual and cash management funds	14,620,221	-
Accounts receivable	-	53,754
<b>Total assets</b>	<u>14,773,920</u>	<u>\$ 1,740,264</u>
<b>Liabilities</b>		
Accounts payable	30,000	\$ 233,054
Due to individuals and agencies	-	853,551
Due to other governments	-	653,659
<b>Total liabilities</b>	<u>30,000</u>	<u>\$ 1,740,264</u>
<b>Net assets held in trust for</b>		
Retirement benefits	14,702,101	
Employee benefits	41,819	
<b>Total net assets</b>	<u>\$ 14,743,920</u>	

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

# COUNTY OF CALHOUN, MICHIGAN

## Statement of Changes in Plan Net Assets

Pension Trust Funds

For the Year Ended December 31, 2011

### Additions:

Investment income:

Change in fair value of investments	\$ (215,603)
Interest	213,111
Total investment income (loss)	<u>(2,492)</u>

Contributions:

Employer	847,080
Plan members	1,289,199
Total contributions	<u>2,136,279</u>

**Total additions**

2,133,787

Deductions:

Pension benefits paid to participants	866,007
Actuarial fees	57,810
Refunds	146,990
Employee reimbursements	146,143
	<u>1,216,950</u>

**Total deductions**

1,216,950

**Net increase**

916,837

**Net assets held in trust for pension and employee benefits**

Beginning of year

13,827,083

**End of year**

\$ 14,743,920

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

# COUNTY OF CALHOUN, MICHIGAN

## Combining Statement of Net Assets

Component Units  
December 31, 2011

	Water Resources Commission	Road Commission	Board of Public Works
<b>Assets</b>			
Cash and cash equivalents	\$ 392,690	\$ 66,911	\$ 69,938
Receivables, net	2,971,794	1,470,129	6,490,773
Due from other governments	-	-	-
Property inventory	-	-	-
Prepaid items and other assets	-	636,148	-
Capital assets not being depreciated	-	27,322,219	-
Capital assets being depreciated, net	6,175,575	20,766,889	-
<b>Total assets</b>	<b>9,540,059</b>	<b>50,262,296</b>	<b>6,560,711</b>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	186,367	1,728,455	88,138
Advances from primary government	76,600	-	-
Net other postemployment benefit liability	-	758,870	-
Long-term liabilities:			
Due within one year	1,205,563	670,554	565,000
Due in more than one year	2,096,091	1,151,793	5,800,000
<b>Total liabilities</b>	<b>3,564,621</b>	<b>4,309,672</b>	<b>6,453,138</b>
<b>Net assets</b>			
Invested in capital assets, net of related debt	2,873,921	46,392,933	-
Unrestricted (deficit)	3,101,517	(440,309)	107,573
<b>Total net assets</b>	<b>\$ 5,975,438</b>	<b>\$ 45,952,624</b>	<b>\$ 107,573</b>

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



Land Bank Authority	Total
\$ 386,341	\$ 915,880
43,928	10,976,624
124,452	124,452
1,509,835	1,509,835
-	636,148
-	27,322,219
-	26,942,464
<u>2,064,556</u>	<u>68,427,622</u>
271,112	2,274,072
78,449	155,049
-	758,870
-	2,441,117
<u>1,279,885</u>	<u>10,327,769</u>
<u>1,629,446</u>	<u>15,956,877</u>
-	49,266,854
<u>435,110</u>	<u>3,203,891</u>
<u>\$ 435,110</u>	<u>\$ 52,470,745</u>

# COUNTY OF CALHOUN, MICHIGAN

## Combining Statement of Activities

Component Units

For the Year Ended December 31, 2011

	Water Resources Commission	Road Commission	Board of Public Works
<b>Expenses</b>			
County Drains	\$ 402,109	\$ -	\$ -
County Roads	-	13,173,828	-
Public Works	-	-	626,818
Land Bank	-	-	-
<b>Total expenses</b>	<u>402,109</u>	<u>13,173,828</u>	<u>626,818</u>
<b>Program revenues</b>			
Charges for services	-	2,099,244	29,422
Operating grants and contributions	29,942	10,810,945	612,792
Capital grants and contributions	1,196,501	2,336,143	-
<b>Total program revenues</b>	<u>1,226,443</u>	<u>15,246,332</u>	<u>642,214</u>
Net revenue (expense)	824,334	2,072,504	15,396
<b>General revenues</b>			
Intergovernmental revenue to specific programs	-	-	-
Unrestricted investment earnings	-	-	5
Gain on sale of capital assets	-	-	-
<b>Total general revenues</b>	<u>-</u>	<u>-</u>	<u>5</u>
Change in net assets	824,334	2,072,504	15,401
Net assets, beginning of year	<u>5,151,104</u>	<u>43,880,120</u>	<u>92,172</u>
Net assets, end of year	<u><u>\$ 5,975,438</u></u>	<u><u>\$ 45,952,624</u></u>	<u><u>\$ 107,573</u></u>

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



Land Bank Authority	Total
\$ -	\$ 402,109
-	13,173,828
-	626,818
<u>1,114,084</u>	<u>1,114,084</u>
<u>1,114,084</u>	<u>15,316,839</u>
49,168	2,177,834
-	11,453,679
-	<u>3,532,644</u>
<u>49,168</u>	<u>17,164,157</u>
(1,064,916)	1,847,318
992,643	992,643
-	5
<u>106,426</u>	<u>106,426</u>
<u>1,099,069</u>	<u>1,099,074</u>
34,153	2,946,392
<u>400,957</u>	<u>49,524,353</u>
<u>\$ 435,110</u>	<u>\$ 52,470,745</u>

This page intentionally left blank.

## NOTES TO FINANCIAL STATEMENTS

# County of Calhoun, Michigan

## Index - Notes to the Financial Statements

	<u>Page</u>
<b>1. Summary of Significant Accounting Policies</b>	
Reporting Entity	59
Government-wide and Fund Financial Statements	61
Measurement Focus, Basis of Accounting, and Financial Statement Presentation	61
Assets, Liabilities and Equity	63
<b>2. Stewardship, Compliance and Accountability</b>	
Budgetary Information	66
Excess of Expenditures Over Appropriations	67
Fund Deficit	67
<b>3. Deposits and Investments</b>	67
<b>4. Receivables</b>	70
<b>5. Capital Assets</b>	71
<b>6. Accounts Payable and Accrued Liabilities</b>	74
<b>7. Interfund Receivables, Payables and Transfers</b>	75
<b>8. Capital Leases</b>	77
<b>9. Long-term Debt</b>	77
<b>10. Other Information</b>	84
<b>11. Property Taxes</b>	86
<b>12. Employee Retirement Systems and Pension Plans</b>	87
<b>13. Commitments and Contingencies</b>	96
<b>14. Governmental Activities Net Assets</b>	97

# 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 Road Commission (the "Road Commission")** - The Road Commission, established pursuant to State statute, is governed by a five-member board appointed by the County. Its receipts are deposited with the County Treasurer, who invests certain of those deposits. The Road Commission may not issue debt or levy a tax without the approval of the County Board of Commissioners. If approval is granted, such taxes would be levied under the taxing authority of the County and included as part of the County's total tax levy as well as reported by the Road Commission.

**Calhoun County Board of Public Works (the "BPW")** - The BPW is governed by a three-member board appointed by the County. It is responsible for administering various public works construction projects and the associated debt service funds under the provisions of Act 195, Public Acts of 1957, as amended, as well as an internal service (i.e., "revolving") fund. All of the BPW's contractual agreements, including construction project bond issuances, require County approval.

**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 each of the following discretely presented component units may be obtained at the entity's administrative offices.

Calhoun County Road Commission  
13300 Fifteen Mile Road  
Marshall, Michigan 49068

Calhoun County Board of Public Works  
13300 Fifteen Mile Road  
Marshall, Michigan 49068

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, 2011.

# COUNTY OF CALHOUN, MICHIGAN

## Notes To Financial Statements

### Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the 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.

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.

# COUNTY OF CALHOUN, MICHIGAN

## Notes To Financial Statements

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.

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 *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, Medicare and Medicaid reimbursements, and general fund appropriations.

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* are 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.

# COUNTY OF CALHOUN, MICHIGAN

## Notes To Financial Statements

*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.

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 \$1,000 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 Water Resources Commission and Road Commission component units), the 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:

<u>Assets</u>	<u>Years</u>
Buildings	40-50
Drain and lake level infrastructure	50
Vehicles	3-20
Equipment	5-10

Capital assets in the Road Commission discretely presented component unit are depreciated as follows:

<u>Assets</u>	<u>Methods</u>	<u>Useful Lives - Years</u>
Buildings and improvements	Straight-line	40
Road equipment	Sum of years-digits	5-8
Other equipment	Straight-line	5-8
Infrastructure	Straight-line	8-50

### *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 assets. Bond premiums and discounts, as well as issuance costs, 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. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

### *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, 2011, the following activities of the General Fund had expenditures in excess of appropriations as follows:

	Amended Budget	Actual	Variance
General Fund:			
General government -			
Purchasing	\$ 67,198	\$ 67,502	\$ 304
Public safety:			
Road patrol	1,367,154	1,368,288	1,134
Civil process	138,938	140,416	1,478
CISD	75,342	75,520	178
Tether program	33,988	35,019	1,031
Corrections/jail	10,966,992	11,183,370	216,378
Debt services:			
Principal	-	6,629	6,629
Interest	-	848	848
Special Revenue:			
Accommodations tax	1,113,300	1,147,154	33,854
Solid waste management	239,744	254,719	14,975
Parks	11,290	13,211	1,921
Local emergency planning	1,200	3,200	2,000
Human services	460,959	470,909	9,950

These over expenditures were covered by available fund balance.

### *Fund deficit*

The County Lake Level Fund of the Water Resources Commission component unit has a fund balance deficit of \$167,585 as of December 31, 2011. The Water Resources Commission plans to eliminate this deficit in 2012 through special assessment levies.

## 3. DEPOSITS AND INVESTMENTS

Following is a reconciliation of deposit and investments balances (including both pooled cash and investments) as of December 31, 2011:

	Primary Government	Component Units	Total
Statement of Net Assets:			
Cash and cash equivalents	\$ 21,103,597	\$ 915,880	\$ 22,019,477
Statement of Fiduciary Net Assets			
Cash and cash equivalents	1,840,209	-	1,840,209
Investments	14,620,221	-	14,620,221
<b>Total</b>	<b>\$ 37,564,027</b>	<b>\$ 915,880</b>	<b>\$ 38,479,907</b>

# COUNTY OF CALHOUN, MICHIGAN

## Notes To Financial Statements

Deposits and Investments:	
Bank deposits	\$ 23,591,711
Investments	256,825
Investments - pension trust funds	14,620,221
Cash on hand	<u>11,150</u>
<b>Total</b>	<b><u>\$ 38,479,907</u></b>

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	\$ 21,406	A-1 (S&P)
Comerica Bank	<u>235,419</u>	Not rated
	<u>\$ 256,825</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.

*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 \$23,591,711. As of year end, \$21,492,639 of the combined bank balance of \$23,742,639 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.

## COUNTY OF CALHOUN, MICHIGAN

### Notes To Financial Statements

*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.

The investments of the pension trust fund are held in a bank-administered trust fund. \$14,620,221 was invested in mutual and cash management funds as of December 31, 2011.

*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.

# COUNTY OF CALHOUN, MICHIGAN

## Notes To Financial Statements

*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	\$ 4,272,252	\$ 10,284,890
Accounts receivable	771,212	2,803,190
Due from other governments	3,818,504	1,686,713
Advance to component unit	76,600	78,449
Accrued interest	2,884	2,777,966
	<u>\$ 8,941,452</u>	<u>\$ 17,631,208</u>

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

	Unavailable	Unearned	Total
Property taxes receivable (current)	\$ 1,422,147	\$ 2,651,072	\$ 4,073,219
Property taxes receivable (delinquent)	355,723	-	355,723
Grant drawdowns prior to meeting all eligibility requirements and fees received in advance of being earned	-	894,563	894,563
	<u>\$ 1,777,870</u>	<u>\$ 3,545,635</u>	<u>\$ 5,323,505</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, 2011, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities</b>				
Capital assets not being depreciated:				
Land	\$ 1,266,264	\$ -	\$ -	\$ 1,266,264
Construction in process	6,914,742	182,889	-	7,097,631
	<u>8,181,006</u>	<u>182,889</u>	<u>-</u>	<u>8,363,895</u>
Capital assets, being depreciated:				
Buildings and improvements	49,253,156	101,313	-	49,354,469
Equipment and furniture	16,010,114	465,522	265,446	16,210,190
Vehicles	1,494,212	110,971	-	1,605,183
	<u>66,757,482</u>	<u>677,806</u>	<u>265,446</u>	<u>67,169,842</u>
Less accumulated depreciation for:				
Buildings and improvements	21,503,565	1,091,412	-	22,594,977
Equipment and furniture	14,571,448	500,662	261,301	14,810,809
Vehicles	1,096,234	130,763	-	1,226,997
	<u>37,171,247</u>	<u>1,722,837</u>	<u>261,301</u>	<u>38,632,783</u>
Total capital assets being depreciated, net	<u>29,586,235</u>	<u>(1,045,031)</u>	<u>4,145</u>	<u>28,537,059</u>
Governmental activities capital assets, net	<u>\$ 37,767,241</u>	<u>\$ (862,142)</u>	<u>\$ 4,145</u>	<u>\$ 36,900,954</u>

COUNTY OF CALHOUN, MICHIGAN

Notes To Financial Statements

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type Activities</b>				
Capital assets, being depreciated:				
Land improvements	\$ 251,261	\$ -	\$ -	\$ 251,261
Buildings and improvements	21,640,162	81,116	23,451	21,697,827
Equipment and furniture	2,949,692	276,018	-	3,225,710
	<u>24,841,115</u>	<u>357,134</u>	<u>23,451</u>	<u>25,174,798</u>
Less accumulated depreciation for:				
Land improvements	105,177	10,262	-	115,439
Buildings and improvements	5,303,236	517,323	22,565	5,797,994
Equipment and furniture	2,225,031	335,819	-	2,560,850
	<u>7,633,444</u>	<u>863,404</u>	<u>22,565</u>	<u>8,474,283</u>
Total capital assets being depreciated, net	<u>17,207,671</u>	<u>(506,270)</u>	<u>886</u>	<u>16,700,515</u>
Business-type activities capital assets, net	<u>\$ 17,207,671</u>	<u>\$ (506,270)</u>	<u>\$ 886</u>	<u>\$ 16,700,515</u>

Discretely presented component units

*Water Resources Commission.* Capital asset activity for the Water Resources Commission for the year ended December 31, 2011 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Component Unit - Water Resources Commission</b>				
Capital assets being depreciated -				
Infrastructure	\$ 6,360,569	\$ 954,296	\$ -	\$ 7,314,865
Less accumulated depreciation for -				
Infrastructure	<u>1,012,079</u>	<u>127,211</u>	<u>-</u>	<u>1,139,290</u>
Water Resource Commission capital assets, net	<u>\$ 5,348,490</u>	<u>\$ 827,085</u>	<u>\$ -</u>	<u>\$ 6,175,575</u>

# COUNTY OF CALHOUN, MICHIGAN

## Notes To Financial Statements

*Road Commission.* Capital assets activity for the Road Commission component unit for the year ended December 31, 2011, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Component Unit - Road Commission</b>				
Capital assets not being depreciated:				
Land	\$ 284,292	\$ -	\$ -	\$ 284,292
Land improvements - infrastructure	25,419,058	1,618,869	-	27,037,927
	<u>25,703,350</u>	<u>1,618,869</u>	<u>-</u>	<u>27,322,219</u>
Capital assets being depreciated:				
Land improvements	72,387	-	-	72,387
Buildings and improvements	1,776,796	-	-	1,776,796
Road equipment	9,973,211	999,568	1,063,420	9,909,359
Shop equipment	311,712	-	-	311,712
Office equipment	546,184	18,994	-	565,178
Engineers' equipment	76,115	-	-	76,115
Yard and storage	962,040	-	-	962,040
Depletable assets	146,962	-	-	146,962
Infrastructure - road and signals	36,549,312	2,403,473	-	38,952,785
Infrastructure - bridges	8,250,023	449,672	-	8,699,695
	<u>58,664,742</u>	<u>3,871,707</u>	<u>1,063,420</u>	<u>61,473,029</u>
Less accumulated depreciation for:				
Buildings and improvements	1,651,690	19,523	-	1,671,213
Equipment	10,184,998	337,537	1,054,289	9,468,246
Depletable assets	111,839	-	-	111,839
Infrastructure - road and signals	23,943,255	1,592,227	-	25,535,482
Infrastructure - bridges	3,646,123	273,237	-	3,919,360
	<u>39,537,905</u>	<u>2,222,524</u>	<u>1,054,289</u>	<u>40,706,140</u>
Total capital assets being depreciated, net	<u>19,126,837</u>	<u>1,649,183</u>	<u>9,131</u>	<u>20,766,889</u>
Road commission capital assets, net	<u>\$ 44,830,187</u>	<u>\$ 3,268,052</u>	<u>\$ 9,131</u>	<u>\$ 48,089,108</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	\$ 3,446
Judicial	259,355
General government	171,291
Public safety	738,638
Health and welfare	160,088
Recreation and culture	42,852
Capital assets held by the government's internal service funds are charged to the various functions bases on usage of the assets	<u>347,167</u>
<b>Total depreciation expense - governmental activities</b>	<b><u>\$ 1,722,837</u></b>
Business-type activities:	
Medical Care Facility	\$ 840,128
Delinquent Tax Collection	22,346
Property Description	<u>930</u>
<b>Total depreciation expense - business-type activities</b>	<b><u>\$ 863,404</u></b>

Depreciation expense was charged to the Public Works function in the year 2011 for the Water Resources Commission and Road Commission component units.

## 6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Payables are comprised of the following at year-end:

	Governmental Activities	Business-type Activities
Accounts payable	\$ 1,593,569	\$ 197,016
Other accrued liabilities	746,819	776,839
Claims incurred but not reported	1,249,299	-
Due to other governments	492,091	105,759
Accrued interest on long-term debt	<u>144,618</u>	<u>-</u>
	<b><u>\$ 4,226,396</u></b>	<b><u>\$ 1,079,614</u></b>

# COUNTY OF CALHOUN, MICHIGAN

## Notes To Financial Statements

### 7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Nonmajor governmental funds with negative balances in the County's pooled cash accounts of \$606,258 reported interfund payables, which are equal to the interfund receivable of \$606,258 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, 2011, due to/due from other funds consisted of the following:

	Due from Other Funds	Due to Other Funds
General Fund	\$ 8,073	\$ -
Nonmajor Governmental Funds	5,382	13,455
	<u>\$ 13,455</u>	<u>\$ 13,455</u>

COUNTY OF CALHOUN, MICHIGAN

Notes To Financial Statements

For the year ended December 31, 2011, 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	\$ -	\$ 731,386	\$ 1,951,419	\$ 3,906,281	\$ 2,274,808	\$ 8,863,894
Nonmajor governmental funds	185,587	-	-	36,059	40,000	261,646
Internal Service Funds	762,611	-	-	-	-	762,611
Delinquent tax revolving	2,040,000	-	-	-	-	2,040,000
Nonmajor enterprise fund	150,000	-	-	-	-	150,000
Timing differences	-	10,519	-	1	-	10,520
	<u>\$ 3,138,198</u>	<u>\$ 741,905</u>	<u>\$ 1,951,419</u>	<u>\$ 3,942,341</u>	<u>\$ 2,314,808</u>	<u>\$ 12,088,671</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 sixteen 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	532,339	22,504
Less accumulated depreciation for:		
Equipment and furniture	(379,517)	
Vehicles	(231,064)	(20,254)
<b>Total</b>	<b>\$ 345,598</b>	<b>\$ 2,250</b>

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2011, were as follows:

Year Ending December 32	Governmental Activities
2012	\$ 128,765
2013	64,767
2014	31,186
Total minimum lease payments	224,718
Less - amount representing interest	(19,970)
<b>Present value of minimum lease payments</b>	<b>\$ 204,748</b>

### 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.

# COUNTY OF CALHOUN, MICHIGAN

## Notes To Financial Statements

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%	\$ 5,750,000
Recovery zone economic development bonds of \$7,000,000	\$260,000 to 455,000	1.500 to 6.550%	<u>6,745,000</u>
			<u>\$ 12,495,000</u>

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

Year Ending December 31,	Principal	Interest	Total
2012	\$ 660,000	\$ 570,000	\$ 1,230,000
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
2017-2021	3,965,000	1,948,254	5,913,254
2022-2026	2,910,000	1,035,160	3,945,160
2027-2031	<u>2,125,000</u>	<u>357,794</u>	<u>2,482,794</u>
	<u>\$ 12,495,000</u>	<u>\$ 5,985,946</u>	<u>\$ 18,480,946</u>

### *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, 2011, are as follows:

# COUNTY OF CALHOUN, MICHIGAN

## Notes To Financial Statements

Series	Amount
2011 - \$6,000,000 G.O. Limited Tax Notes payable, dated May 25, 2011, due 2/8/2012	<u>\$ 749,834</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	\$300,000 to \$700,000	3.70 to 4.00%	<u>\$ 7,100,000</u>

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

Year Ending December 31,	Principal	Interest	Total
2012	\$ 300,000	\$ 272,975	\$ 572,975
2013	300,000	260,975	560,975
2014	350,000	247,975	597,975
2015	350,000	233,975	583,975
2016	400,000	218,975	618,975
2017-2021	2,300,000	933,613	3,233,613
2022-2026	3,100,000	442,925	3,542,925
	<u>\$ 7,100,000</u>	<u>\$ 2,611,413</u>	<u>\$ 9,711,413</u>

### Component Unit - Water Resources Commission

*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	2012 - 2018	\$47,857 to \$1,205,563	Various	<u>\$ 3,301,654</u>

# COUNTY OF CALHOUN, MICHIGAN

## Notes To Financial Statements

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

Year Ending December 31,	Principal	Interest	Total
2012	\$ 1,205,563	\$ 129,026	\$ 1,334,589
2013	507,262	74,865	582,127
2014	560,469	70,071	630,540
2015	363,249	45,267	408,516
2016	314,848	29,093	343,941
2017-2018	350,263	20,816	371,079
	<u>\$ 3,301,654</u>	<u>\$ 369,138</u>	<u>\$ 3,670,792</u>

### Component Unit - Road Commission

*Michigan Department of Transportation bonds.* The Road Commission borrows from the Michigan Transportation Bond Fund to finance various capital projects.

