



# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**ST. CLAIR COUNTY, MICHIGAN**

**FOR THE YEAR ENDED DECEMBER 31, 2014**

## **Current members of the BOARD OF COMMISSIONERS**

**Jeffrey L. Bohm, Chairperson  
Bill Gratopp, Vice Chairperson  
Howard T. Heidemann  
Greg McConnell  
Tom Reilly  
David Rushing  
Karl Tomion**

**Prepared by:  
ADMINISTRATOR/CONTROLLER'S OFFICE**

**William Kauffman, Administrator/Controller  
Karry Hepting, CPA, Deputy Controller/Finance Director  
Dena Alderdyce, Accounting Manager**

**ST. CLAIR COUNTY, MICHIGAN**

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# COUNTY OF ST. CLAIR

Office of the Administrator/Controller



**WILLIAM KAUFFMAN**  
Administrator/Controller  
bkauffman@stclaircounty.org  
Phone: 810-989-6900

**JENNIFER J. POSEY**  
Administrative Analyst  
jposey@stclaircounty.org  
Phone: 810-989-6343

**KARRY A. HEPTING C.P.A.**  
Deputy Controller  
Finance Director  
khepting@stclaircounty.org  
Phone: 810-989-6905

**DENA S. ALDERDYCE**  
Accounting Manager  
dalderdyce@stclaircounty.org  
Phone: 810-989-6324

**OFFICE ADDRESS:**  
200 Grand River Avenue  
Suite 203  
Port Huron, MI 48060  
Fax: 810-985-3463  
www.stclaircounty.org

June 24, 2015

To the Board of Commissioners and Citizens of St. Clair County

State law requires that every general purpose local government publish, within six months of the close of each fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended December 31, 2014.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed the anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Stewart, Beauvais and Whipple, Certified Public Accountants, have issued an unmodified (“clean”) opinion on St. Clair County’s financial statements for the year ended December 31, 2014. The independent auditor’s report is located at the front of the financial section of this report.

The independent audit of the financial statements of St. Clair County, Michigan was part of a broader, federally mandated “Single Audit” designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in St. Clair County’s separately issued Single Audit Report.

Management’s discussion and analysis (MD&A) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

## **Profile of St. Clair County**

St. Clair County, established in 1820, is located in southeastern Michigan and covers approximately 725 square miles. On the County's eastern border is the sovereign country of Canada, separated by approximately fifty-eight miles of shoreline on Lake Huron, the St. Clair River and Lake St. Clair. The County is less than one hour from downtown Detroit and is the eastern terminus of two major interstate highways, I-94 and I-69, the site of an international airport, two international bridges, two international ferry services, and the site of an international train tunnel. The bridges and train tunnel play an integral part in the "trade corridor" created by the Free Trade Agreement between the United States and Canada. We are the second busiest northern border crossing in America and the third-ranked commercial point of entry in North America. St. Clair County is the nation's principal gateway for international trade with Canada with approximately 27% of total North American land based international trade.

The County has experienced an influx of people from the metropolitan Detroit area, as they looked for an alternative to the "big city" lifestyle. The 2010 census reported the population at 163,040, living in 63,841 households. The Southeastern Michigan Council of Governments currently estimates our population to grow 2.8% between 2010 and 2040, while the region as a whole is projected to grow .8%. The number of jobs in the county is expected to grow by 4.2% by 2015 and 14.2% by 2040. The County is made up of a mix of rural and urban communities, encompassing 9 villages and cities and 23 townships. The county seat is located in Port Huron, which is the largest city in the County, and where a majority of our offices are located.

The County is organized under the various public acts of the State of Michigan and is governed by a seven member Board of Commissioners, elected by district for two-year terms. The Board of Commissioners serve as the legislative body responsible for establishing policy and appropriating funds. The Board of Commissioners appoints an Administrator/Controller who is responsible for carrying out the policies and ordinances of the Board of Commissioners and the day-to-day management of County affairs.

Other elected officials include the Clerk/Register of Deeds, Treasurer, Prosecuting Attorney, Sheriff, Drain Commissioner, and Surveyor. These offices are elected countywide to four-year terms. The Clerk/Register of Deeds is responsible for recording vital statistics, maintaining court records, documents regarding property ownership, and Board of Commissioner proceedings; the Treasurer is responsible for the collection of delinquent taxes, delinquent tax settlements with local units, cash management and investments; the Prosecuting Attorney and Sheriff are responsible for law enforcement; the Drain Commissioner is responsible for construction and maintenance of drains; and the Surveyor is responsible for the proper surveying of the boundaries of land parcels.