Series	Due	Interest Rate	Amount
2002 A & B Series	2012	3.9% to 4.40%	\$ 140,000
2003 Series	2013	3.85% to 4.05%	220,000
2005 Series	2015	3.75% to 4.05%	<u>310,000</u>
			<u>\$ 670,000</u>

The Road Commission entered into an installment purchase agreement in 2008, which was secured by the related durapatcher equipment, and calls for quarterly installments of \$19,028 through July 2012, which includes interest at 4.9%. The balance of the loan at December 31, 2011 is \$55,102. During 2010, the Road Commission entered into an installment purchase agreement for six dump trucks, which was secured by the related freightliner dump trunk equipment. At December 31, 2011, the Road Commission has received the entire amount to be drawn of \$1,266,094. 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 \$971,073 at December 31, 2011.

## 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
2012	\$ 315,000	\$ 23,484	\$ 338,484
2013	190,000	10,424	200,424
2014	80,000	5,042	85,042
2015	85,000	1,721	86,721
	<u>\$ 670,000</u>	<u>\$ 40,671</u>	<u>\$ 710,671</u>

The debt service requirement schedule above does not include future payments related to the 2011 capital lease installment agreements for the six dump trucks. Lease advance payments on this agreement were required to be made in 2011. The annual debt service schedule for this installment lease once fully executed is as follows:

Year Ending December 31,	Principal	Interest	Total
2012	\$ 330,554	\$ 40,027	\$ 370,581
2013	268,261	27,108	295,369
2014	280,215	15,155	295,370
2015	147,145	3,196	150,341
	<u>\$ 1,026,175</u>	<u>\$ 85,486</u>	<u>\$ 1,111,661</u>

# COUNTY OF CALHOUN, MICHIGAN

## Notes To Financial Statements

### *Component Unit - Board of Public Works*

The Board of Public Works (BPW) works through the County and issues general obligation bonds to finance water and sewer infrastructure projects, which are administered by BPW. 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
2012	\$ 565,000	\$ 215,250	\$ 780,250
2013	550,000	233,157	783,157
2014	550,000	211,836	761,836
2015	555,000	189,692	744,692
2016	580,000	166,387	746,387
2017-2021	2,375,000	471,783	2,846,783
2022-2026	505,000	197,787	702,787
2027-2031	570,000	88,626	658,626
2032	115,000	2,516	117,516
	<u>\$ 6,365,000</u>	<u>\$ 1,777,034</u>	<u>\$ 8,142,034</u>

### *Component Unit - Land Bank Authority*

The Authority enters into mortgages to acquire properties for the purpose of demolishing and preparing the site for rehabilitation. As of year-end, the Authority 42 properties totaling an amount due of \$726,965.

The Authority was transferred properties by the Neighborhoods, Inc. of Battle Creek (NIBC) during the year, which the Authority is holding. These properties are reported at NIBC's costs basis of \$552,920. 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, 2011, was as follows:

	Balance January 1, 2011	Additions	Deletions	Balance December 31, 2011	Due in One Year
<b>Governmental activities</b>					
General obligation Bonds	\$ 13,140,000	\$ -	\$ 645,000	\$ 12,495,000	\$ 660,000
Unamortized bond discount	(121,626)	-	(10,328)	(111,298)	(10,328)
Unamortized gain on bond refunding	10,619	-	1,328	9,291	1,328
Lease purchase agreements	253,660	110,970	159,882	204,748	116,398
Compensated absences	1,676,580	2,754,427	2,860,109	1,570,898	1,099,628
	<u>\$ 14,959,233</u>	<u>\$ 2,865,397</u>	<u>\$ 3,655,991</u>	<u>\$ 14,168,639</u>	<u>\$ 1,867,026</u>
<b>Business-type activities</b>					
General obligation limited tax notes payable	\$ 900,000	\$ 6,000,000	\$ 6,150,166	\$ 749,834	\$ 749,834
General obligation bonds	7,350,000	-	250,000	7,100,000	300,000
Lease purchase agreements	-	246,868	103,861	143,007	64,166
	<u>\$ 8,250,000</u>	<u>\$ 6,246,868</u>	<u>\$ 6,504,027</u>	<u>\$ 7,992,841</u>	<u>\$ 1,114,000</u>
<b>Component units</b>					
<b>Water Resources Commission</b>					
Drain notes payable	\$ 2,153,426	\$ 1,649,100	\$ 550,872	\$ 3,251,654	\$ 1,205,563
Lake level notes payable	219,000	-	169,000	50,000	-
	<u>\$ 2,372,426</u>	<u>\$ 1,649,100</u>	<u>\$ 719,872</u>	<u>\$ 3,301,654</u>	<u>\$ 1,205,563</u>
<b>Road Commission</b>					
Michigan Transportation fund bonds	\$ 975,000	\$ -	\$ 305,000	\$ 670,000	\$ 315,000
Contracts payable	2,061	-	2,061	-	-
Installment purchase agreement	609,172	705,038	288,035	1,026,175	330,554
Compensated absences	108,106	18,066	-	126,172	25,000
	<u>\$ 1,694,339</u>	<u>\$ 723,104</u>	<u>\$ 595,096</u>	<u>\$ 1,822,347</u>	<u>\$ 670,554</u>
<b>Board of Public Works</b>					
Bonds payable	<u>\$ 6,930,000</u>	<u>\$ 1,985,000</u>	<u>\$ 2,550,000</u>	<u>\$ 6,365,000</u>	<u>\$ 565,000</u>
<b>Land Bank Authority</b>					
Mortgage payable	<u>\$ -</u>	<u>\$ 1,279,885</u>	<u>\$ -</u>	<u>\$ 1,279,885</u>	<u>\$ -</u>

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

# 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
Property damage	\$10,000

The County had estimated claims payable of \$428,702 at December 31, 2011. At December 31, 2011, the balance of the County's member retention fund was \$140,091.

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

	2011	2010
Unpaid claims, beginning of year	\$ 383,424	\$ 587,673
Incurred claims (including IBNR's)	750,358	560,492
Claim payments	(705,080)	(764,741)
Unpaid claims, end of year	<u>\$ 428,702</u>	<u>\$ 383,424</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:

	2011	2010
Unpaid claims, beginning of year	\$ (201,385)	\$ 361,486
Incurred claims (including IBNR's)	7,846,265	6,023,581
Claim payments	<u>(6,952,781)</u>	<u>(6,586,452)</u>
(Prepaid) unpaid claims, end of year	<u>\$ 692,099</u>	<u>\$ (201,385)</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:

	2011	2010
Unpaid claims, beginning of year	\$ 164,346	\$ 217,767
Incurred claims (including IBNR's)	279,732	158,390
Claim payments	<u>(315,580)</u>	<u>(211,811)</u>
Unpaid claims, end of year	<u>\$ 128,498</u>	<u>\$ 164,346</u>

# COUNTY OF CALHOUN, MICHIGAN

## Notes To Financial Statements

### Road Commission

The Road Commission is a member of the Michigan County Road Commission Self-Insurance Pool ("Pool") established pursuant to the laws of the State of Michigan which authorizes contracts between municipal corporations (interlocal agreements) to form group self-insurance pools, and to prescribe conditions to the performance of these contracts.

The Michigan County Road Commission Self-Insurance Pool was established for the purpose of making a self-insurance pooling program available for Michigan County Road Commissions, which includes, but is not limited to, general liability coverages, auto liability coverages, property insurance coverages, stop loss insurance protection, claims administration, and risk management and loss control services pursuant to Michigan Public Act 138 of 1982.

The Calhoun County Road Commission pays an annual premium to the Pool for property (buildings and grounds) coverage, automobile liability, errors or omissions liability and bodily injury, property damage and personal injury liability. The agreement for the formation of the Pool provides that the Pool will be self-sustaining through member premiums and will purchase both specific and aggregate stop-loss insurance to the limits determined necessary by the Pool Board.

The Road Commission is also self-insured for workers' compensation as a member of the County Road Association Worker's Compensation Fund.

In the past three years, there have been no reductions in coverages, nor have settlements exceeded coverages. Management of the Road Commission believes that losses, if any, in excess of Insurance Pool coverages would not be material to the financial position of the Road Commission.

The Road Commission continues to carry commercial insurance for employee health and accident insurance.

## 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 2010 levies, for which revenue was recognized in fiscal 2011, was \$3,629,245,779. 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.

# COUNTY OF CALHOUN, MICHIGAN

## Notes To Financial Statements

### 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	\$ 283,052	\$ 132,708	\$ 415,760
Required and actual employee contributions	654,794	171,131	825,925

# 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, 2010, the annual pension cost of \$847,080 was equal to the required and actual contributions of the County. The required contributions were determined as part of the December 31, 2010 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, 2010.

# COUNTY OF CALHOUN, MICHIGAN

## Notes To Financial Statements

*Funded Status and Funding Progress.* The funded status of the Plan as of December 31, 2010, the date of the most recent valuation, is as follows:

Actuarial Accrued Liability (AAL)	\$ 25,760,897
Actuarial Value of Assets	12,675,394
Unfunded Actuarial Accrued Liability	<u>\$ 13,085,503</u>
Funding ratio	49.2%
Covered payroll (active plan members)	\$ 11,378,929
UAAL as a percentage of covered payroll	115%

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, 2010, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	69
Terminated plan members entitled to but not yet receiving benefits	24
Active plan members	<u>259</u>
Total	<u><u>352</u></u>

Fiscal Year Ending	Annual Pension Cost	Annual Required Contribution	Percentage Contributed	Net Pension Obligation
12/31/2009	\$ 835,013	\$ 835,013	100	\$ -
12/31/2010	883,337	883,337	100	-
12/31/2011	847,080	847,080	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, 447 N. Canal Road, Lansing, MI 48917, or by calling (800) 767-6377.

*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, 2010, the annual pension cost of \$824,485 was equal to the required and actual contributions of the County. The required contributions were determined as part of the December 31, 2010 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, 2010.

Three-Year Trend Information				
Fiscal Year Ending	Annual Pension Cost	Annual Required Contribution	Percentage contributed	Net Pension Obligation
12/31/2009	\$ 803,268	\$ 803,268	100%	\$ -
12/31/2010	831,123	831,123	100%	-
12/31/2011	824,485	824,485	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	\$ 15,388,120	\$ 29,308,601	\$ 13,920,481	53%	\$ 8,181,844	170%

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.

# COUNTY OF CALHOUN, MICHIGAN

## Notes To Financial Statements

### Defined Benefit Pension Plan - Road Commission

*Plan Description.* The Road Commission's defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Road Commission 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, 447 N. Canal Road, Lansing, Michigan 48917, or by calling (800) 767-6377.

*Funding Policy.* The Road Commission is required to contribute at an actuarially determined rate; the current rate is 17.68% to 27.88% of annual covered payroll. Certain employees are required to contribute to the Plan. The contribution requirements of the Road Commission 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 Commission.

*Annual Pension Cost.* For the year ended December 31, 2011, the Road Commission's annual pension cost of \$629,331 for MERS was equal to the Road Commission's required and actual contributions. The required contribution was determined as part of the December 31, 2010 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 Road Commission's unfunded actuarial accrued liability as of December 31, 2010, 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
12/31/2009	\$ 535,483	\$ 535,483	100%	\$ -
12/31/2010	606,067	606,067	100%	-
12/31/2011	629,331	629,331	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%

# 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 2011, 66 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 2011, Retirees in the self-funded Blue Cross/Blue Shield plans, were billed and paid \$147,841 based on illustrated rates established at the beginning of 2011, adjusted for the applicable service credit. Actual Claims/Rx costs for these plans totaled \$58,962, thereby resulting in net County revenue of \$88,879.

In 2011, Retirees over 65 enrolled in the fully-funded Blue Care Network and Medicare Advantage PPO plans. Retirees were billed and paid \$67,969 based on rates established at the beginning of 2011, adjusted for applicable service credit. Premium billings for these plans totaled \$161,630 thereby resulting in a net County payment of \$93,661.

In summary, retiree payments received totaled \$215,811, U.S. Department of Treasury reinsurance program reimbursement totaled \$7,873, offset by claim costs and premium billings totaling \$220,592, netting a County credit of \$3,091.

*Plan Membership.* Plan membership consisted of the following at December 31, 2011:

Retirees and beneficiaries currently receiving benefits	83
Active plan members	436
	<hr/>
Total	519
	<hr/> <hr/>

*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 2011, 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	\$ 733,947
Interest on net OPEB obligation	88,259
Adjustment to annual required contribution	(129,925)
Annual OPEB cost (expense)	<u>692,281</u>
Contributions credit	(3,091)
Increase in net OPEB obligation	<u>689,190</u>
Net OPEB obligation, beginning of year	<u>2,417,315</u>
Net OPEB obligation, end of year	<u><u>\$ 3,106,505</u></u>

Fiscal Year Ending	Annual OPEB Cost	Actual Contribution	Percentage of AOC Contributed	Net OPEB Obligation
12/31/09	\$ 1,035,944	\$ 94,818	9%	\$ 1,784,918
12/31/10	671,922	39,525	6%	2,417,315
12/31/11	692,281	3,091	0.45%	3,106,505

Funded Status and Funding Progress. The funded status of the Plan as of December 31, 2010, the date of the latest actuarial valuation, was as follows:

Actuarial accrued liabilities (AAL)	8,534,203
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	8,534,203
Funded ratio	-
Covered payroll (active plan members)	\$ 25,782,100
UAAL as a percentage of covered payroll	34.4%

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	12/31/2010
Actuarial cost method	Projected unit credit
Amortization method	Level dollar, closed
Remaining amortization period	30 years
Actuarial assumptions:	
Investment rate of return	4.0%
Projected salary increases	5.0%
Healthcare cost trend rate	4.0% downgraded to 0% over 4 years
Inflation rate	5.0%

### Road Commission Component Unit

Plan Description. The Road Commission provides health insurance benefits for its retired employees, as established by Road Commission Board Resolution. The Road Commission 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, 2010 (the date of the latest actuarial valuation):

Retirees and beneficiaries currently receiving benefits	61
Active plan members	60

Funding Policy. The Road Commission 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 2011, the components of the Road Commission's annual OPEB (other postemployment benefit) cost for the year, the amount actually contributed to the Plan, and changes in the Road Commission's net OPEB obligation to the Plan are as follows:

Annual required contribution	\$ 1,031,216
Interest on net OPEB obligation	6,701
Adjustment to annual required contribution	(9,864)
Annual OPEB cost (expense)	<u>1,028,053</u>
Contributions made	<u>(436,707)</u>
Increase in net OPEB obligation	591,346
Net OPEB obligation, beginning of year	<u>167,524</u>
Net OPEB obligation, end of year	<u><u>\$ 758,870</u></u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011, which is the first year for OPEB obligation determination, was as follows:

Fiscal Year Ending	Annual OPEB Cost	Actual Contribution	Percentage of ARC Contributed	Net OPEB Obligation
12/31/2009	\$ 328,001	\$ 271,941	82.9%	\$ 150,132
12/31/2010	328,989	311,597	94.7%	167,524
12/31/2011	1,028,053	436,707	42.5%	758,870

Funded Status and Funding Progress. The funded status of the Plan as of January 1, 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 Commission, 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	01/01/2011
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. GOVERNMENTAL ACTIVITIES NET ASSETS

Governmental Activities, excluding internal service funds:	
Capital assets, net of accumulated depreciation	\$ 34,744,640
Long-term debt related to capital assets	(12,581,650)
Unexpended bond proceeds in capital projects fund	<u>1,616,236</u>
Invested in capital assets net of related debt, excluding internal service funds	23,779,226
 Internal service funds:	
Building and grounds -	
Capital assets, net of accumulated depreciation	2,063,503
 Administration services:	
Capital assets, net of accumulated depreciation	92,811
Long-term debt related to capital assets	<u>(16,091)</u>
	<u>\$ 25,919,449</u>

■ ■ ■ ■ ■

This page intentionally left blank.

## REQUIRED SUPPLEMENTARY INFORMATION

# COUNTY OF CALHOUN, MICHIGAN

## Required Supplementary Information 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)
12/31/03	\$ 2,249,674	\$ 10,902,589	\$ 8,652,915	21%	\$ 8,566,899	101%
12/31/04	3,311,607	11,507,084	8,195,477	29%	9,358,934	88%
12/31/05	4,370,131	16,258,413	11,888,282	27%	10,614,989	112%
12/31/06	6,479,448	18,105,294	11,625,846	36%	10,368,517	112%
12/31/07	8,275,209	19,488,001	11,212,792	42%	10,557,094	106%
12/31/08	8,894,590	20,809,808	11,915,218	43%	10,769,141	111%
12/31/09	10,904,993	23,022,661	12,117,668	47%	11,573,629	105%
12/31/10	12,675,394	25,760,897	13,085,503	49%	11,378,929	115%

### 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%

### 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)
12/31/07	\$ -	\$ 11,145,479	\$ 11,145,479	0%	\$ 25,020,978	45%
12/31/09	-	8,534,203	8,534,203	0%	25,782,100	34%

### Schedule of Employer Contributions

Year Ended December 31	Annual Required Contributions	Percentage Contributed
2009	\$ 1,049,964	9%
2010	702,417	6%
2011	733,947	-

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)
12/31/04	\$ 6,373,913	\$ 16,395,271	\$ 10,021,358	39%	\$ 6,713,373	149%
12/31/05	7,704,029	19,944,123	12,240,094	39%	7,412,939	165%
12/31/06	9,078,283	21,865,716	12,787,433	42%	7,358,040	174%
12/31/07	10,558,816	23,646,999	13,088,183	45%	8,025,218	163%
12/31/08	11,961,039	26,368,738	14,407,699	45%	8,216,643	175%
12/31/09	13,637,782	27,162,367	13,524,585	50%	8,103,491	167%
12/31/10	15,388,120	29,308,601	13,920,481	53%	8,181,844	170%

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%

This page intentionally left blank.

**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**

# COUNTY OF CALHOUN, MICHIGAN

## Combining Balance Sheet

Nonmajor Governmental Funds

December 31, 2011

	Special Revenue Funds	Debt Service Funds	Capital Projects Fund	Permanent Fund Cemetery Perpetual Care	Total
<b>Assets</b>					
Cash and cash equivalents	\$ 1,815,520	\$ 7,807	\$ 1,722,685	\$ 37,675	\$ 3,583,687
Receivables:					
Accounts, net	286,240	-	-	-	286,240
Delinquent taxes	209	13,195	-	-	13,404
Accrued interest	314	-	-	98	412
Due from other governments	996,143	-	-	-	996,143
Due from other funds	5,382	-	-	-	5,382
Prepaid items	14,084	-	-	-	14,084
<b>Total assets</b>	<b>\$ 3,117,892</b>	<b>\$ 21,002</b>	<b>\$ 1,722,685</b>	<b>\$ 37,773</b>	<b>\$ 4,899,352</b>
<b>Liabilities</b>					
Accounts payable	\$ 270,744	\$ -	\$ 106,449	\$ -	\$ 377,193
Accrued liabilities	103,560	-	-	-	103,560
Due to other governments	41,000	-	-	-	41,000
Due to other funds	13,455	-	-	-	13,455
Due to component unit	12,873	-	-	-	12,873
Interfund payables	475,427	-	-	-	475,427
Deferred revenue	12,221	13,194	-	-	25,415
<b>Total liabilities</b>	<b>929,280</b>	<b>13,194</b>	<b>106,449</b>	<b>-</b>	<b>1,048,923</b>
<b>Fund balances</b>					
Nonspendable	14,084	-	-	-	14,084
Restricted for:					
Judicial	280,946	-	-	-	280,946
General government	20,588	-	-	-	20,588
Public safety	537,265	-	-	-	537,265
Health and welfare	193,315	-	-	-	193,315
Recreation and cultural	1,142,414	-	-	-	1,142,414
Debt service	-	7,808	-	-	7,808
Capital projects	-	-	1,616,236	-	1,616,236
Perpetual care	-	-	-	37,773	37,773
<b>Total fund balances</b>	<b>2,188,612</b>	<b>7,808</b>	<b>1,616,236</b>	<b>37,773</b>	<b>3,850,429</b>
<b>Total liabilities and fund balance:</b>	<b>\$ 3,117,892</b>	<b>\$ 21,002</b>	<b>\$ 1,722,685</b>	<b>\$ 37,773</b>	<b>\$ 4,899,352</b>

# COUNTY OF CALHOUN, MICHIGAN

## Combining Statement of Revenue, Expenditures

and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended December 31, 2011

	Special Revenue Funds	Debt Service Funds	Capital Projects Fund	Permanent Fund Cemetery Perpetual Care	Total
<b>Revenue</b>					
Taxes	\$ 1,290,458	\$ 10	\$ -	\$ -	\$ 1,290,468
Licenses and permits	14,040	-	-	-	14,040
Intergovernmental	4,000,067	-	57,023	-	4,057,090
Charges for services	739,824	-	-	-	739,824
Fines and forfeitures	4,865	-	-	-	4,865
Interest and rents	1,597	-	790	151	2,538
Other	101,792	-	5,763	-	107,555
<b>Total revenue</b>	<b>6,152,643</b>	<b>10</b>	<b>63,576</b>	<b>151</b>	<b>6,216,380</b>
<b>Expenditures</b>					
Current:					
Judicial	3,656,537	-	-	-	3,656,537
General government	8,621	-	238,848	-	247,469
Public safety	1,865,070	-	-	-	1,865,070
Health and welfare	593,771	-	-	-	593,771
Recreation and cultural	1,791,413	-	-	-	1,791,413
Other	-	-	-	108	108
Debt service:					
Principal	-	390,000	352,291	-	742,291
Interest and fiscal charges	-	207,207	219,414	-	426,621
Capital outlay	13,335	-	721,144	-	734,479
<b>Total expenditures</b>	<b>7,928,747</b>	<b>597,207</b>	<b>1,531,697</b>	<b>108</b>	<b>10,057,759</b>
Revenue under expenditures	(1,776,104)	(597,197)	(1,468,121)	43	(3,841,379)
<b>Other financing sources (uses)</b>					
Transfers in	1,844,482	596,926	1,500,933	-	3,942,341
Transfers out	(261,646)	-	-	-	(261,646)
Sale of capital assets	-	-	20,590	-	20,590
Proceeds from capital leases	-	-	110,971	-	110,971
<b>Total other financing sources (uses)</b>	<b>1,582,836</b>	<b>596,926</b>	<b>1,632,494</b>	<b>-</b>	<b>3,812,256</b>
<b>Net change in fund balance</b>	<b>(193,268)</b>	<b>(271)</b>	<b>164,373</b>	<b>43</b>	<b>(29,123)</b>
Fund balance, beginning of year	2,381,880	8,079	1,451,863	37,730	3,879,552
<b>Fund balance, end of year</b>	<b>\$ 2,188,612</b>	<b>\$ 7,808</b>	<b>\$ 1,616,236</b>	<b>\$ 37,773</b>	<b>\$ 3,850,429</b>

This page intentionally left blank.

## 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.

*Revenue Sharing Reserve* -- This fund is used to account for accelerated property taxes collections held for the replacement of future state shared revenue.

*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.

This page intentionally left blank.

# COUNTY OF CALHOUN, MICHIGAN

## Combining Balance Sheet

Nonmajor Special Revenue Funds

December 31, 2011

	(215) Friend of the Court	(216) Family Counseling	(228) County Special Projects	(229) Accommodations Tax
<b>Assets</b>				
Cash and cash equivalents	\$ -	\$ 68,514	\$ 23,664	\$ 58,062
Receivables:				
Accounts, net	144	-	-	95,739
Delinquent taxes	-	-	-	-
Accrued interest	-	-	-	-
Due from other governments	603,468	-	-	-
Due from other funds	-	-	5,382	-
Prepaid items	-	-	-	-
<b>Total assets</b>	<b>\$ 603,612</b>	<b>\$ 68,514</b>	<b>\$ 29,046</b>	<b>\$ 153,801</b>
<b>Liabilities</b>				
Accounts payable	\$ 79,117	\$ -	\$ 695	\$ 140,346
Accrued liabilities	69,766	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	13,455
Due to component unit	-	-	-	-
Interfund payables	242,297	-	-	-
Deferred revenue	-	-	-	-
<b>Total liabilities</b>	<b>391,180</b>	<b>-</b>	<b>695</b>	<b>153,801</b>
<b>Fund balances</b>				
Nonspendable	-	-	-	-
Restricted for:				
Judicial	212,432	68,514	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Recreation and cultural	-	-	28,351	-
<b>Total fund balances</b>	<b>212,432</b>	<b>68,514</b>	<b>28,351</b>	<b>-</b>
<b>Total liabilities and fund balance</b>	<b>\$ 603,612</b>	<b>\$ 68,514</b>	<b>\$ 29,046</b>	<b>\$ 153,801</b>

(230) Solid Waste Management	(236) Circuit Court Grants	(243) Parks	(245) Remon- umentation	(256) Register of Deeds Automation
\$ 789,372	\$ 244,245	\$ 95,422	\$ 49,373	\$ 64,044
79,521	-	-	302	-
-	-	-	-	-
314	-	-	-	-
-	41,069	-	-	-
-	-	-	-	-
-	-	11,084	-	3,000
<u>\$ 869,207</u>	<u>\$ 285,314</u>	<u>\$ 106,506</u>	<u>\$ 49,675</u>	<u>\$ 67,044</u>
\$ 22,848	\$ 3,906	\$ 139	\$ 4,300	\$ 4,032
-	3,958	-	-	498
-	-	-	-	-
-	-	-	-	-
-	-	12,873	-	-
-	-	-	-	-
-	140	-	-	-
<u>22,848</u>	<u>8,004</u>	<u>13,012</u>	<u>4,300</u>	<u>4,530</u>
-	-	11,084	-	3,000
-	-	-	-	-
-	-	-	-	-
-	277,310	-	-	-
-	-	-	-	-
<u>846,359</u>	<u>-</u>	<u>82,410</u>	<u>45,375</u>	<u>59,514</u>
<u>846,359</u>	<u>277,310</u>	<u>93,494</u>	<u>45,375</u>	<u>62,514</u>
<u>\$ 869,207</u>	<u>\$ 285,314</u>	<u>\$ 106,506</u>	<u>\$ 49,675</u>	<u>\$ 67,044</u>

(continued...)

# COUNTY OF CALHOUN, MICHIGAN

## Combining Balance Sheet

Nonmajor Special Revenue Funds  
December 31, 2011

	(260) Clerk	(263) Local Emergency Planning	(264) Emergency 911	(265) Sheriff
<b>Assets</b>				
Cash and cash equivalents	\$ 3,500	\$ 2,845	\$ 692	\$ 137,962
Receivables:				
Accounts, net	-	-	-	2,324
Delinquent taxes	-	-	-	-
Accrued interest	-	-	-	-
Due from other governments	-	-	-	90,227
Due from other funds	-	-	-	-
Prepaid items	-	-	-	-
<b>Total assets</b>	<b>\$ 3,500</b>	<b>\$ 2,845</b>	<b>\$ 692</b>	<b>\$ 230,513</b>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 1,600	\$ 692	\$ 9,328
Accrued liabilities	-	-	-	6,183
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Due to component unit	-	-	-	-
Interfund payables	-	-	-	-
Deferred revenue	-	548	-	11,324
<b>Total liabilities</b>	<b>-</b>	<b>2,148</b>	<b>692</b>	<b>26,835</b>
<b>Fund balances</b>				
Nonspendable	-	-	-	-
Restricted for:				
Judicial	-	-	-	-
General government	3,500	-	-	-
Public safety	-	697	-	203,678
Health and welfare	-	-	-	-
Recreation and cultural	-	-	-	-
<b>Total fund balances</b>	<b>3,500</b>	<b>697</b>	<b>-</b>	<b>203,678</b>
<b>Total liabilities and fund balance</b>	<b>\$ 3,500</b>	<b>\$ 2,845</b>	<b>\$ 692</b>	<b>\$ 230,513</b>



(266) Emergency Management	(273) Community Corrections	(281) Prosecutor	(285) Housing Rehabilitation	(286) Revenue Sharing Reserve
\$ -	\$ -	\$ -	\$ 4,702	\$ -
-	-	282	-	-
-	-	-	-	-
-	-	-	-	-
55,124	51,880	118,330	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 55,124</u>	<u>\$ 51,880</u>	<u>\$ 118,612</u>	<u>\$ 4,702</u>	<u>\$ -</u>
\$ -	\$ 43	\$ 945	\$ -	\$ -
2,996	2,880	12,023	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
42,814	48,957	59,628	-	-
-	-	-	-	-
<u>45,810</u>	<u>51,880</u>	<u>72,596</u>	<u>-</u>	<u>-</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
9,314	-	46,016	-	-
-	-	-	4,702	-
-	-	-	-	-
<u>9,314</u>	<u>-</u>	<u>46,016</u>	<u>4,702</u>	<u>-</u>
<u>\$ 55,124</u>	<u>\$ 51,880</u>	<u>\$ 118,612</u>	<u>\$ 4,702</u>	<u>\$ -</u>

(continued...)

# COUNTY OF CALHOUN, MICHIGAN

## Combining Balance Sheet

Nonmajor Special Revenue Funds

December 31, 2011

	(287) Federal and State Grant	(289) MSU Coop. Ext.	(290) Human Services	(293) Soldiers' Relief
<b>Assets</b>				
Cash and cash equivalents	\$ -	\$ -	\$ 168,371	\$ 56,741
Receivables:				
Accounts, net	53,778	168	-	-
Delinquent taxes	-	-	-	209
Accrued interest	-	-	-	-
Due from other governments	36,045	-	-	-
Due from other funds	-	-	-	-
Prepaid items	-	-	-	-
<b>Total assets</b>	<b>\$ 89,823</b>	<b>\$ 168</b>	<b>\$ 168,371</b>	<b>\$ 56,950</b>
<b>Liabilities</b>				
Accounts payable	\$ 2,753	\$ -	\$ -	\$ -
Accrued liabilities	5,111	145	-	-
Due to other governments	-	-	41,000	-
Due to other funds	-	-	-	-
Due to component unit	-	-	-	-
Interfund payables	81,709	22	-	-
Deferred revenue	-	-	-	209
<b>Total liabilities</b>	<b>89,573</b>	<b>167</b>	<b>41,000</b>	<b>209</b>
<b>Fund balances</b>				
Nonspendable	-	-	-	-
Restricted for:				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	250	-	-	-
Health and welfare	-	-	127,371	56,741
Recreation and cultural	-	1	-	-
<b>Total fund balances</b>	<b>250</b>	<b>1</b>	<b>127,371</b>	<b>56,741</b>
<b>Total liabilities and fund balance</b>	<b>\$ 89,823</b>	<b>\$ 168</b>	<b>\$ 168,371</b>	<b>\$ 56,950</b>



(294) Veterans' Trust	(258) Employee Benefits	(208) Calhoun County Trailway	Totals
\$ 923	\$ 17,088	\$ 30,000	\$ 1,815,520
3,578	-	50,404	286,240
-	-	-	209
-	-	-	314
-	-	-	996,143
-	-	-	5,382
-	-	-	14,084
<u>\$ 4,501</u>	<u>\$ 17,088</u>	<u>\$ 80,404</u>	<u>\$ 3,117,892</u>
\$ -	\$ -	\$ -	\$ 270,744
-	-	-	103,560
-	-	-	41,000
-	-	-	13,455
-	-	-	12,873
-	-	-	475,427
-	-	-	12,221
<u>-</u>	<u>-</u>	<u>-</u>	<u>929,280</u>
-	-	-	14,084
-	-	-	280,946
-	17,088	-	20,588
-	-	-	537,265
4,501	-	-	193,315
-	-	80,404	1,142,414
<u>4,501</u>	<u>17,088</u>	<u>80,404</u>	<u>2,188,612</u>
<u>\$ 4,501</u>	<u>\$ 17,088</u>	<u>\$ 80,404</u>	<u>\$ 3,117,892</u>

# COUNTY OF CALHOUN, MICHIGAN

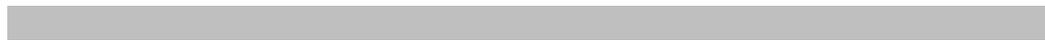
## Combining Statement of Revenue, Expenditures

and Changes in Fund Balances

Nonmajor Special Revenue Funds

For the Year Ended December 31, 2011

	(215) Friend of the Court	(216) Family Counseling	(228) County Special Projects	(229) Accommodations Tax
<b>Revenue</b>				
Taxes	\$ -	\$ -	\$ -	\$ 1,278,802
Licenses and permits	-	14,040	-	-
Intergovernmental	2,087,239	-	-	-
Charges for services	54,932	-	-	-
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	-	-
Other	-	-	-	-
<b>Total revenue</b>	<b>2,142,171</b>	<b>14,040</b>	<b>-</b>	<b>1,278,802</b>
<b>Expenditures</b>				
Current:				
Judicial	3,656,537	-	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Recreation and cultural	-	-	62,418	1,147,154
Capital outlay	6,790	-	-	-
<b>Total expenditures</b>	<b>3,663,327</b>	<b>-</b>	<b>62,418</b>	<b>1,147,154</b>
Revenue over (under) expenditures	(1,521,156)	14,040	(62,418)	131,648
<b>Other financing sources (uses)</b>				
Transfers in	1,571,157	-	52,659	-
Transfers out	-	(10,000)	(40,000)	(131,648)
<b>Total other financing sources (uses)</b>	<b>1,571,157</b>	<b>(10,000)</b>	<b>12,659</b>	<b>(131,648)</b>
<b>Net change in fund balance</b>	<b>50,001</b>	<b>4,040</b>	<b>(49,759)</b>	<b>-</b>
Fund balance, beginning of year	162,431	64,474	78,110	-
<b>Fund balance, end of year</b>	<b>\$ 212,432</b>	<b>\$ 68,514</b>	<b>\$ 28,351</b>	<b>\$ -</b>



(230) Solid Waste Management	(236) Circuit Court Grants	(243) Parks	(245) Remon- umentation	(256) Register of Deeds Automation
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	41,069	-	89,700	-
277,515	-	21,614	-	124,955
-	-	-	-	-
1,589	-	8	-	-
6,980	16,413	-	43,894	-
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
286,084	57,482	21,622	133,594	124,955
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
-	-	-	-	-
-	-	-	-	-
-	326,775	-	-	-
-	-	-	-	-
254,719	-	13,211	189,885	113,144
-	-	-	-	-
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
254,719	326,775	13,211	189,885	113,144
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
31,365	(269,293)	8,411	(56,291)	11,811
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
-	-	-	-	-
-	-	-	-	(20,000)
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
-	-	-	-	(20,000)
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
31,365	(269,293)	8,411	(56,291)	(8,189)
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
814,994	546,603	85,083	101,666	70,703
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ 846,359	\$ 277,310	\$ 93,494	\$ 45,375	\$ 62,514

(continued...)

# COUNTY OF CALHOUN, MICHIGAN

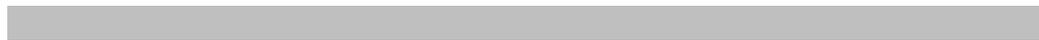
## Combining Statement of Revenue, Expenditures

and Changes in Fund Balances

Nonmajor Special Revenue Funds

For the Year Ended December 31, 2011

	(260) Clerk	(263) Local Emergency Planning	(264) Emergency 911	(265) Sheriff
<b>Revenue</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	3,200	-	263,193
Charges for services	-	-	-	115,771
Fines and forfeitures	-	-	-	4,865
Interest and rents	-	-	-	-
Other	-	-	-	1,400
<b>Total revenue</b>	-	3,200	-	385,229
<b>Expenditures</b>				
Current:				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	3,200	25,156	352,787
Health and welfare	-	-	-	-
Recreation and cultural	-	-	-	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	-	3,200	25,156	352,787
Revenue over (under) expenditures	-	-	(25,156)	32,442
<b>Other financing sources (uses)</b>				
Transfers in	-	-	-	50,081
Transfers out	-	-	(59,998)	-
<b>Total other financing sources (uses)</b>	-	-	(59,998)	50,081
<b>Net change in fund balance</b>	-	-	(85,154)	82,523
Fund balance, beginning of year	3,500	697	85,154	121,155
<b>Fund balance, end of year</b>	\$ 3,500	\$ 697	\$ -	\$ 203,678



(266) Emergency Management	(273) Community Corrections	(281) Prosecutor	(285) Housing Rehabilitation	(286) Revenue Sharing Reserve
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
101,670	199,728	429,231	63,932	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
10,000	-	10,563	-	-
<hr/>				
111,670	199,728	439,794	63,932	-
<hr/>				
-	-	-	-	-
-	-	-	-	-
95,811	204,479	605,761	-	-
-	-	-	67,536	-
-	-	-	-	-
6,545	-	-	-	-
<hr/>				
102,356	204,479	605,761	67,536	-
<hr/>				
9,314	(4,751)	(165,967)	(3,604)	-
<hr/>				
-	4,751	164,003	-	-
-	-	-	-	-
<hr/>				
-	4,751	164,003	-	-
<hr/>				
9,314	-	(1,964)	(3,604)	-
-	-	47,980	8,306	-
<hr/>				
\$ 9,314	\$ -	\$ 46,016	\$ 4,702	\$ -

(continued...)

# COUNTY OF CALHOUN, MICHIGAN

## Combining Statement of Revenue, Expenditures

and Changes in Fund Balances

Nonmajor Special Revenue Funds

For the Year Ended December 31, 2011

	(287) Federal and State Grant	(289) MSU Coop. Ext.	(290) Human Services	(293) Soldiers' Relief
<b>Revenue</b>				
Taxes	\$ -	\$ -	\$ -	\$ 11,656
Licenses and permits	-	-	-	-
Intergovernmental	168,528	10,883	437,890	-
Charges for services	111,199	-	33,838	-
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	-	-
Other	-	-	-	-
<b>Total revenue</b>	<b>279,727</b>	<b>10,883</b>	<b>471,728</b>	<b>11,656</b>
<b>Expenditures</b>				
Current:				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	251,101	-	-	-
Health and welfare	32,785	-	470,909	2,543
Recreation and cultural	-	10,882	-	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>283,886</b>	<b>10,882</b>	<b>470,909</b>	<b>2,543</b>
Revenue over (under) expenditures	(4,159)	1	819	9,113
<b>Other financing sources (uses)</b>				
Transfers in	1,831	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>1,831</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>(2,328)</b>	<b>1</b>	<b>819</b>	<b>9,113</b>
Fund balance, beginning of year	2,578	-	126,552	47,628
<b>Fund balance, end of year</b>	<b>\$ 250</b>	<b>\$ 1</b>	<b>\$ 127,371</b>	<b>\$ 56,741</b>



(294) Veterans' Trust	(258) Employee Benefits	(208) Calhoun County Trailway	Totals
\$ -	\$ -	\$ -	\$ 1,290,458
-	-	-	14,040
23,400	-	80,404	4,000,067
-	-	-	739,824
-	-	-	4,865
-	-	-	1,597
-	12,542	-	101,792
<hr/>			
23,400	12,542	80,404	6,152,643
<hr/>			
-	-	-	3,656,537
-	8,621	-	8,621
-	-	-	1,865,070
19,998	-	-	593,771
-	-	-	1,791,413
-	-	-	13,335
<hr/>			
19,998	8,621	-	7,928,747
<hr/>			
3,402	3,921	80,404	(1,776,104)
<hr/>			
-	-	-	1,844,482
-	-	-	(261,646)
<hr/>			
-	-	-	1,582,836
<hr/>			
3,402	3,921	80,404	(193,268)
<hr/>			
1,099	13,167	-	2,381,880
<hr/>			
\$ 4,501	\$ 17,088	\$ 80,404	\$ 2,188,612

# COUNTY OF CALHOUN, MICHIGAN

## Schedule of Revenue, Expenditures

and Changes in Fund Balances - Budget and Actual  
 Friend of the Court  
 For the Year Ended December 31, 2011

	Amended Budget	Actual	Over (Under) Budget	2010
<b>Revenue</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	2,315,246	2,087,239	(228,007)	2,207,330
Charges for services	48,512	54,932	6,420	49,102
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	-	-
Other	-	-	-	-
<b>Total revenue</b>	<b>2,363,758</b>	<b>2,142,171</b>	<b>(221,587)</b>	<b>2,256,432</b>
<b>Expenditures</b>				
Current:				
Judicial	4,218,029	3,656,537	(561,492)	3,861,787
General government	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Recreation and cultural	-	-	-	-
Capital outlay	6,800	6,790	(10)	-
<b>Total expenditures</b>	<b>4,224,829</b>	<b>3,663,327</b>	<b>(561,502)</b>	<b>3,861,787</b>
Revenue over (under) expenditures	(1,861,071)	(1,521,156)	339,915	(1,605,355)
<b>Other financing sources (uses)</b>				
Transfers in	1,861,071	1,571,157	(289,914)	1,299,641
Transfers out	-	-	-	-
<b>Total other financing sources</b>	<b>1,861,071</b>	<b>1,571,157</b>	<b>(289,914)</b>	<b>1,299,641</b>
<b>Net change in fund balance</b>	<b>-</b>	<b>50,001</b>	<b>50,001</b>	<b>(305,714)</b>
Fund balance, beginning of year	162,431	162,431	-	468,145
<b>Fund balance, end of year</b>	<b>\$ 162,431</b>	<b>\$ 212,432</b>	<b>\$ 50,001</b>	<b>\$ 162,431</b>

# COUNTY OF CALHOUN, MICHIGAN

## Schedule of Revenue, Expenditures

and Changes in Fund Balances - Budget and Actual

Family Counseling

For the Year Ended December 31, 2011

	Amended Budget	Actual	Over (Under) Budget	2010
<b>Revenue</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	13,500	14,040	540	14,285
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	-	-
Other	-	-	-	-
<b>Total revenue</b>	<b>13,500</b>	<b>14,040</b>	<b>540</b>	<b>14,285</b>
<b>Expenditures</b>				
Current:				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Health and welfare	3,500	-	(3,500)	-
Recreation and cultural	-	-	-	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>3,500</b>	<b>-</b>	<b>(3,500)</b>	<b>-</b>
Revenue over (under) expenditures	10,000	14,040	4,040	14,285
<b>Other financing sources (uses)</b>				
Transfers in	-	-	-	-
Transfers out	(10,000)	(10,000)	-	(10,000)
<b>Total other financing sources</b>	<b>(10,000)</b>	<b>(10,000)</b>	<b>-</b>	<b>(10,000)</b>
<b>Net change in fund balance</b>	<b>-</b>	<b>4,040</b>	<b>4,040</b>	<b>4,285</b>
Fund balance, beginning of year	64,474	64,474	-	60,189
<b>Fund balance, end of year</b>	<b>\$ 64,474</b>	<b>\$ 68,514</b>	<b>\$ 4,040</b>	<b>\$ 64,474</b>

# COUNTY OF CALHOUN, MICHIGAN

## Schedule of Revenue, Expenditures

and Changes in Fund Balances - Budget and Actual

County Special Projects

For the Year Ended December 31, 2011

	Amended Budget	Actual	Over (Under) Budget	2010
<b>Revenue</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	-	-
Other	-	-	-	-
<b>Total revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenditures</b>				
Current:				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Recreation and cultural	94,480	62,418	(32,062)	57,643
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>94,480</b>	<b>62,418</b>	<b>(32,062)</b>	<b>57,643</b>
Revenue over (under) expenditures	(94,480)	(62,418)	32,062	(57,643)
<b>Other financing sources (uses)</b>				
Transfers in	54,480	52,659	(1,821)	51,718
Transfers out	(40,000)	(40,000)	-	(40,000)
<b>Total other financing sources</b>	<b>14,480</b>	<b>12,659</b>	<b>(1,821)</b>	<b>11,718</b>
<b>Net change in fund balance</b>	<b>(80,000)</b>	<b>(49,759)</b>	<b>30,241</b>	<b>(45,925)</b>
Fund balance, beginning of year	78,110	78,110	-	124,035
<b>Fund balance, end of year</b>	<b>\$ (1,890)</b>	<b>\$ 28,351</b>	<b>\$ 30,241</b>	<b>\$ 78,110</b>

# COUNTY OF CALHOUN, MICHIGAN

## Schedule of Revenue, Expenditures

and Changes in Fund Balances - Budget and Actual

Accommodations Tax

For the Year Ended December 31, 2011

	Amended Budget	Actual	Over (Under) Budget	2010
<b>Revenue</b>				
Taxes	\$ 1,237,000	\$ 1,278,802	\$ 41,802	\$ 1,291,826
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	-	-
Other	-	-	-	-
<b>Total revenue</b>	<u>1,237,000</u>	<u>1,278,802</u>	<u>41,802</u>	<u>1,291,826</u>
<b>Expenditures</b>				
Current:				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Recreation and cultural	1,113,300	1,147,154	33,854	1,162,530
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<u>1,113,300</u>	<u>1,147,154</u>	<u>33,854</u>	<u>1,162,530</u>
Revenue over (under) expenditures	<u>123,700</u>	<u>131,648</u>	<u>7,948</u>	<u>129,296</u>
<b>Other financing sources (uses)</b>				
Transfers in	-	-	-	-
Transfers out	(123,700)	(131,648)	(7,948)	(129,296)
<b>Total other financing sources</b>	<u>(123,700)</u>	<u>(131,648)</u>	<u>(7,948)</u>	<u>(129,296)</u>
<b>Net change in fund balance</b>	-	-	-	-
Fund balance, beginning of year	-	-	-	-
<b>Fund balance, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

# COUNTY OF CALHOUN, MICHIGAN

## Schedule of Revenue, Expenditures

and Changes in Fund Balances - Budget and Actual

Solid Waste Management

For the Year Ended December 31, 2011

	Amended Budget	Actual	Over (Under) Budget	2010
<b>Revenue</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	180,000	277,515	97,515	270,651
Fines and forfeitures	-	-	-	-
Interest and rents	15,000	1,589	(13,411)	1,510
Other	-	6,980	6,980	5,187
<b>Total revenue</b>	<b>195,000</b>	<b>286,084</b>	<b>91,084</b>	<b>277,348</b>
<b>Expenditures</b>				
Current:				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	(3)
Recreation and cultural	239,744	254,719	14,975	216,148
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>239,744</b>	<b>254,719</b>	<b>14,975</b>	<b>216,145</b>
Revenue over (under) expenditures	(44,744)	31,365	76,109	61,203
<b>Other financing sources (uses)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>(44,744)</b>	<b>31,365</b>	<b>76,109</b>	<b>61,203</b>
Fund balance, beginning of year	814,994	814,994	-	753,791
<b>Fund balance, end of year</b>	<b>\$ 770,250</b>	<b>\$ 846,359</b>	<b>\$ 76,109</b>	<b>\$ 814,994</b>

# COUNTY OF CALHOUN, MICHIGAN

## Schedule of Revenue, Expenditures

and Changes in Fund Balances - Budget and Actual

Circuit Court Grants

For the Year Ended December 31, 2011

	Amended Budget	Actual	Over (Under) Budget	2010
<b>Revenue</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	323,728	41,069	(282,659)	381,890
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	-	-
Other	15,000	16,413	1,413	16,582
<b>Total revenue</b>	<b>338,728</b>	<b>57,482</b>	<b>(281,246)</b>	<b>398,472</b>
<b>Expenditures</b>				
Current:				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	411,657	326,775	(84,882)	344,486
Health and welfare	-	-	-	-
Recreation and cultural	-	-	-	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>411,657</b>	<b>326,775</b>	<b>(84,882)</b>	<b>344,486</b>
Revenue over (under) expenditures	(72,929)	(269,293)	(196,364)	53,986
<b>Other financing sources (uses)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>(72,929)</b>	<b>(269,293)</b>	<b>(196,364)</b>	<b>53,986</b>
Fund balance, beginning of year	546,603	546,603	-	492,617
<b>Fund balance, end of year</b>	<b>\$ 473,674</b>	<b>\$ 277,310</b>	<b>\$ (196,364)</b>	<b>\$ 546,603</b>

# COUNTY OF CALHOUN, MICHIGAN

## Schedule of Revenue, Expenditures

and Changes in Fund Balances - Budget and Actual

Parks

For the Year Ended December 31, 2011

	Amended Budget	Actual	Over (Under) Budget	2010
<b>Revenue</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	11,290	21,614	10,324	57,327
Fines and forfeitures	-	-	-	-
Interest and rents	-	8	8	4
Other	-	-	-	-
<b>Total revenue</b>	<b>11,290</b>	<b>21,622</b>	<b>10,332</b>	<b>57,331</b>
<b>Expenditures</b>				
Current:				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Recreation and cultural	11,290	13,211	1,921	6,736
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>11,290</b>	<b>13,211</b>	<b>1,921</b>	<b>6,736</b>
Revenue over (under) expenditures	-	8,411	8,411	50,595
<b>Other financing sources (uses)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>-</b>	<b>8,411</b>	<b>8,411</b>	<b>50,595</b>
Fund balance, beginning of year	85,083	85,083	-	34,488
<b>Fund balance, end of year</b>	<b>\$ 85,083</b>	<b>\$ 93,494</b>	<b>\$ 8,411</b>	<b>\$ 85,083</b>

# COUNTY OF CALHOUN, MICHIGAN

## Schedule of Revenue, Expenditures

and Changes in Fund Balances - Budget and Actual  
Remonumentation

For the Year Ended December 31, 2011

	Amended Budget	Actual	Over (Under) Budget	2010
<b>Revenue</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	89,610	89,700	90	82,450
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	-	-
Other	42,000	43,894	1,894	38,428
<b>Total revenue</b>	<b>131,610</b>	<b>133,594</b>	<b>1,984</b>	<b>120,878</b>
<b>Expenditures</b>				
Current:				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Recreation and cultural	204,317	189,885	(14,432)	141,682
Capital outlay	5,500	-	(5,500)	-
<b>Total expenditures</b>	<b>209,817</b>	<b>189,885</b>	<b>(19,932)</b>	<b>141,682</b>
Revenue over (under) expenditures	(78,207)	(56,291)	21,916	(20,804)
<b>Other financing sources (uses)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>(78,207)</b>	<b>(56,291)</b>	<b>21,916</b>	<b>(20,804)</b>
Fund balance, beginning of year	101,666	101,666	-	122,470
<b>Fund balance, end of year</b>	<b>\$ 23,459</b>	<b>\$ 45,375</b>	<b>\$ 21,916</b>	<b>\$ 101,666</b>

# COUNTY OF CALHOUN, MICHIGAN

## Schedule of Revenue, Expenditures

and Changes in Fund Balances - Budget and Actual  
 Register of Deeds Automation  
 For the Year Ended December 31, 2011

	Amended Budget	Actual	Over (Under) Budget	2010
<b>Revenue</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	125,000	124,955	(45)	120,475
Fines and forfeitures	-	-	-	-
Interest and rents	235	-	(235)	-
Other	-	-	-	-
<b>Total revenue</b>	<b>125,235</b>	<b>124,955</b>	<b>(280)</b>	<b>120,475</b>
<b>Expenditures</b>				
Current:				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Recreation and cultural	122,237	113,144	(9,093)	134,955
Capital outlay	-	-	-	10,550
<b>Total expenditures</b>	<b>122,237</b>	<b>113,144</b>	<b>(9,093)</b>	<b>145,505</b>
Revenue over (under) expenditures	2,998	11,811	8,813	(25,030)
<b>Other financing sources (uses)</b>				
Transfers in	-	-	-	-
Transfers out	(20,000)	(20,000)	-	(20,000)
<b>Total other financing sources</b>	<b>(20,000)</b>	<b>(20,000)</b>	<b>-</b>	<b>(20,000)</b>
<b>Net change in fund balance</b>	<b>(17,002)</b>	<b>(8,189)</b>	<b>8,813</b>	<b>(45,030)</b>
Fund balance, beginning of year	70,703	70,703	-	115,733
<b>Fund balance, end of year</b>	<b>\$ 53,701</b>	<b>\$ 62,514</b>	<b>\$ 8,813</b>	<b>\$ 70,703</b>

# COUNTY OF CALHOUN, MICHIGAN

## Schedule of Revenue, Expenditures

and Changes in Fund Balances - Budget and Actual

Clerk

For the Year Ended December 31, 2011

	Amended Budget	Actual	Over (Under) Budget	2010
<b>Revenue</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	-	-
Other	-	-	-	-
<b>Total revenue</b>	-	-	-	-
<b>Expenditures</b>				
Current:				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Recreation and cultural	-	-	-	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	-	-	-	-
Revenue over (under) expenditures	-	-	-	-
<b>Other financing sources (uses)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources</b>	-	-	-	-
<b>Net change in fund balance</b>	-	-	-	-
Fund balance, beginning of year	3,500	3,500	-	3,500
<b>Fund balance, end of year</b>	<u>\$ 3,500</u>	<u>\$ 3,500</u>	<u>\$ -</u>	<u>\$ 3,500</u>

# COUNTY OF CALHOUN, MICHIGAN

## Schedule of Revenue, Expenditures

and Changes in Fund Balances - Budget and Actual

Local Emergency Planning

For the Year Ended December 31, 2011

	Amended Budget	Actual	Over (Under) Budget	2010
<b>Revenue</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	1,200	3,200	2,000	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	-	-
Other	-	-	-	-
<b>Total revenue</b>	<b>1,200</b>	<b>3,200</b>	<b>2,000</b>	<b>-</b>
<b>Expenditures</b>				
Current:				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	1,200	3,200	2,000	(6)
Health and welfare	-	-	-	-
Recreation and cultural	-	-	-	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>1,200</b>	<b>3,200</b>	<b>2,000</b>	<b>(6)</b>
Revenue over (under) expenditures	-	-	-	6
<b>Other financing sources (uses)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balance	-	-	-	6
Fund balance, beginning of year	697	697	-	691
Fund balance, end of year	\$ 697	\$ 697	\$ -	\$ 697

# COUNTY OF CALHOUN, MICHIGAN

## Schedule of Revenue, Expenditures

and Changes in Fund Balances - Budget and Actual

Emergency 911

For the Year Ended December 31, 2011

	Amended Budget	Actual	Over (Under) Budget	2010
<b>Revenue</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	-	-
Other	-	-	-	218,325
<b>Total revenue</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>218,325</u>
<b>Expenditures</b>				
Current:				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	28,330	25,156	(3,174)	223,424
Health and welfare	-	-	-	-
Recreation and cultural	-	-	-	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<u>28,330</u>	<u>25,156</u>	<u>(3,174)</u>	<u>223,424</u>
Revenue over (under) expenditures	<u>(28,330)</u>	<u>(25,156)</u>	<u>3,174</u>	<u>(5,099)</u>
<b>Other financing sources (uses)</b>				
Transfers in	-	-	-	-
Transfers out	(58,128)	(59,998)	(1,870)	(77,500)
<b>Total other financing sources</b>	<u>(58,128)</u>	<u>(59,998)</u>	<u>(1,870)</u>	<u>(77,500)</u>
<b>Net change in fund balance</b>	<u>(86,458)</u>	<u>(85,154)</u>	<u>1,304</u>	<u>(82,599)</u>
Fund balance, beginning of year	<u>85,154</u>	<u>85,154</u>	<u>-</u>	<u>167,753</u>
<b>Fund balance, end of year</b>	<u><u>\$ (1,304)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,304</u></u>	<u><u>\$ 85,154</u></u>

# COUNTY OF CALHOUN, MICHIGAN

## Schedule of Revenue, Expenditures

and Changes in Fund Balances - Budget and Actual

Sheriff

For the Year Ended December 31, 2011

	Amended Budget	Actual	Over (Under) Budget	2010
<b>Revenue</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	267,988	263,193	(4,795)	703,440
Charges for services	55,000	115,771	60,771	31,313
Fines and forfeitures	28,700	4,865	(23,835)	20,448
Interest and rents	100	-	(100)	-
Other	1,500	1,400	(100)	2,490
<b>Total revenue</b>	<b>353,288</b>	<b>385,229</b>	<b>31,941</b>	<b>757,691</b>
<b>Expenditures</b>				
Current:				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	391,065	352,787	(38,278)	809,964
Health and welfare	-	-	-	-
Recreation and cultural	-	-	-	-
Capital outlay	13,700	-	(13,700)	-
<b>Total expenditures</b>	<b>404,765</b>	<b>352,787</b>	<b>(51,978)</b>	<b>809,964</b>
Revenue over (under) expenditures	(51,477)	32,442	83,919	(52,273)
<b>Other financing sources (uses)</b>				
Transfers in	50,157	50,081	(76)	17,111
Transfers out	-	-	-	(8,750)
<b>Total other financing sources</b>	<b>50,157</b>	<b>50,081</b>	<b>(76)</b>	<b>8,361</b>
<b>Net change in fund balance</b>	<b>(1,320)</b>	<b>82,523</b>	<b>83,843</b>	<b>(43,912)</b>
Fund balance, beginning of year	121,155	121,155	-	165,067
<b>Fund balance, end of year</b>	<b>\$ 119,835</b>	<b>\$ 203,678</b>	<b>\$ 83,843</b>	<b>\$ 121,155</b>

# COUNTY OF CALHOUN, MICHIGAN

## Schedule of Revenue, Expenditures

and Changes in Fund Balances - Budget and Actual  
 Emergency Management  
 For the Year Ended December 31, 2011

	Amended Budget	Actual	Over (Under) Budget	2010
<b>Revenue</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	109,725	101,670	(8,055)	74,238
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	-	-
Other	10,000	10,000	-	-
<b>Total revenue</b>	<b>119,725</b>	<b>111,670</b>	<b>(8,055)</b>	<b>74,238</b>
<b>Expenditures</b>				
Current:				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	112,580	95,811	(16,769)	72,723
Health and welfare	-	-	-	-
Recreation and cultural	-	-	-	-
Capital outlay	7,145	6,545	(600)	1,515
<b>Total expenditures</b>	<b>119,725</b>	<b>102,356</b>	<b>(17,369)</b>	<b>74,238</b>
Revenue over (under) expenditures	-	9,314	9,314	-
<b>Other financing sources (uses)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>-</b>	<b>9,314</b>	<b>9,314</b>	<b>-</b>
Fund balance, beginning of year	-	-	-	-
<b>Fund balance, end of year</b>	<b>\$ -</b>	<b>\$ 9,314</b>	<b>\$ 9,314</b>	<b>\$ -</b>

# COUNTY OF CALHOUN, MICHIGAN

## Schedule of Revenue, Expenditures

and Changes in Fund Balances - Budget and Actual

Community Corrections

For the Year Ended December 31, 2011

	Amended Budget	Actual	Over (Under) Budget	2010
<b>Revenue</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	174,291	199,728	25,437	171,400
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	-	-
Other	-	-	-	-
<b>Total revenue</b>	<b>174,291</b>	<b>199,728</b>	<b>25,437</b>	<b>171,400</b>
<b>Expenditures</b>				
Current:				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	217,764	204,479	(13,285)	182,267
Health and welfare	-	-	-	-
Recreation and cultural	-	-	-	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>217,764</b>	<b>204,479</b>	<b>(13,285)</b>	<b>182,267</b>
Revenue over (under) expenditures	(43,473)	(4,751)	38,722	(10,867)
<b>Other financing sources (uses)</b>				
Transfers in	43,473	4,751	(38,722)	10,867
Transfers out	-	-	-	-
<b>Total other financing sources</b>	<b>43,473</b>	<b>4,751</b>	<b>(38,722)</b>	<b>10,867</b>
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
<b>Fund balance, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

# COUNTY OF CALHOUN, MICHIGAN

## Schedule of Revenue, Expenditures

and Changes in Fund Balances - Budget and Actual

Prosecutor

For the Year Ended December 31, 2011

	Amended Budget	Actual	Over (Under) Budget	2010
<b>Revenue</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	438,265	429,231	(9,034)	415,582
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	-	-
Other	14,600	10,563	(4,037)	30,624
<b>Total revenue</b>	<b>452,865</b>	<b>439,794</b>	<b>(13,071)</b>	<b>446,206</b>
<b>Expenditures</b>				
Current:				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	675,728	605,761	(69,967)	581,173
Health and welfare	-	-	-	-
Recreation and cultural	-	-	-	-
Capital outlay	-	-	-	1,250
<b>Total expenditures</b>	<b>675,728</b>	<b>605,761</b>	<b>(69,967)</b>	<b>582,423</b>
Revenue over (under) expenditures	(222,863)	(165,967)	56,896	(136,217)
<b>Other financing sources (uses)</b>				
Transfers in	222,863	164,003	(58,860)	159,500
Transfers out	-	-	-	-
<b>Total other financing sources</b>	<b>222,863</b>	<b>164,003</b>	<b>(58,860)</b>	<b>159,500</b>
Net change in fund balance	-	(1,964)	(1,964)	23,283
Fund balance, beginning of year	47,980	47,980	-	24,697
Fund balance, end of year	\$ 47,980	\$ 46,016	\$ (1,964)	\$ 47,980

# COUNTY OF CALHOUN, MICHIGAN

## Schedule of Revenue, Expenditures

and Changes in Fund Balances - Budget and Actual

Housing Rehabilitation

For the Year Ended December 31, 2011

	Amended Budget	Actual	Over (Under) Budget	2010
<b>Revenue</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	63,932	63,932	-
Charges for services	300,000	-	(300,000)	-
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	-	-
Other	-	-	-	-
<b>Total revenue</b>	<b>300,000</b>	<b>63,932</b>	<b>(236,068)</b>	<b>-</b>
<b>Expenditures</b>				
Current:				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Health and welfare	300,000	67,536	(232,464)	-
Recreation and cultural	-	-	-	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>300,000</b>	<b>67,536</b>	<b>(232,464)</b>	<b>-</b>
Revenue over (under) expenditures	-	(3,604)	(3,604)	-
<b>Other financing sources (uses)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>-</b>	<b>(3,604)</b>	<b>(3,604)</b>	<b>-</b>
Fund balance, beginning of year	8,306	8,306	-	8,306
<b>Fund balance, end of year</b>	<b>\$ 8,306</b>	<b>\$ 4,702</b>	<b>\$ (3,604)</b>	<b>\$ 8,306</b>

# COUNTY OF CALHOUN, MICHIGAN

## Schedule of Revenue, Expenditures

and Changes in Fund Balances - Budget and Actual

Revenue Sharing Reserve

For the Year Ended December 31, 2011

	Amended Budget	Actual	Over (Under) Budget	2010
<b>Revenue</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	-	-
Other	-	-	-	-
<b>Total revenue</b>	-	-	-	-
<b>Expenditures</b>				
Current:				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Recreation and cultural	-	-	-	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	-	-	-	-
Revenue over (under) expenditures	-	-	-	-
<b>Other financing sources (uses)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	(1,510,969)
<b>Total other financing sources</b>	-	-	-	(1,510,969)
<b>Net change in fund balance</b>	-	-	-	(1,510,969)
Fund balance, beginning of year	-	-	-	1,510,969
<b>Fund balance, end of year</b>	\$ -	\$ -	\$ -	\$ -

# COUNTY OF CALHOUN, MICHIGAN

## Schedule of Revenue, Expenditures

and Changes in Fund Balances - Budget and Actual  
Federal and State Grant  
For the Year Ended December 31, 2011

	Amended Budget	Actual	Over (Under) Budget	2010
<b>Revenue</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	218,099	168,528	(49,571)	80,018
Charges for services	95,886	111,199	15,313	2,328
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	-	-
Other	-	-	-	-
<b>Total revenue</b>	<b>313,985</b>	<b>279,727</b>	<b>(34,258)</b>	<b>82,346</b>
<b>Expenditures</b>				
Current:				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	269,906	251,101	(18,805)	14,405
Health and welfare	45,910	32,785	(13,125)	51,894
Recreation and cultural	-	-	-	-
Capital outlay	-	-	-	14,966
<b>Total expenditures</b>	<b>315,816</b>	<b>283,886</b>	<b>(31,930)</b>	<b>81,265</b>
Revenue over (under) expenditures	(1,831)	(4,159)	(2,328)	1,081
<b>Other financing sources (uses)</b>				
Transfers in	1,831	1,831	-	1,497
Transfers out	-	-	-	-
<b>Total other financing sources</b>	<b>1,831</b>	<b>1,831</b>	<b>-</b>	<b>1,497</b>
<b>Net change in fund balance</b>	<b>-</b>	<b>(2,328)</b>	<b>(2,328)</b>	<b>2,578</b>
Fund balance, beginning of year	2,578	2,578	-	-
<b>Fund balance, end of year</b>	<b>\$ 2,578</b>	<b>\$ 250</b>	<b>\$ (2,328)</b>	<b>\$ 2,578</b>

# COUNTY OF CALHOUN, MICHIGAN

## Schedule of Revenue, Expenditures

and Changes in Fund Balances - Budget and Actual  
 MSU Cooperative Extension  
 For the Year Ended December 31, 2011

	Amended Budget	Actual	Over (Under) Budget	2010
<b>Revenue</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	20,765	10,883	(9,882)	12,358
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	-	-
Other	-	-	-	-
<b>Total revenue</b>	<b>20,765</b>	<b>10,883</b>	<b>(9,882)</b>	<b>12,358</b>
<b>Expenditures</b>				
Current:				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Recreation and cultural	20,765	10,882	(9,883)	12,358
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>20,765</b>	<b>10,882</b>	<b>(9,883)</b>	<b>12,358</b>
Revenue over (under) expenditures	-	1	1	-
<b>Other financing sources (uses)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balance	-	1	1	-
Fund balance, beginning of year	-	-	-	-
<b>Fund balance, end of year</b>	<b>\$ -</b>	<b>\$ 1</b>	<b>\$ 1</b>	<b>\$ -</b>

# COUNTY OF CALHOUN, MICHIGAN

## Schedule of Revenue, Expenditures

and Changes in Fund Balances - Budget and Actual

Human Services

For the Year Ended December 31, 2011

	Amended Budget	Actual	Over (Under) Budget	2010
<b>Revenue</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	373,662	437,890	64,228	392,883
Charges for services	87,297	33,838	(53,459)	54,769
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	-	-
Other	-	-	-	-
<b>Total revenue</b>	<b>460,959</b>	<b>471,728</b>	<b>10,769</b>	<b>447,652</b>
<b>Expenditures</b>				
Current:				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Health and welfare	460,959	470,909	9,950	459,973
Recreation and cultural	-	-	-	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>460,959</b>	<b>470,909</b>	<b>9,950</b>	<b>459,973</b>
Revenue over (under) expenditures	-	819	819	(12,321)
<b>Other financing sources (uses)</b>				
Transfers in	-	-	-	5,000
Transfers out	-	-	-	-
<b>Total other financing sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,000</b>
<b>Net change in fund balance</b>	<b>-</b>	<b>819</b>	<b>819</b>	<b>(7,321)</b>
Fund balance, beginning of year	126,552	126,552	-	133,873
<b>Fund balance, end of year</b>	<b>\$ 126,552</b>	<b>\$ 127,371</b>	<b>\$ 819</b>	<b>\$ 126,552</b>

# COUNTY OF CALHOUN, MICHIGAN

## Schedule of Revenue, Expenditures

and Changes in Fund Balances - Budget and Actual

Soldiers' Relief

For the Year Ended December 31, 2011

	Amended Budget	Actual	Over (Under) Budget	2010
<b>Revenue</b>				
Taxes	\$ 10,000	\$ 11,656	\$ 1,656	\$ 11,923
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	-	-
Other	-	-	-	-
<b>Total revenue</b>	<b>10,000</b>	<b>11,656</b>	<b>1,656</b>	<b>11,923</b>
<b>Expenditures</b>				
Current:				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Health and welfare	12,000	2,543	(9,457)	3,843
Recreation and cultural	-	-	-	-
Capital outlay	-	-	-	9,336
<b>Total expenditures</b>	<b>12,000</b>	<b>2,543</b>	<b>(9,457)</b>	<b>13,179</b>
Revenue over (under) expenditures	(2,000)	9,113	11,113	(1,256)
<b>Other financing sources (uses)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>(2,000)</b>	<b>9,113</b>	<b>11,113</b>	<b>(1,256)</b>
Fund balance, beginning of year	47,628	47,628	-	48,884
<b>Fund balance, end of year</b>	<b>\$ 45,628</b>	<b>\$ 56,741</b>	<b>\$ 11,113</b>	<b>\$ 47,628</b>

# COUNTY OF CALHOUN, MICHIGAN

## Schedule of Revenue, Expenditures

and Changes in Fund Balances - Budget and Actual

Veterans' Trust

For the Year Ended December 31, 2011

	Amended Budget	Actual	Over (Under) Budget	2010
<b>Revenue</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	25,500	23,400	(2,100)	10,300
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	-	-
Other	-	-	-	-
<b>Total revenue</b>	<b>25,500</b>	<b>23,400</b>	<b>(2,100)</b>	<b>10,300</b>
<b>Expenditures</b>				
Current:				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Health and welfare	25,500	19,998	(5,502)	12,824
Recreation and cultural	-	-	-	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>25,500</b>	<b>19,998</b>	<b>(5,502)</b>	<b>12,824</b>
Revenue over (under) expenditures	-	3,402	3,402	(2,524)
<b>Other financing sources (uses)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>-</b>	<b>3,402</b>	<b>3,402</b>	<b>(2,524)</b>
Fund balance, beginning of year	1,099	1,099	-	3,623
<b>Fund balance, end of year</b>	<b>\$ 1,099</b>	<b>\$ 4,501</b>	<b>\$ 3,402</b>	<b>\$ 1,099</b>

# COUNTY OF CALHOUN, MICHIGAN

## Schedule of Revenue, Expenditures

and Changes in Fund Balances - Budget and Actual

Employee Benefits

For the Year Ended December 31, 2011

	Amended Budget	Actual	Over (Under) Budget	2010
<b>Revenue</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	-	-
Other	10,000	12,542	2,542	25,259
<b>Total revenue</b>	<b>10,000</b>	<b>12,542</b>	<b>2,542</b>	<b>25,259</b>
<b>Expenditures</b>				
Current:				
Judicial	-	-	-	-
General government	10,000	8,621	(1,379)	13,991
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Recreation and cultural	-	-	-	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>10,000</b>	<b>8,621</b>	<b>(1,379)</b>	<b>13,991</b>
Revenue over (under) expenditures	-	3,921	3,921	11,268
<b>Other financing sources (uses)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>-</b>	<b>3,921</b>	<b>3,921</b>	<b>11,268</b>
Fund balance, beginning of year	13,167	13,167	-	1,899
<b>Fund balance, end of year</b>	<b>\$ 13,167</b>	<b>\$ 17,088</b>	<b>\$ 3,921</b>	<b>\$ 13,167</b>

# COUNTY OF CALHOUN, MICHIGAN

## Schedule of Revenue, Expenditures

and Changes in Fund Balances - Budget and Actual  
 Calhoun County Trailway  
 For the Year Ended December 31, 2011

	Amended Budget	Actual	Over (Under) Budget	2010
<b>Revenue</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	80,404	80,404	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	-	-
Other	-	-	-	-
<b>Total revenue</b>	-	80,404	80,404	-
<b>Expenditures</b>				
Current:				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Recreation and cultural	-	-	-	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	-	-	-	-
Revenue over (under) expenditures	-	80,404	80,404	-
<b>Other financing sources (uses)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources</b>	-	-	-	-
<b>Net change in fund balance</b>	-	80,404	80,404	-
Fund balance, beginning of year	-	-	-	-
<b>Fund balance, end of year</b>	\$ -	\$ 80,404	\$ 80,404	\$ -

## 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.

# COUNTY OF CALHOUN, MICHIGAN

## Combining Balance Sheet

Nonmajor Debt Service Funds

December 31, 2011

	(368) Jail Series III Refunding	(370) Justice Center Refunding	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 6,639	\$ 1,168	\$ 7,807
Delinquent taxes receivable	13,195	-	13,195
<b>Total assets</b>	<u>\$ 19,834</u>	<u>\$ 1,168</u>	<u>\$ 21,002</u>
<b>Liabilities</b>			
Deferred revenue	\$ 13,194	\$ -	\$ 13,194
<b>Fund balances</b>			
Restricted	6,640	1,168	7,808
<b>Total liabilities and fund balance</b>	<u>\$ 19,834</u>	<u>\$ 1,168</u>	<u>\$ 21,002</u>

# COUNTY OF CALHOUN, MICHIGAN

## Combining Statement of Revenue, Expenditures

and Changes in Fund Balances

Nonmajor Debt Service Funds

For the Year Ended December 31, 2011

	(368) Jail Series III Refunding	(370) Justice Center Refunding	Total
<b>Revenue</b>			
Taxes	\$ 10	\$ -	\$ 10
<b>Expenditures</b>			
Debt service:			
Principal	-	390,000	390,000
Interest and fiscal charges	281	206,926	207,207
<b>Total expenditures</b>	281	596,926	597,207
Revenue under expenditures	(271)	(596,926)	(597,197)
<b>Other financing sources</b>			
Transfers in	-	596,926	596,926
<b>Net change in fund balance</b>	(271)	-	(271)
Fund balance, beginning of year	6,911	1,168	8,079
<b>Fund balance, end of year</b>	\$ 6,640	\$ 1,168	\$ 7,808

This page intentionally left blank.

## 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 Assets

Nonmajor Enterprise Funds

December 31, 2011

	(503) Property Description	(595) Sheriff Inmate Concession	Total
<b>Assets</b>			
Current assets -			
Cash and cash equivalents	\$ 5,914	\$ 307,117	\$ 313,031
Accounts receivable	-	9,384	9,384
<b>Total current assets</b>	5,914	316,501	322,415
Capital assets, net	465	-	465
<b>Total assets</b>	6,379	316,501	322,880
<b>Current liabilities</b>			
Accounts payable	-	27,224	27,224
<b>Net assets</b>			
Invested in capital assets	465	-	465
Unrestricted	5,914	289,277	295,191
<b>Total net assets</b>	\$ 6,379	\$ 289,277	\$ 295,656

# COUNTY OF CALHOUN, MICHIGAN

## Combining Statement of Revenue, Expenses

and Changes in Fund Net Assets

Nonmajor Enterprise Funds

For the Year Ended December 31, 2011

	(503) Property Description	(595) Sheriff Inmate Concession	Total
<b>Operating revenue</b>			
Charges for services	\$ -	\$ 826,509	\$ 826,509
<b>Operating expenses</b>			
Depreciation	930	-	930
Other	-	479,629	479,629
<b>Total operating expenses</b>	<u>930</u>	<u>479,629</u>	<u>480,559</u>
Income (loss) before transfers	(930)	346,880	345,950
<b>Transfers</b>			
Transfers out	-	(150,000)	(150,000)
<b>Change in fund net assets</b>	(930)	196,880	195,950
Net assets, beginning of year	<u>7,309</u>	<u>92,397</u>	<u>99,706</u>
<b>Net assets, end of year</b>	<u>\$ 6,379</u>	<u>\$ 289,277</u>	<u>\$ 295,656</u>

# COUNTY OF CALHOUN, MICHIGAN

## Combining Statement of Cash Flows

Nonmajor Enterprise Funds

For the Year Ended December 31, 2011

	(503) Property Description	(595) Sheriff Inmate Concession	Total
<b>Cash flows from operating activities</b>			
Cash received from customers	\$ -	\$ 817,125	\$ 817,125
Cash payments to suppliers	-	(555,259)	(555,259)
<b>Net cash provided by operating activities</b>	-	261,866	261,866
<b>Cash flows from noncapital financing activities</b>			
Transfers out	-	(150,000)	(150,000)
<b>Net change in cash and cash equivalents</b>	-	111,866	111,866
Cash and cash equivalents, beginning of year	5,914	195,251	201,165
<b>Cash and cash equivalents, end of year</b>	<u>\$ 5,914</u>	<u>\$ 307,117</u>	<u>\$ 313,031</u>
<b>Cash flows from operating activities</b>			
Operating income (loss)	\$ (930)	\$ 346,880	\$ 345,950
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operations:			
Depreciation	930	-	930
Changes in assets and liabilities:			
Accounts receivable	-	(9,384)	(9,384)
Accounts payable	-	(75,630)	(75,630)
<b>Net cash provided by operating activities</b>	<u>\$ -</u>	<u>\$ 261,866</u>	<u>\$ 261,866</u>

## 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, and unemployment compensation claims. 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 self-insured short-term disability claims. Funding is provided by charges to user departments.

# COUNTY OF CALHOUN, MICHIGAN

## Combining Statement of Net Assets

Internal Service Funds  
December 31, 2011

	(631) Building & Grounds	(636) Administrative Services	(677) Insurance
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 587,557	\$ 283,217	\$ 517,527
Accounts receivable	12,852	3,828	8,612
Inventory	-	2,284	-
Prepaid items	-	15,357	140,091
<b>Total current assets</b>	<b>600,409</b>	<b>304,686</b>	<b>666,230</b>
Capital assets, net	2,063,503	92,811	-
<b>Total assets</b>	<b>2,663,912</b>	<b>397,497</b>	<b>666,230</b>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	95,889	18,512	5,588
Accrued liabilities	12,049	6,404	-
Claims payable	-	-	428,702
Advances from other funds	163,210	-	-
Current portion of capital leases payable	-	12,807	-
<b>Total current liabilities</b>	<b>271,148</b>	<b>37,723</b>	<b>434,290</b>
Long-term liabilities - Capital leases payable	-	3,284	-
<b>Total liabilities</b>	<b>271,148</b>	<b>41,007</b>	<b>434,290</b>
<b>Net assets</b>			
Invested in capital assets, net of related debt	2,063,503	76,720	-
Unrestricted	329,261	279,770	231,940
<b>Total net assets</b>	<b>\$ 2,392,764</b>	<b>\$ 356,490</b>	<b>\$ 231,940</b>



(694) Employee Benefits	(695) Workers' Compensation	(696) Sick & Accident	Total
\$ 1,190,605	\$ 618,826	\$ 61,244	\$ 3,258,976
151,333	-	-	176,625
-	-	-	2,284
215,014	-	-	370,462
<hr/>			
1,556,952	618,826	61,244	3,808,347
-	-	-	2,156,314
<hr/>			
1,556,952	618,826	61,244	5,964,661
<hr/>			
30,459	850	-	151,298
-	-	-	18,453
692,099	128,498	-	1,249,299
-	-	-	163,210
-	-	-	12,807
<hr/>			
722,558	129,348	-	1,595,067
-	-	-	3,284
<hr/>			
722,558	129,348	-	1,598,351
<hr/>			
-	-	-	2,140,223
834,394	489,478	61,244	2,226,087
<hr/>			
\$ 834,394	\$ 489,478	\$ 61,244	\$ 4,366,310
<hr/> <hr/>			

# COUNTY OF CALHOUN, MICHIGAN

## Combining Statement of Revenue, Expenses

and Changes in Fund Net Assets

Internal Service Funds

For the Year Ended December 31, 2011

	(631) Building & Grounds	(636) Administrative Services	(677) Insurance
<b>Operating revenue</b>			
Charges for services	\$ 955,424	\$ 1,115,609	\$ 212,364
Other	43,790	-	-
<b>Total operating revenue</b>	<u>999,214</u>	<u>1,115,609</u>	<u>212,364</u>
<b>Operating expenses</b>			
Administration	-	-	-
Cost of services	2,018,765	980,220	750,657
Depreciation	267,767	79,400	-
<b>Total operating expenses</b>	<u>2,286,532</u>	<u>1,059,620</u>	<u>750,657</u>
Operating income (loss)	(1,287,318)	55,989	(538,293)
<b>Nonoperating revenue</b>			
Interest revenue	-	-	5,568
Income (loss) before transfers	<u>(1,287,318)</u>	<u>55,989</u>	<u>(532,725)</u>
<b>Transfers</b>			
Transfers in	1,653,041	40,000	621,767
Transfers out	(762,611)	-	-
<b>Total transfers</b>	<u>890,430</u>	<u>40,000</u>	<u>621,767</u>
Change in net assets	(396,888)	95,989	89,042
Net assets, beginning of year	<u>2,789,652</u>	<u>260,501</u>	<u>142,898</u>
<b>Net assets, end of year</b>	<u>\$ 2,392,764</u>	<u>\$ 356,490</u>	<u>\$ 231,940</u>



(694) Employee Benefits	(695) Workers' Compensation	(696) Sick & Accident	Total
\$ 6,635,220	\$ 321,480	\$ -	\$ 9,240,097
-	-	-	43,790
<u>6,635,220</u>	<u>321,480</u>	<u>-</u>	<u>9,283,887</u>
256,051	-	22,365	278,416
6,952,780	226,311	4,473	10,933,206
-	-	-	347,167
<u>7,208,831</u>	<u>226,311</u>	<u>26,838</u>	<u>11,558,789</u>
(573,611)	95,169	(26,838)	(2,274,902)
-	-	-	5,568
<u>(573,611)</u>	<u>95,169</u>	<u>(26,838)</u>	<u>(2,269,334)</u>
-	-	-	2,314,808
-	-	-	(762,611)
-	-	-	1,552,197
(573,611)	95,169	(26,838)	(717,137)
<u>1,408,005</u>	<u>394,309</u>	<u>88,082</u>	<u>5,083,447</u>
<u>\$ 834,394</u>	<u>\$ 489,478</u>	<u>\$ 61,244</u>	<u>\$ 4,366,310</u>

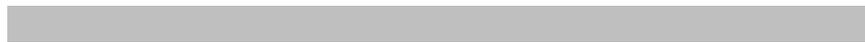
# COUNTY OF CALHOUN, MICHIGAN

## Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended December 31, 2011

	(631) Building & Grounds	(636) Administrative Services	(677) Insurance
<b>Cash flows from operating activities</b>			
Cash received from interfund services	\$ 1,112,658	\$ 1,131,419	\$ 212,248
Cash payments to suppliers	(1,376,707)	(663,009)	(812,152)
Cash payments to employees	(654,710)	(327,941)	-
<b>Net cash provided by (used in) operating activities</b>	<u>(918,759)</u>	<u>140,469</u>	<u>(599,904)</u>
<b>Cash flows from noncapital financing activities</b>			
Transfers in	1,653,041	40,000	621,767
Transfers out	(762,611)	-	-
<b>Net cash provided by (used in) noncapital financing activities</b>	<u>890,430</u>	<u>40,000</u>	<u>621,767</u>
<b>Cash flows from capital and related financing activities</b>			
Capital lease payments	-	(55,964)	-
<b>Net cash used in capital and related financing activities</b>	<u>-</u>	<u>(55,964)</u>	<u>-</u>
<b>Cash flows from investing activities</b>			
Interest earned	-	-	5,568
<b>Net change in cash and cash equivalent</b>	<u>(28,329)</u>	<u>124,505</u>	<u>27,431</u>
Cash and cash equivalents, beginning of year	<u>615,886</u>	<u>158,712</u>	<u>490,096</u>
<b>Cash and cash equivalents, end of year</b>	<u><u>\$ 587,557</u></u>	<u><u>\$ 283,217</u></u>	<u><u>\$ 517,527</u></u>



(694) Employee Benefits	(695) Workers' Compensation	(696) Sick & Accident	Total
\$ 6,612,201 (6,305,736)	\$ 321,480 (261,309)	\$ - (26,838)	\$ 9,390,006 (9,445,751)
-	-	-	(982,651)
306,465	60,171	(26,838)	(1,038,396)
-	-	-	2,314,808
-	-	-	(762,611)
-	-	-	1,552,197
-	-	-	(55,964)
-	-	-	(55,964)
-	-	-	5,568
306,465	60,171	(26,838)	463,405
884,140	558,655	88,082	2,795,571
<u>\$ 1,190,605</u>	<u>\$ 618,826</u>	<u>\$ 61,244</u>	<u>\$ 3,258,976</u>

# COUNTY OF CALHOUN, MICHIGAN

## Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended December 31, 2011

	(631) Building & Grounds	(636) Administrative Services	(677) Insurance
<b>Cash flows from operating activities</b>			
Operating income (loss)	\$ (1,287,318)	\$ 55,989	\$ (538,293)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operations:			
Depreciation	267,767	79,400	-
Changes in assets and liabilities:			
Accounts receivable	113,444	221	(7,700)
Due from other governments	-	-	7,584
Due from other funds	-	15,589	-
Inventory	-	883	-
Prepaid items	-	370	(112,361)
Accounts payable	3,429	(18,387)	5,588
Accrued liabilities	12,049	6,404	-
Advances from other funds	(28,130)	-	-
Claims payable	-	-	45,278
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Net cash provided by (used in) operating activities</b>	<u>\$ (918,759)</u>	<u>\$ 140,469</u>	<u>\$ (599,904)</u>



(694) Employee Benefits	(695) Workers' Compensation	(696) Sick & Accident	Total
\$ (573,611)	\$ 95,169	\$ (26,838)	\$ (2,274,902)
-	-	-	347,167
(23,019)	-	-	82,946
-	-	-	7,584
-	-	-	15,589
-	-	-	883
206,229	-	-	94,238
4,767	850	-	(3,753)
-	-	-	18,453
-	-	-	(28,130)
<u>692,099</u>	<u>(35,848)</u>	<u>-</u>	<u>701,529</u>
<u>\$ 306,465</u>	<u>\$ 60,171</u>	<u>\$ (26,838)</u>	<u>\$ (1,038,396)</u>

This page intentionally left blank.

## 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 Assets

Pension and Other Employee Benefit Trust Funds

December 31, 2011

	(735) Employees Defined Benefit	(734) Flexible Benefits	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 81,880	\$ 71,819	\$ 153,699
Investments -			
Mutual and cash management funds	14,620,221	-	14,620,221
<b>Total assets</b>	<u>14,702,101</u>	<u>71,819</u>	<u>14,773,920</u>
<b>Liabilities</b>			
Accounts payable	-	30,000	30,000
<b>Net assets held in trust for</b>			
Retirement benefits	14,702,101	-	14,702,101
Employee benefits	-	41,819	41,819
<b>Total net assets</b>	<u>\$ 14,702,101</u>	<u>\$ 41,819</u>	<u>\$ 14,743,920</u>

# COUNTY OF CALHOUN, MICHIGAN

## Combining Statement of Changes in Plan Net Assets

Pension and Other Employee Benefit Trust Funds  
For the Year Ended December 31, 2011

	(735) Employees Defined Benefit	(734) Flexible Benefits	Total
<b>Additions:</b>			
Investment income:			
Change in fair value of investments	\$ (215,603)	\$ -	\$ (215,603)
Interest	213,111	-	213,111
<b>Net investment loss</b>	<u>(2,492)</u>	<u>-</u>	<u>(2,492)</u>
<b>Contributions:</b>			
Employer	847,080	-	847,080
Employee	1,147,811	141,388	1,289,199
<b>Total contributions</b>	<u>1,994,891</u>	<u>141,388</u>	<u>2,136,279</u>
<b>Total additions</b>	<u>1,992,399</u>	<u>141,388</u>	<u>2,133,787</u>
<b>Deductions:</b>			
Pension benefits paid to participants	866,007	-	866,007
Actuarial fees	57,810	-	57,810
Refunds	146,990	-	146,990
Employee reimbursements	-	146,143	146,143
<b>Total deductions</b>	<u>1,070,807</u>	<u>146,143</u>	<u>1,216,950</u>
<b>Net increase (decrease)</b>	921,592	(4,755)	916,837
<b>Net assets held in trust for pension and employee benefits</b>			
Beginning of year	<u>13,780,509</u>	<u>46,574</u>	<u>13,827,083</u>
End of year	<u>\$ 14,702,101</u>	<u>\$ 41,819</u>	<u>\$ 14,743,920</u>

# COUNTY OF CALHOUN, MICHIGAN

## Combining Statement of Assets and Liabilities

Agency Funds  
December 31, 2011

	Trust and Agency	Penal Fines	Inmate Trust
<b>Assets</b>			
Cash and cash equivalents	\$ 919,305	\$ 183,593	\$ 113,799
Accounts receivable	25,000	28,754	-
Due from other governments	-	-	-
	<hr/>	<hr/>	<hr/>
<b>Total assets</b>	<b>\$ 944,305</b>	<b>\$ 212,347</b>	<b>\$ 113,799</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Liabilities</b>			
Accounts payable	\$ 131,881	\$ 101,173	\$ -
Due to individuals and agencies	274,165	-	113,799
Due to other governments	538,259	111,174	-
	<hr/>	<hr/>	<hr/>
<b>Total liabilities</b>	<b>\$ 944,305</b>	<b>\$ 212,347</b>	<b>\$ 113,799</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>



Friend of the Court	District Court	Total
\$ 4,226	\$ 465,587	\$ 1,686,510
-	-	53,754
-	-	-
<u>\$ 4,226</u>	<u>\$ 465,587</u>	<u>\$ 1,740,264</u>

\$ -	\$ -	\$ 233,054
-	465,587	853,551
<u>4,226</u>	<u>-</u>	<u>653,659</u>
<u>\$ 4,226</u>	<u>\$ 465,587</u>	<u>\$ 1,740,264</u>

# COUNTY OF CALHOUN, MICHIGAN

## Agency Funds

Combining Statement of Changes in Assets and Liabilities  
For the Year Ended December 31, 2011

	Beginning Balance	Additions	Reductions	Ending Balance
<i>Trust and Agency Fund</i>				
<b>Assets</b>				
Cash	\$ 854,165	\$ 29,378,302	\$ 29,313,162	\$ 919,305
Accounts receivable	(2,554)	79,471	51,917	25,000
Due from other governments	32,880	4,439	37,319	-
<b>Total assets</b>	<b>\$ 884,491</b>	<b>\$ 29,462,212</b>	<b>\$ 29,402,398</b>	<b>\$ 944,305</b>
<b>Liabilities</b>				
Accounts payable	\$ 172,424	\$ 18,090,678	\$ 18,131,221	\$ 131,881
Due to individuals and agencies	335,920	2,099,178	2,160,933	274,165
Due to other governments	376,147	19,461,116	19,299,004	538,259
<b>Total liabilities</b>	<b>\$ 884,491</b>	<b>\$ 39,650,972</b>	<b>\$ 39,591,158</b>	<b>\$ 944,305</b>
<i>Penal Fines</i>				
<b>Assets</b>				
Cash	\$ 180,399	\$ 608,420	\$ 605,226	\$ 183,593
Accounts receivable	27,629	27,629	26,504	28,754
<b>Total assets</b>	<b>\$ 208,028</b>	<b>\$ 636,049</b>	<b>\$ 631,730</b>	<b>\$ 212,347</b>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 523,542	\$ 422,369	\$ 101,173
Due to other governments	208,028	656,457	753,311	111,174
	<b>\$ 208,028</b>	<b>\$ 1,179,999</b>	<b>\$ 1,175,680</b>	<b>\$ 212,347</b>
<i>Sheriff Inmate Trust Fund</i>				
<b>Assets</b>				
Cash and cash equivalents	\$ 207,894	\$ 95,443	\$ 189,538	\$ 113,799
<b>Liabilities</b>				
Due to individuals and agencies	\$ 207,894	\$ 2,753,808	\$ 2,847,903	\$ 113,799

(continued...)

# COUNTY OF CALHOUN, MICHIGAN

## Agency Funds

Combining Statement of Changes in Assets and Liabilities  
For the Year Ended December 31, 2011

	Beginning Balance	Additions	Reductions	Ending Balance
<i>Friend of the Court Fund</i>				
<b>Assets</b>				
Cash and cash equivalents	\$ 7,797	\$ 1,012,756	\$ 1,016,327	\$ 4,226
<b>Liabilities</b>				
Due to individuals and agencies	\$ 7,797	\$ 1,012,756	\$ 1,016,327	\$ 4,226
<i>District Court Fund</i>				
<b>Assets</b>				
Cash and cash equivalents	\$ 463,795	\$ 6,437,419	\$ 6,435,627	\$ 465,587
<b>Liabilities</b>				
Due to individuals and agencies	\$ 463,795	\$ 6,437,419	\$ 6,435,627	\$ 465,587
<i>Total All Agency Funds</i>				
<b>Assets</b>				
Cash and cash equivalents	\$ 1,714,050	\$ 37,532,340	\$ 37,559,880	\$ 1,686,510
Accounts receivable	25,075	107,100	78,421	53,754
Due from other governments	32,880	4,439	37,319	-
<b>Total assets</b>	<b>\$ 1,772,005</b>	<b>\$ 37,643,879</b>	<b>\$ 37,675,620</b>	<b>\$ 1,740,264</b>
<b>Liabilities</b>				
Accounts payable	\$ 172,424	\$ 18,614,220	\$ 18,553,590	\$ 233,054
Due to individuals and agencies	1,015,406	12,303,161	12,460,790	857,777
Due to other governments	584,175	20,117,573	20,052,315	649,433
<b>Total liabilities</b>	<b>\$ 1,772,005</b>	<b>\$ 51,034,954</b>	<b>\$ 51,066,695</b>	<b>\$ 1,740,264</b>

This page intentionally left blank.

## 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.

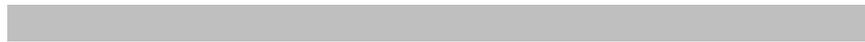
*Lake Level Revolving* -- This fund is used to account for money advanced for engineering and other preliminary costs of a lake level project.

# COUNTY OF CALHOUN, MICHIGAN

## Water Resources Commission Component Unit

Statement of Net Assets / Governmental Funds Balance Sheet  
December 31, 2011

	Capital Projects Funds		
	County Drain	Lake Level	Drain Revolving
<b>Assets</b>			
Cash and cash equivalents	\$ 468,867	\$ (152,777)	\$ 66,000
Receivables:			
Accounts	765	-	-
Accrued interest	30	7	-
Special assessments	2,750,500	220,492	-
Capital assets, net	-	-	-
<b>Total assets</b>	<b>\$ 3,220,162</b>	<b>\$ 67,722</b>	<b>\$ 66,000</b>
<b>Liabilities</b>			
Accounts payable	\$ 90,829	\$ 105	\$ -
Accrued liabilities	1,098	66	-
Advance from primary government	-	-	66,000
Deferred revenue	3,005,595	235,136	-
Long-term debt:			
Due in one year	-	-	-
Due in more than one year	-	-	-
<b>Total liabilities</b>	<b>3,097,522</b>	<b>235,307</b>	<b>66,000</b>
<b>Fund balances</b>			
Unreserved, undesignated (deficit)	122,640	(167,585)	-
<b>Total liabilities and fund balances</b>	<b>\$ 3,220,162</b>	<b>\$ 67,722</b>	<b>\$ 66,000</b>
<b>Net assets</b>			
Invested in capital assets, net of related debt			
Unrestricted			
<b>Total net assets</b>			



Capital Projects Funds				
Lake Level Revolving	Total	Adjustments	Statement of Net Assets	
\$ 10,600	\$ 392,690	\$ -	\$ 392,690	
-	765	-	765	
-	37	-	37	
-	2,970,992	-	2,970,992	
-	-	6,175,575	6,175,575	
<u>\$ 10,600</u>	<u>\$ 3,364,484</u>	<u>6,175,575</u>	<u>9,540,059</u>	
\$ -	\$ 90,934	\$ -	\$ 90,934	
-	1,164	94,269	95,433	
10,600	76,600	-	76,600	
-	3,240,731	(3,240,731)	-	
-	-	1,205,563	1,205,563	
-	-	2,096,091	2,096,091	
10,600	3,409,429	155,192	3,564,621	
-	(44,945)	44,945	-	
<u>\$ 10,600</u>	<u>\$ 3,364,484</u>			
		2,873,921	2,873,921	
		3,101,517	3,101,517	
		<u>\$ 5,975,438</u>	<u>\$ 5,975,438</u>	

# COUNTY OF CALHOUN, MICHIGAN

## Water Resources Commission Component Unit

Reconciliation of Fund Balances of  
Governmental Funds to Net Assets  
December 31, 2011

Fund balances - total capital projects funds	\$ (44,945)
Amounts reported in the statement of net assets are different because:	
Capital assets are not financial resources, and therefore not reported in the funds. Capital assets being depreciated, net	6,175,575
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 revenues in the capital projects funds, and thus are not included in fund balance. Deferred special assessments receivable	3,240,731
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	(2,096,091) (1,205,563) <u>(94,269)</u>
Net assets	<u>\$ 5,975,438</u>

This page intentionally left blank.

# COUNTY OF CALHOUN, MICHIGAN

## Water Resources Commission Component Unit

Statement of Activities / Governmental Funds Revenue, Expenditures  
and Changes in Fund Balance  
For the Year Ended December 31, 2011

	Capital Projects Funds		
	County Drain	Lake Level	Drain Revolving
<b>Revenue</b>			
Special assessments	\$ 683,680	\$ 82,027	\$ -
Interest and rentals	29,844	98	-
<b>Total revenue</b>	<u>713,524</u>	<u>82,125</u>	<u>-</u>
<b>Expenditures/Expense</b>			
Public works	1,087,887	36,990	-
Debt service:			
Principal	550,872	169,000	-
Interest and fiscal charges	126,965	43,720	-
<b>Total expenditures/expenses</b>	<u>1,765,724</u>	<u>249,710</u>	<u>-</u>
Revenue under expenditures	(1,052,200)	(167,585)	-
<b>Other financing sources</b>			
Note proceeds	1,649,100	-	-
Change in net assets / fund balance	596,900	(167,585)	-
<b>Net assets / fund balances (deficit) -</b>			
Beginning of year	<u>(474,260)</u>	<u>-</u>	<u>-</u>
End of year	<u>\$ 122,640</u>	<u>\$ (167,585)</u>	<u>\$ -</u>



Capital Projects Funds			
Lake Level Revolving	Total	Adjustments	Statement of Activities
\$ -	\$ 765,707	\$ 430,794	\$ 1,196,501
-	29,942	-	29,942
-	795,649	430,794	1,226,443
-	1,124,877	(827,086)	297,791
-	719,872	(719,872)	-
-	170,685	(66,367)	104,318
-	2,015,434	(1,613,325)	402,109
-	(1,219,785)	2,044,119	824,334
-	1,649,100	(1,649,100)	-
-	429,315	395,019	824,334
-	(474,260)	5,625,364	5,151,104
\$ -	\$ (44,945)	\$ 6,020,383	\$ 5,975,438

# COUNTY OF CALHOUN, MICHIGAN

## Water Resources Commission Component Unit

Reconciliation of the Statement of Revenue, Expenditures  
and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities  
For the Year Ended December 31, 2011

Net change in fund balances - total capital projects funds	\$ 429,315
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	954,297
Depreciation expense	(127,211)
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	430,794
Bond proceeds provided current financial resources to capital projects funds, but issuing debt increases long-term liabilities in the statement of net assets. 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	719,872
Proceeds from the issuance of notes payable	(1,649,100)
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>66,367</u>
Change in net assets	<u><u>\$ 824,334</u></u>

## 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	<u>Page</u>
<b>Financial Trends</b> - <i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	
Schedule 1 - Net Assets by Component	183
Schedule 2 - Changes in Net Assets	184
Schedule 3 - Fund Balances - Governmental Funds	188
Schedule 4 - Changes in Fun Balances - Governmental Funds	190
Schedule 5 - Changes in Fund Balances - General Fund	192
<b>Revenue Capacity</b> - <i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	
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
<b>Debt Capacity</b> - <i>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.</i>	
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
<b>Demographic and Economic Information</b> - <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	
Schedule 13 - Demographic and Economic Statistics	201
Schedule 14 - Principal Employers	202
Schedule 15 - Full-Time Equivalent County Government Employees by Function/Program	203
<b>Operating Information</b> - <i>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.</i>	
Schedule 16 - Operating Indicators by Function/Program	204
Schedule 17 - Capital Asset Statistics by Function/Program	205
Schedule 18 - Schedule of Insurance	206

This page intentionally left blank.

**CALHOUN COUNTY**  
**Net Assets by Component**  
**Last Nine Years (A)**  
*(accrual basis of accounting)*

		2003	2004	2008	2009	2010	2011
<b>Governmental activities</b>							
	Invested in capital assets, net of related debt	\$ 24,917,772	\$ 26,187,657	\$ 26,076,987	\$ 25,589,514	\$ 25,936,451	\$ 25,919,449
	Restricted	3,175,553	7,352,100	8,086,613	5,547,217	4,056,625	2,212,301
	Unrestricted	4,078,915	3,095,329	5,222,655	4,471,520	4,556,514	5,439,110
Total governmental activities net assets		<u>\$ 32,172,240</u>	<u>\$ 36,635,086</u>	<u>\$ 39,386,255</u>	<u>\$ 35,608,251</u>	<u>\$ 34,549,590</u>	<u>\$ 33,570,860</u>
<b>Business-type activities</b>							
	Invested in capital assets, net of related debt	\$ 2,667,701	\$ 2,368,673	\$ 9,959,362	\$ 10,210,371	\$ 9,857,671	\$ 9,834,395
	Restricted	8,150,319	8,150,319	12,100,292	12,210,002	11,845,954	11,305,632
	Unrestricted	14,459,298	15,396,070	9,166,103	9,023,351	10,420,761	12,319,547
Total business-type activities net assets		<u>\$ 25,277,318</u>	<u>\$ 25,915,062</u>	<u>\$ 31,225,757</u>	<u>\$ 31,443,724</u>	<u>\$ 32,124,386</u>	<u>\$ 33,459,574</u>
<b>Primary government</b>							
	Invested in capital assets, net of related debt	\$ 27,585,473	\$ 28,556,330	\$ 36,036,349	\$ 35,799,885	\$ 35,794,122	\$ 35,753,844
	Restricted	11,325,872	15,502,419	20,186,905	17,757,219	15,902,579	13,517,933
	Unrestricted	18,538,213	18,491,399	14,388,758	13,494,871	14,977,275	17,758,657
Total primary government net assets		<u>\$ 57,449,558</u>	<u>\$ 62,550,148</u>	<u>\$ 70,612,012</u>	<u>\$ 67,051,975</u>	<u>\$ 66,673,976</u>	<u>\$ 67,030,434</u>

(A) - Calhoun County implemented GASB Statement No. 34 as of and for the year ended December 31, 2003. Accordingly, data prior to 2003 is not available.

Source: Calhoun County Finance Department

**CALHOUN COUNTY**  
**Changes in Net Assets**  
**Last Nine Years (A)**  
*(accrual basis of accounting)*

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b>Expenses</b>				
Governmental activities:				
Legislative	\$ 245,482	\$ 230,854	\$ 235,010	\$ 230,620
Judicial	11,635,598	11,569,900	12,423,746	12,482,683
General government	3,837,550	6,532,765	6,684,366	6,577,864
Public safety	16,317,111	17,320,180	18,481,346	18,139,312
Public works	86,098	81,496	105,166	104,239
Health and welfare	13,456,711	14,241,240	14,834,373	14,017,558
Recreation and cultural	1,304,732	1,285,261	1,286,701	1,489,081
Other activities	2,372,566	211,442	2,174	-
Interest on long-term debt	556,947	416,703	349,726	317,147
Total governmental activities expenses	<u>49,812,795</u>	<u>51,889,841</u>	<u>54,402,608</u>	<u>53,358,504</u>
Business-type activities:				
Medical Care Facility	9,238,743	9,163,132	9,183,020	10,493,607
Delinquent tax collection	154,424	238,944	299,849	279,085
Inmate concessions	575,324	620,706	697,820	664,950
Property description	50,029	52,116	51,299	2,136
Interest on long-term debt	-	-	-	-
Total business-type activities expenses	<u>10,018,520</u>	<u>10,074,898</u>	<u>10,231,988</u>	<u>11,439,778</u>
Total primary government expenses	<u>59,831,315</u>	<u>61,964,739</u>	<u>64,634,596</u>	<u>64,798,282</u>
<b>Program revenues</b>				
Governmental activities:				
Charges for services:				
Legislative	-	-	60	2,647
Judicial	4,068,932	3,971,477	4,093,128	4,252,948
General government	1,772,050	1,608,462	1,628,439	1,508,235
Public safety	5,465,928	5,462,496	5,594,938	6,501,626
Public works	-	-	-	-
Health and welfare	770,827	799,523	812,865	786,829
Recreation and cultural	469,278	438,780	439,650	412,788
Other activities	-	-	-	-
Operating grants and contributions	17,068,133	16,455,320	15,863,153	15,807,506
Capital grants and contributions	-	31,424	-	-
Total governmental activities program revenues	<u>29,615,148</u>	<u>28,767,482</u>	<u>28,432,233</u>	<u>29,272,579</u>
Business-type activities:				
Charges for services:				
Medical Care Facility	8,380,924	8,883,836	8,906,789	10,356,094
Delinquent tax collection	1,532,047	1,306,302	1,596,744	2,143,574
Inmate concession	626,433	707,365	786,296	789,694
Property description	1,293	1,857	1,976	-
Operating grants and contributions	442,177	631,816	1,001,194	1,330,785
Total business-type activities program revenues	<u>10,982,874</u>	<u>11,531,176</u>	<u>12,292,999</u>	<u>14,620,147</u>
Total primary government program revenues	<u>40,598,022</u>	<u>40,298,658</u>	<u>40,725,232</u>	<u>43,892,726</u>
<b>Net (Expense)/Revenue</b>				
Government activities	(20,197,647)	(23,122,359)	(25,970,375)	(24,085,925)
Business-type activities	964,354	1,456,278	2,061,011	3,180,179
Total primary government net expense	<u>(19,233,293)</u>	<u>(21,666,081)</u>	<u>(23,909,364)</u>	<u>(20,905,746)</u>

**Schedule 2  
UNAUDITED**

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$ 259,468	\$ 264,497	\$ 278,218	\$ 250,890	\$ 191,652
12,838,999	13,101,700	13,276,476	12,833,338	12,086,136
6,663,685	7,155,740	7,301,080	8,532,341	7,328,175
19,222,310	20,020,438	20,025,881	20,117,862	20,027,705
98,130	120,455	102,313	127,581	190,315
12,282,729	12,661,937	12,721,317	13,427,197	13,424,228
1,349,696	1,395,784	1,212,391	1,654,434	1,722,165
-	-	-	-	-
574,504	272,244	256,847	240,443	329,792
<u>53,289,521</u>	<u>54,992,795</u>	<u>55,174,523</u>	<u>57,184,086</u>	<u>55,300,168</u>
10,619,996	12,145,234	12,339,701	12,930,706	13,558,494
478,706	484,567	616,862	705,342	1,078,310
628,914	603,588	627,488	673,988	479,629
1,911	1,253	876	930	930
-	-	292,920	301,231	283,975
<u>11,729,527</u>	<u>13,234,642</u>	<u>13,877,847</u>	<u>14,612,197</u>	<u>15,401,338</u>
<u>65,019,048</u>	<u>68,227,437</u>	<u>69,052,370</u>	<u>71,796,283</u>	<u>70,701,506</u>
845	-	46	-	-
4,132,091	3,901,000	3,988,700	3,985,650	3,762,583
1,409,489	1,297,654	1,067,510	1,616,231	1,174,305
6,862,744	7,971,988	7,180,480	7,177,247	7,053,569
-	-	-	-	-
784,818	715,933	759,116	727,069	788,957
353,095	353,486	375,826	448,453	424,084
-	-	-	-	-
14,451,313	12,847,689	12,946,254	16,831,288	16,049,726
-	-	-	-	-
<u>27,994,395</u>	<u>27,087,750</u>	<u>26,317,932</u>	<u>30,785,938</u>	<u>29,253,224</u>
9,875,996	10,423,707	11,427,560	12,269,852	13,744,393
2,156,518	2,555,513	2,579,770	3,072,755	3,318,350
738,156	754,476	814,302	744,102	826,509
-	-	-	-	-
1,196,474	453,690	72,060	103,277	79,383
<u>13,967,144</u>	<u>14,187,386</u>	<u>14,893,692</u>	<u>16,189,986</u>	<u>17,968,635</u>
<u>41,961,539</u>	<u>41,275,136</u>	<u>41,211,624</u>	<u>46,975,924</u>	<u>47,221,859</u>
(25,295,126)	(27,905,045)	(28,856,591)	(26,398,148)	(26,046,944)
<u>2,237,617</u>	<u>952,744</u>	<u>1,015,845</u>	<u>1,577,789</u>	<u>2,567,297</u>
<u>(23,057,509)</u>	<u>(26,952,301)</u>	<u>(27,840,746)</u>	<u>(24,820,359)</u>	<u>(23,479,647)</u>

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b>General Revenues</b>				
Governmental activities:				
Property taxes	\$ 19,314,374	\$ 25,299,765	\$ 24,740,374	\$ 25,284,240
Unrestricted grants and contributions	447,192	486,212	469,410	486,774
Investment earnings	180,688	200,159	400,343	636,463
Gain on sale of capital assets	10,148	150	49,119	5,900
Transfers	1,112,441	1,604,755	1,989,009	1,863,778
Total governmental activities	<u>21,064,843</u>	<u>27,591,041</u>	<u>27,648,255</u>	<u>28,277,155</u>
Business-type activities:				
Property taxes	761,311	786,221	880,423	917,934
Investment earnings	-	-	-	-
Transfers	(1,112,441)	(1,604,755)	(1,989,009)	(1,864,117)
Total business-type activities	<u>(351,130)</u>	<u>(818,534)</u>	<u>(1,108,586)</u>	<u>(946,183)</u>
Total primary government	<u>20,713,713</u>	<u>26,772,507</u>	<u>26,539,669</u>	<u>27,330,972</u>
<b>Change in Net Assets</b>				
Government activities	867,196	4,468,682	1,677,880	4,191,230
Business-type activities	613,224	637,744	952,425	2,233,996
Total primary government	<u>\$ 1,480,420</u>	<u>\$ 5,106,426</u>	<u>\$ 2,630,305</u>	<u>\$ 6,425,226</u>

(A) - Calhoun County implemented GASB Statement No. 34 as of and for the year ended December 31, 2003. Accordingly, data prior to 2003 is not available.

Source: Calhoun County Finance Department

**Schedule 2  
UNAUDITED**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$	22,437,356	\$ 22,440,230	\$ 22,759,037	\$ 22,893,128	\$ 22,249,038
	512,072	541,822	554,629	561,128	591,065
	622,787	289,912	49,710	1,400	27,591
	676	-	-	-	-
	1,658,333	1,520,708	1,714,633	1,883,831	2,200,520
	<u>25,231,224</u>	<u>24,792,672</u>	<u>25,078,009</u>	<u>25,339,487</u>	<u>25,068,214</u>
	929,771	995,653	919,795	976,111	946,455
	-	-	-	16,762	11,436
	<u>(1,658,333)</u>	<u>(1,528,500)</u>	<u>(1,717,673)</u>	<u>(1,890,000)</u>	<u>(2,190,000)</u>
	<u>(728,562)</u>	<u>(532,847)</u>	<u>(797,878)</u>	<u>(897,127)</u>	<u>(1,232,109)</u>
	<u>24,502,662</u>	<u>24,259,825</u>	<u>24,280,131</u>	<u>24,442,360</u>	<u>23,836,105</u>
	(63,902)	(3,112,373)	(3,778,582)	(1,058,661)	(978,730)
	<u>1,509,055</u>	<u>419,897</u>	<u>217,967</u>	<u>680,662</u>	<u>1,335,188</u>
\$	<u>1,445,153</u>	<u>\$ (2,692,476)</u>	<u>\$ (3,560,615)</u>	<u>\$ (377,999)</u>	<u>\$ 356,458</u>

**CALHOUN COUNTY**  
**Fund Balances - Governmental Funds**  
**Last Nine Years (A)**

*(modified accrual basis of accounting)*

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b>General Fund</b>				
Reserved	\$ 77,200	\$ 76,600	\$ 76,600	\$ 77,520
Unreserved	3,171,366	2,281,002	1,952,034	2,912,949
Nonspendable	-	-	-	-
Unassigned	-	-	-	-
Total general fund	<u>\$ 3,248,566</u>	<u>\$ 2,357,602</u>	<u>\$ 2,028,634</u>	<u>\$ 2,990,469</u>
<b>All Other Governmental Funds</b>				
Reserved	\$ -	\$ 9,659	\$ 5,312	\$ 38,503
Unreserved, reported in:				
Special revenue funds	2,395,502	7,226,693	9,624,240	12,375,818
Debt service funds	772,821	12,167	129,783	123,662
Capital project funds	-	-	-	-
Permanent funds	37,864	38,002	38,453	2,304
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Total all other governmental funds	<u>\$ 3,206,187</u>	<u>\$ 7,286,521</u>	<u>\$ 9,797,788</u>	<u>\$ 12,540,287</u>

(A) - Calhoun County implemented GASB Statement No. 34 as of and for the year ended December 31, 2003. Accordingly, data prior to 2003 is not available.

(B) - Calhoun County implemented GASB Statement No. 54 in 2011

Source: Calhoun County Finance Department

**Schedule 3  
UNAUDITED**

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$ 77,180	\$ 77,225	\$ 79,536	\$ 86,261	\$ -
3,458,805	3,846,820	3,779,909	3,935,468	-
-	-	-	-	89,534
-	-	-	-	4,178,104
<u>\$ 3,535,985</u>	<u>\$ 3,924,045</u>	<u>\$ 3,859,445</u>	<u>\$ 4,021,729</u>	<u>\$ 4,267,638</u>
\$ 64,050	\$ 55,518	\$ 60,101	\$ 57,658	\$ -
10,297,586	7,984,985	5,437,098	3,998,967	-
4,691	7,580	7,881	8,079	-
-	-	276,476	1,451,863	-
1,456	1,806	1,332	1,184	-
-	-	-	-	24,367
-	-	-	-	5,592,255
<u>\$ 10,367,783</u>	<u>\$ 8,049,889</u>	<u>\$ 5,782,888</u>	<u>\$ 5,517,751</u>	<u>\$ 5,616,622</u>

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b>Revenues</b>					
Taxes and Special Assessments	\$ 19,482,824	\$ 19,706,493	\$ 25,559,576	\$ 24,734,469	\$ 25,168,976
Licenses and permits	412,396	3,180,063	3,591,686	4,347,485	397,905
Intergovernmental	16,377,836	12,597,492	11,889,121	10,787,120	14,150,759
Charges for services	10,577,756	10,827,782	10,662,423	10,677,921	11,885,817
Fines and forfeits	1,069,140	950,419	810,869	1,149,638	1,066,578
Interest and rents	533,812	840,193	674,843	596,957	1,016,798
Other revenues	2,089,614	1,546,983	1,482,186	1,804,723	2,104,470
<b>Total revenues</b>	<u>50,543,378</u>	<u>49,649,425</u>	<u>54,670,704</u>	<u>54,098,313</u>	<u>55,791,303</u>
<b>Expenditures</b>					
Legislative	217,551	195,403	187,300	185,610	188,974
Judicial	10,534,792	10,738,937	10,892,938	11,571,595	11,538,869
General government	5,445,848	10,373,446	5,999,219	6,161,596	6,074,052
Public safety	13,357,586	14,329,568	15,584,368	16,129,522	15,940,259
Public works	74,217	198,143	81,496	105,166	104,239
Health and Welfare	13,990,987	8,883,689	14,398,696	14,815,786	14,123,808
Recreation and cultural	-	1,094,946	1,104,299	1,200,254	1,430,257
Other activities	3,354,903	2,372,566	2,537,423	2,390,705	2,339,609
Debt service:					
Principal	2,279,416	3,677,737	2,085,571	624,042	676,077
Interest and fiscal charges	712,096	564,769	422,985	356,827	324,464
Bond issuance costs	-	-	-	-	-
Capital outlay	412,460	536,599	695,465	839,730	1,082,921
Less: Reimbursements	-	-	-	-	-
<b>Total expenditures</b>	<u>50,379,856</u>	<u>52,965,803</u>	<u>53,989,760</u>	<u>54,380,833</u>	<u>53,823,529</u>
Revenues over (under) expenditures	<u>163,522</u>	<u>(3,316,378)</u>	<u>680,944</u>	<u>(282,520)</u>	<u>1,967,774</u>
<b>Other financing sources (uses)</b>					
Issuance of refunding bonds	-	-	-	-	-
Discount on refunding bonds	-	-	-	-	-
Payment to refunding bond escrow agent	-	-	-	-	-
Capital lease proceeds	-	-	67,000	45,000	28,860
Sale of capital assets	-	-	-	-	-
Proceeds from issuance of long-term debt	-	-	-	-	-
Discount on issuance of long-term debt	-	-	-	-	-
Transfers in	7,534,019	8,157,974	10,117,868	10,820,769	10,492,532
Transfers out	(5,608,885)	(6,961,172)	(7,670,606)	(8,504,284)	(8,739,832)
Transfer to comp unit	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>1,925,134</u>	<u>1,196,802</u>	<u>2,514,262</u>	<u>2,361,485</u>	<u>1,781,560</u>
<b>Net changes in fund balances</b>	<u>\$ 2,088,656</u>	<u>\$ (2,119,576)</u>	<u>\$ 3,195,206</u>	<u>\$ 2,078,965</u>	<u>\$ 3,749,334</u>
Debt services as a percentage of noncapital expenditures	<u>6.0%</u>	<u>8.1%</u>	<u>4.7%</u>	<u>1.8%</u>	<u>1.9%</u>

Source: Calhoun County Finance Department

**Schedule 4  
UNAUDITED**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$	21,400,223	\$ 22,478,088	\$ 22,657,267	\$ 22,979,378	\$ 22,268,995
	392,035	394,030	395,878	402,664	438,729
	12,568,945	11,530,118	11,842,963	15,968,120	15,189,151
	11,946,966	12,717,043	11,902,986	11,945,702	11,731,043
	988,473	964,055	908,873	913,638	845,384
	765,357	353,734	56,608	10,735	26,652
	2,417,036	2,042,352	1,867,276	2,319,747	1,825,650
	<u>50,479,035</u>	<u>50,479,420</u>	<u>49,631,851</u>	<u>54,539,984</u>	<u>52,325,604</u>
	219,096	216,517	225,825	211,400	153,165
	12,107,452	12,184,736	12,210,472	11,935,289	11,101,631
	6,332,872	6,648,296	6,550,295	7,880,304	6,541,598
	17,032,519	17,574,031	17,485,169	17,860,378	17,604,936
	98,130	120,455	102,313	127,581	190,315
	12,937,365	12,694,322	12,693,853	13,666,404	13,286,643
	1,213,583	1,229,966	1,038,774	1,515,904	1,791,413
	2,435,509	2,384,940	2,477,713	113,599	53,923
	710,349	564,963	353,845	464,594	748,920
	293,036	138,127	379,277	280,954	427,469
	-	172,464	-	84,761	-
	439,715	416,476	404,020	7,818,968	860,695
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>53,819,626</u>	<u>54,345,293</u>	<u>53,921,556</u>	<u>61,960,136</u>	<u>52,760,708</u>
	<u>(3,340,591)</u>	<u>(3,865,873)</u>	<u>(4,289,705)</u>	<u>(7,420,152)</u>	<u>(435,104)</u>
	-	6,855,000	-	-	-
	-	(73,282)	-	-	-
	-	(6,609,254)	-	16,049,726	-
	16,445	33,759	-	259,960	110,971
	-	-	-	22,203	20,590
	-	-	-	7,000,000	-
	-	-	-	(63,000)	-
	10,817,012	10,689,617	11,144,291	11,326,588	9,773,863
	(9,119,854)	(8,959,801)	(9,186,766)	(11,228,452)	(9,125,540)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>1,713,603</u>	<u>1,936,039</u>	<u>1,957,525</u>	<u>23,367,025</u>	<u>779,884</u>
\$	<u>(1,626,988)</u>	<u>\$ (1,929,834)</u>	<u>\$ (2,332,180)</u>	<u>\$ 15,946,873</u>	<u>\$ 344,780</u>
	<u>1.9%</u>	<u>1.3%</u>	<u>1.4%</u>	<u>1.4%</u>	<u>2.3%</u>

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>Revenues</b>						
Taxes	\$ 14,255,700	\$ 15,253,145	\$ 15,585,141	\$ 15,933,547	\$ 16,449,007	\$ 17,941,376
Licenses and permits	77,441	72,586	84,729	93,439	76,368	69,367
Intergovernmental	6,017,173	5,441,526	4,323,001	3,009,127	2,972,748	3,026,542
Charges for services	9,652,108	10,033,582	9,887,270	9,876,911	10,884,532	11,073,182
Fines and forfeits	1,061,352	895,844	800,899	1,117,372	1,039,297	959,290
Interest and rents	232,873	179,922	199,462	316,649	378,759	310,609
Other revenues	662,400	625,894	603,932	966,515	1,033,703	1,153,374
<b>Total revenues</b>	<u>31,959,047</u>	<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>
<b>Expenditures</b>						
Legislative	217,551	195,403	187,300	185,610	188,974	219,096
Judicial	7,316,118	7,518,324	7,880,352	8,156,960	8,072,594	8,426,653
General government	5,445,848	5,635,978	5,999,219	6,161,596	6,074,052	6,332,872
Public safety	11,021,344	11,781,114	12,677,734	12,926,533	12,935,873	14,130,604
Public works	74,217	86,098	81,496	105,166	104,239	98,130
Health and welfare	857,107	894,540	885,481	909,717	943,284	689,356
Other activities	2,314,669	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	225,800	153,947	223,758	139,064	161,241	185,904
Less: reimbursements	-	-	-	-	9,261	-
<b>Total expenditures</b>	<u>27,472,654</u>	<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>4,486,393</u>	<u>3,865,155</u>	<u>1,142,133</u>	<u>343,680</u>	<u>2,023,845</u>	<u>1,999,841</u>
<b>Other financing sources (uses)</b>						
Proceeds from capital leases	-	-	-	-	28,860	16,445
Transfers in	2,286,656	1,214,485	3,978,007	4,974,613	4,720,992	4,704,474
Transfers out	(5,496,227)	(5,492,367)	(6,005,268)	(5,647,261)	(5,811,862)	(6,175,244)
Transfers to component unit	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>(3,209,571)</u>	<u>(4,277,882)</u>	<u>(2,027,261)</u>	<u>(672,648)</u>	<u>(1,062,010)</u>	<u>(1,454,325)</u>
<b>Net changes in fund balances</b>	<u>\$ 1,276,822</u>	<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**

<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
\$ 18,778,923	\$ 18,967,117	\$ 18,812,426	\$ 18,211,018
82,026	92,305	93,879	92,058
2,323,593	2,709,617	4,952,000	5,401,082
11,875,775	10,988,413	11,001,832	10,581,689
944,600	839,661	886,690	840,519
176,391	36,131	369	22,023
972,166	956,538	1,969,788	1,675,482
<u>35,153,474</u>	<u>34,589,782</u>	<u>37,716,984</u>	<u>36,823,871</u>
216,517	225,825	211,400	153,165
8,307,102	8,244,694	8,038,744	7,445,094
6,648,296	6,541,615	7,298,645	6,294,129
15,159,727	14,875,384	15,631,942	15,739,866
120,455	102,313	127,581	190,315
656,654	985,895	922,021	968,405
2,383,042	2,459,207	113,294	53,815
28,308	13,845	18,717	6,629
1,359	1,527	669	848
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>1,451,698</u>	<u>991,318</u>	<u>5,313,277</u>	<u>5,971,605</u>
33,759	-	21,147	-
4,833,977	4,987,276	4,259,797	3,138,198
(5,931,374)	(6,043,194)	(9,431,937)	(8,863,894)
-	-	-	-
-	-	16,049,726	-
<u>(1,063,638)</u>	<u>(1,055,918)</u>	<u>(5,150,993)</u>	<u>(5,725,696)</u>
<u>\$ 388,060</u>	<u>\$ (64,600)</u>	<u>\$ 162,284</u>	<u>\$ 245,909</u>

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

<b>Year</b>	<b>Residential Property</b>	<b>Commercial Property</b>	<b>Industrial Property</b>	<b>Agriculture Property</b>	<b>Development Property</b>	<b>Personal Property</b>	<b>Total Assessed and Actual Value</b>	<b>Total Direct Tax Rate</b>
2002	\$ 2,117,143	\$ 501,549	\$ 172,685	\$ 276,432	\$ 2,860	\$ 549,719	\$ 3,620,388	6.6713
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

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)*

		2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>County direct rates</b>											
Operation		5.37	5.37	5.37	5.37	5.38	5.38	5.38	5.38	5.38	5.38
Special voted		1.29	1.27	0.99	0.99	0.99	0.99	0.99	0.99	0.99	0.99
Total direct rate		<u>6.66</u>	<u>6.64</u>	<u>6.36</u>	<u>6.36</u>	<u>6.37</u>	<u>6.37</u>	<u>6.37</u>	<u>6.37</u>	<u>6.37</u>	<u>6.37</u>
<b>Overlapping rates</b>											
Cities:											
Albion		18.30	18.37	20.07	19.97	19.97	19.67	17.87	17.87	17.87	17.88
Albion - RZ		-	-	-	-	1.20	1.20	7.49	1.00	1.00	-
Battle Creek		13.00	13.00	13.00	13.92	14.48	14.48	14.48	14.48	14.48	14.74
Battle Creek - RZ		0.97	3.14	2.55	2.69	3.25	5.95	5.95	5.95	-	-
Battle Creek - DNR PILT		-	-	-	-	-	-	-	-	-	-
Marshall		16.76	16.76	16.73	16.76	16.76	16.76	16.76	16.76	16.89	16.89
Marshall - DDA		1.67	1.67	1.67	1.61	2.11	2.11	2.11	2.10	16.89	16.89
Springfield		15.00	14.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00
Townships (average)	(A)	1.66	1.65	1.70	1.69	1.93	1.75	1.69	1.69	1.56	1.73
Villages (average)	(B)	13.24	13.07	12.88	12.50	12.80	12.67	12.67	10.47	12.67	14.85
School districts (average)	(C)	22.70	22.86	23.60	23.46	23.33	23.56	23.53	22.05	23.75	29.71
Intermediate school district (average)	(D)	4.49	4.67	4.65	4.94	4.93	4.93	4.99	5.00	5.06	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)	1.75	1.73	2.07	2.06	2.02	2.01	2.04	2.03	2.03	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		3.92	3.87	3.86	3.94	4.38	4.38	4.38	4.38	4.35	4.35
(B) - Rates range from:											
Low		10.34	10.32	9.85	9.85	9.85	9.86	9.85	-	9.85	11.72
High		17.10	16.78	16.47	17.10	16.65	15.97	15.97	15.97	15.97	17.89
(C) - Rates range from:											
Low		18.00	18.00	20.00	20.00	20.00	20.95	20.85	-	21.25	23.30
High		29.87	29.19	28.21	27.35	27.05	27.05	27.05	27.05	27.05	36.10
(D) - Rates range from:											
Low		2.03	2.01	1.99	1.97	1.96	1.96	1.95	1.95	1.95	1.95
High		7.42	8.22	8.17	8.13	8.11	8.10	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		1.50	1.46	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
High		2.00	2.00	2.14	2.12	2.03	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	2011			2002		
	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value
Kellogg Company	\$ 135,794,044	1	3.74%	\$ 167,111,534	1	5.60%
Consumers Energy	69,817,456	2	1.92%	49,889,341	4	1.67%
Post Foods	46,273,404	3	1.28%	51,584,604	3	1.73%
Denso Manufacturing MI Inc	41,085,600	4	1.13%	105,754,898	2	3.55%
Semco Energy	23,696,904	5	0.65%	23,227,356	6	0.78%
Andersons LLC	17,950,260	6	0.49%			
Ralcorp Holdings	15,921,232	7	0.44%	15,324,687	10	0.51%
5775 Beckley Road Holdings, LLD	13,142,500	8	0.36%			
Musashi Auto Parts - Michigan Inc	11,365,200	9	0.31%			
Vector Pipeline, L. P.	10,943,950	10	0.30%	23,414,190	5	0.79%
Technical Auto Parts, Inc.				19,388,948	7	0.65%
II Stanley Co Inc.				19,054,506	8	0.64%
Eaton Corporation				16,700,595	9	0.56%
	<u>\$ 385,990,550</u>		<u>10.64%</u>	<u>\$ 491,450,659</u>		<u>16.48%</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
2002	\$ 15,124,938	\$ 13,781,041	91.11%	\$ 1,309,740	\$ 15,090,781	99.77%
2003	15,612,489	14,220,519	91.08%	1,333,588	15,554,107	99.63%
2004	16,196,573	14,874,267	91.84%	1,273,220	16,147,487	99.70%
2005	16,649,367	15,365,609	92.29%	1,279,266	16,644,875	99.97%
2006	17,472,152	16,264,916	93.09%	1,206,145	17,471,061	99.99%
2007	18,165,735	16,697,148	91.92%	1,433,938	18,131,086	99.81%
2008	18,669,055	17,205,622	92.16%	1,435,349	18,640,971	99.85%
2009	19,084,890	17,538,727	91.90%	1,529,111	19,067,838	99.91%
2010	18,624,477	17,169,537	92.19%	1,427,806	18,597,343	99.85%
2011	18,200,085	16,749,071	92.03%	-	16,749,071	92.03%

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			
2002	\$ 14,840,290	\$ -	\$ 2,785,918	\$ -	\$ 3,000,000	\$ -	\$ 15,054,372	0.41%	108.79
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

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				
2002	\$ 14,840,290	\$ -	\$ 2,785,918	\$ 12,054,372	\$ 2,982,437,725	0.40%	458.72
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%	373.16

Source: Calhoun County Finance Department

**CALHOUN COUNTY**  
**Computation of Net Direct and Overlapping Debt**  
**As of December 31, 2011**

	<b>Gross Amount Outstanding</b>	<b>Self-Supporting or Paid by Benefited Entity</b>	<b>Net Amount Outstanding</b>
<b>Direct debt</b>			
General obligation tax notes	\$ 749,834	\$ -	\$ 749,834
Building authority bonds	5,750,000	-	5,750,000
Medical Care Facility bonds	7,100,000	-	7,100,000
Public Works - water and sewer debt	6,305,000	6,305,000	-
Recovery zone economic development bonds	6,745,000	-	6,745,000
Michigan Transportation Fund notes	670,000	-	670,000
Net direct debt	<u>\$ 27,319,834</u>	<u>\$ 6,305,000</u>	<u>21,014,834</u>
<b>Overlapping debt</b>			
	<b>Debt Outstanding</b>	<b>Percentage Applicable</b>	<b>Government's Share of Overlapping Debt</b>
School districts			
Albion	5,290,000	94.34	4,990,586
Athens	2,850,000	89.51	2,551,035
Battle Creek	62,425,000	100.00	62,425,000
Bellevue	25,127,521	16.36	4,110,862
Climax Scotts	6,052,917	12.84	777,195
Gull Lake	38,394,000	6.93	2,660,704
Harper Creek	69,280,212	100.00	69,280,212
Hastings	24,921,581	0.73	181,928
Homer	21,915,000	97.61	21,391,232
Lakeview Calhoun	47,490,000	100.00	47,490,000
Litchfield	1,525,000	3.45	52,613
Mar Lee	1,885,000	100.00	1,885,000
Marshall	57,240,000	100.00	57,240,000
Olivet	35,821,941	29.95	10,728,671
Pennfield	36,541,160	97.82	35,744,563
Springport	16,514,212	37.20	6,143,287
Tekonsha	595,000	85.15	506,643
Union City	2,250,000	41.81	940,725
			329,100,256
Intermediate school district	22,185,000	1.02	227,001
Community colleges			
Kellogg Community College	2,200,000	96.46	2,122,120
Library			
Marshall District Library	865,000	100.00	865,000
City	91,500,000	100.00	91,500,000
Township	6,533,000	100.00	6,533,000
Village	706,000	100.00	706,000
Net overlapping debt			<u>431,053,377</u>
<b>Net direct and overlapping debt</b>			<u>\$ 452,068,211</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 2011**

Total assessed value	\$ 4,176,028,729
Debt limit (10% of assessed value)	\$ 417,602,873
Debt applicable to limit	21,014,834
<b>Legal debt margin</b>	<b>\$ 396,588,039</b>

	<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>
2002	\$ 362,038,829	\$ 34,535,290	\$ 327,503,539	9.54%
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%

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>
2002	138,375	3,635,112	26,278	6.0%	27,001
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	4,479,152 (a)	32,915 (a)	7.60%	22,166

(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	2011			2002		
	Employees	Rank	% of Total County Employment	Employees	Rank	% of Total County Employment
Denso International America, Inc.	1,950	1	3.32%	1,515	4	2.30%
Hart - Dole - Inouye Federal Center	1,900	2	3.23%	1,600	3	2.43%
Kellogg Company	1,900	3	3.23%	2,383	1	3.62%
Battle Creek Health System	1,554	4	2.64%	2,109	2	3.20%
Kraft Foods, Post Division	1,500	5	2.55%	1,164	7	1.77%
Battle Creek Public Schools	1,300	6	2.21%	1,200	6	1.82%
Dept of Veterans Affairs Medical Center	1,150	7	1.96%	1,315	5	2.00%
Asmo Manufacturing	700	8	1.19%			
Spartan Stores	700	9	1.19%			
Duncan Aviation	680	10	1.16%			
State Farm Insurance Company				826	8	1.25%
Tokai Rika				750	9	1.14%
I.I. Stanley				750	10	1.14%
	<u>13,334</u>		<u>22.68%</u>	<u>13,612</u>		<u>20.67%</u>

Source: Calhoun County Finance Department.

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

Function/Program	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Legislative										
Board of Commissioners	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	7.00	7.00
Judicial										
Circuit Court	14.75	14.79	14.00	14.75	14.80	14.80	13.80	14.80	14.80	13.75
Circuit Court - Family	11.00	11.00	10.00	10.00	10.00	9.00	8.00	8.00	7.00	11.50
District Court	54.04	55.80	54.23	55.58	56.33	56.60	57.25	58.25	54.03	52.93
Friend of the Court	61.50	59.49	58.83	59.06	59.60	60.00	60.00	60.00	54.00	54.00
Probate Court	9.00	8.88	8.88	9.00	10.00	10.00	10.00	10.00	9.00	7.00
Court Services	4.00	4.00	3.00	3.00	3.00	2.00	2.00	2.00	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	5.35	5.00	5.34	4.00	4.00	4.00	4.00	4.00	3.50
Information & Tech Systems	3.00	4.00	4.00	4.00	3.00	4.00	4.00	3.00	3.00	3.00
Facilities Management	10.00	10.00	10.00	12.00	11.00	12.00	12.00	12.00	12.00	11.00
Corporation Counsel	0.00	0.00	0.00	0.00	1.00	1.00	1.00	1.00	1.00	1.00
Finance	5.00	5.00	5.00	5.00	4.00	5.00	5.00	5.00	5.00	4.00
Equalization	6.34	4.60	6.00	5.00	5.00	3.00	4.50	4.50	5.00	6.00
Human Resources	3.66	4.00	4.00	4.00	4.00	2.00	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	9.00	8.00	9.00	9.00	8.00	8.00
Clerk/Register	10.43	11.50	11.50	11.50	11.50	12.50	12.50	12.50	12.50	11.50
Prosecuting Attorney	29.50	31.50	32.50	31.50	29.50	28.50	27.50	28.50	26.50	24.50
Treasurer	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	7.00	8.00
MSU Extension	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75
Water Resources Commissioner	3.07	3.16	2.97	3.06	3.00	3.00	3.00	3.50	3.70	3.75
Public Safety										
Sheriff	156.35	168.11	171.22	172.40	166.78	171.97	171.75	171.10	165.50	162.50
Community Corrections	8.00	8.50	8.00	8.00	7.00	8.00	8.00	8.00	7.00	7.00
Emergency Management	3.00	3.00	2.00	1.00	2.00	3.00	2.00	2.00	2.00	2.60
Drug Court	1.00	2.00	3.32	4.00	3.50	3.50	3.00	3.50	3.50	3.00
Sobriety Court	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.38
Prosecuting Attorney	11.00	13.30	15.00	12.00	12.00	11.00	11.00	11.00	8.00	10.00
Health & Welfare										
Health Department	64.13	66.64	70.44	64.55	53.48	45.57	44.02	46.32	48.59	60.40
Child Care Fund	48.75	53.19	53.68	49.94	42.90	49.10	46.70	47.70	43.40	36.60
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	<u>558.61</u>	<u>583.55</u>	<u>589.31</u>	<u>580.42</u>	<u>553.13</u>	<u>554.29</u>	<u>550.77</u>	<u>556.42</u>	<u>527.27</u>	<u>530.66</u>

Source: Calhoun County Finance Department

**CALHOUN COUNTY**  
**Operating Indicators by Function/Program**  
**Last Ten Years**

Function/Program	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Judicial</b>										
Circuit Court:										
Number of petitions opened	2,079	2,118	1,931	1,932	1,873	1,762	1,750	1,543	1,471	1,416
Number of dispositions	2,055	2,082	2,003	1,955	2,021	1,940	1,780	1,500	1,437	1,411
Circuit Court - Family Division:										
Number of petitions opened	1,707	1,484	1,523	1,707	1,635	1,694	1,545	1,320	1,365	1,090
Number of dispositions	1,589	1,313	1,541	1,656	1,666	1,808	1,640	1,328	1,329	1,109
District Court:										
New felony cases	2,252	2,052	1,957	2,021	1,933	1,874	1,973	1,901	1,771	1,559
New misdemeanor cases	4,931	4,121	3,763	4,348	4,039	4,166	3,989	3,986	3,538	3,664
New traffic & civil infractions	40,569	34,641	32,644	42,773	35,145	33,294	30,785	32,809	31,652	27,555
New civil cases	9,727	10,266	9,960	10,363	10,270	11,257	11,787	10,864	10,383	10,032
New OWI/OWVI	951	849	731	886	883	733	816	764	820	775
Probate Court:										
Number of active estate and trust cases	466	467	474	461	433	448	474	467	456	448
Number of wills filed for safekeeping	590	731	1,065	1,161	335	421	614	500	310	341
Number of guardianships/conservatorships	2,275	2,216	2,119	2,090	2,036	1,936	1,908	1,937	1,952	1,935
<b>Public Safety (Sheriff):</b>										
Number of incidents	9,918	9,734	11,912	13,868	12,074	11,857	12,636	12,478	12,683	13,945
Number of bookings	12,985	11,916	11,020	11,574	10,810	11,104	11,575	11,679	12,565	10,702
Number of traffic crashes	1,417	1,603	1,722	1,771	1,604	1,811	1,878	1,661	1,465	1,433
Number of fatal crashes	7	4	1	6	6	8	12	9	4	5
Number of animal control calls	--*	--*	--*	--*	--*	--*	--*	987	1,017	661
<b>Health</b>										
Public Health:										
Vaccines administered	21,816	8,459	9,456	9,966	6,884	2,848	4,160	13,753	10,457	9,157
Number of STD clients	2,225	2,335	2,492	2,804	2,523	2,298	2,376	2,604	2,079	1,811
<b>Water Resources</b>										
Drain & Lake Level control structure maintenance projects	57	27	60	46	51	61	69	77	67	76
<b>Seniors</b>										
Number of seniors served										
Health services:	5,497	5,228	4,898	4,613	3,698	3,255	2,834	2,972	2,444	1,535
Access services:	3,230	2,377	1,843	2,322	2,722	3,212	3,286	3,792	5,771	4,567
Home and Community Based Services	-	-	-	-	-	-	-	-	-	1,559

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**

<b>Function/Program</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
<b>Police</b>										
Corrections facility maximum capacity	620	620	620	620	620	620	620	620	620	620
Vehicle patrol units:										
Police service automobiles	21	24	31	33	31	34	38	35	43	40
Animal control	2	2	2	2	2	2	2	2	2	2
Jail	4	5	5	5	5	7	9	8	8	4
<b>Public works</b>										
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
<b>Parks and Recreation</b>										
County Parks	3	3	3	3	3	3	3	3	3	3
Custer Greens Golf Course	1	1	1	1	1	-	-	-	-	-

Source: Calhoun County Finance Department

**CALHOUN COUNTY**  
**Schedule of Insurance**  
**As of December 31, 2011**

<b>Type of Coverage Name of Company</b>	<b>Policy Period</b>	<b>Premium</b>	<b>Description</b>
Michigan Municipal Risk Management Authority (MMRMA)	01/01/11-12/31/11	\$ 625,436	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)	01/01/11-12/31/11	Included	All risk coverage on buildings and contents at replacement cost of \$116,417,848 with an \$11,000 maximum self insurance retention (SIR) per occurrence. Includes burglary as well as perils from flood and earthquake.
Michigan Municipal Risk Management Authority (MMRMA)	01/01/11-12/31/11	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	01/01/11-12/31/11	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	01/01/11-12/31/11	13,609	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.	07/01/10-12/31/13	23,030	TPA for Claims Service.
Citizens Insurance Company of America	01/01/11-12/31/11	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	01/01/11-12/31/11	26,838	TPA for Claims Service.
Long-Term Disability Mutual of Omaha	01/01/11-12/31/11	Varies	Covers all full-time GELC, 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	01/01/10-12/31/11	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 members receive a flat \$50K.
Dental Delta Dental Premier Plan	01/01/11-12/31/11	53.46	100% basic dental, 50% other services (incl Orthodontics), \$1,000 annual limit.
Community Blue Preferred Provider Organization (PPO) Plan 1 Blue Cross/Blue Shield	01/01/11-12/31/11	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, 2011**

<b>Type of Coverage Name of Company</b>	<b>Policy Period</b>	<b>Premium</b>	<b>Description</b>
Community Blue Preferred Provider Organization (PPO) Plan 3 Blue Cross/Blue Shield	01/01/11-12/31/11	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	01/01/11-12/31/11	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	01/01/11-12/31/11	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	01/01/11-12/31/11	244.98	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	01/01/11-12/31/11	404.16	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)	01/01/11-12/31/11	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.

This page intentionally left blank.