The court system consists of the 72<sup>nd</sup> District Court, Probate Court, and the 31<sup>st</sup> Circuit Court (including the Family Division). The 72<sup>nd</sup> District Court, with three judges, has jurisdiction over misdemeanors, ordinance and charter violations, civil cases under \$25,000, traffic infractions, and preliminary examinations in felony cases. The Probate Court, with two judges, is responsible for estates, mental health matters, guardianships, and they act as Circuit

Court Judges for certain domestic matters. The 31<sup>st</sup> Circuit Court, with three judges, has jurisdiction over criminal cases where the minimum penalty is over one year incarceration, civil damage cases over \$25,000, and family matters. All judges are elected, countywide, to staggered six-year terms.

The Board of Commissioners appoints members to the three member Board of Road Commissioners, the three member Department of Public Works Board, the five member Land Bank Authority Board and the twelve member Community Mental Health Authority Board. These boards are governed and controlled by various public acts and statutes, and function as separate entities. Because of these appointments, and the fact that they may receive county appropriations, they are reflected as discretely presented component units in the County's Comprehensive Annual Financial Report, as required by the Governmental Accounting Standards Board.

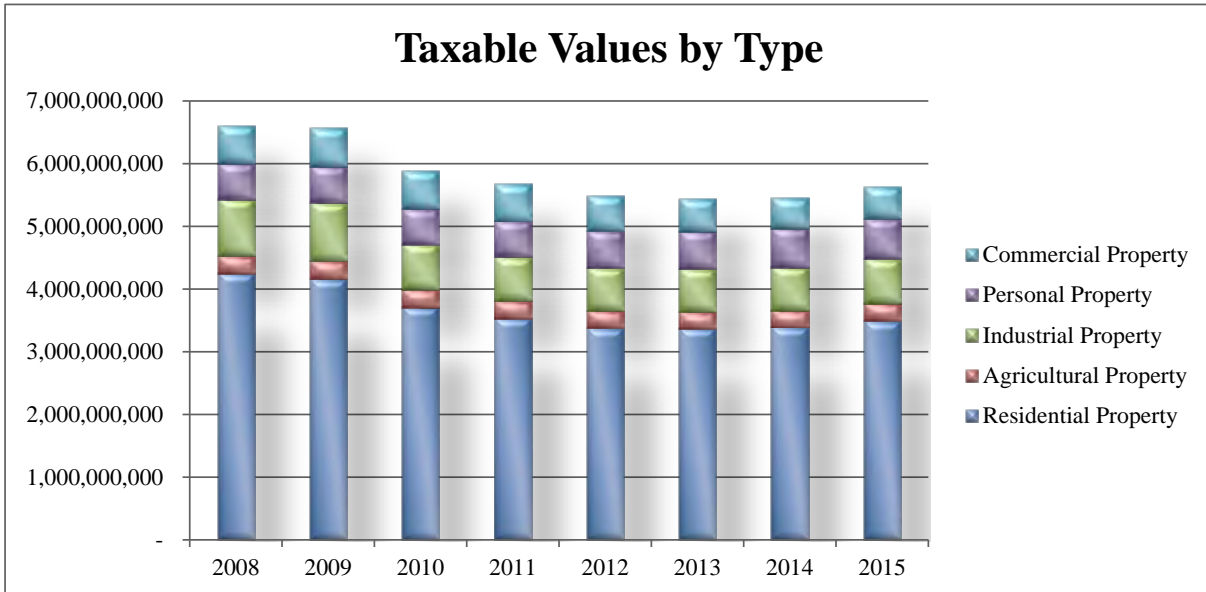
The Board of Commissioners also appoints members to a variety of boards and commissions that have various responsibilities and duties. Some of the more complex of these boards and commissions include the Parks and Recreation Board, the Metropolitan Planning Commission, the Library Board, and the Commission on Aging. The Parks and Recreation Board oversees extra-voted millage monies collected by the County and used for the development and maintenance of a County park system. The Metropolitan Planning Commission oversees the development of the County master plans used for land development in the County. The Library Board oversees extra-voted millage monies, and other monies, collected by the County and used for the operation of our County-wide Library system. The Commission on Aging oversees extra-voted millage monies collected by the County and used for the enrichment of the lives of our senior population.

The County provides a wide range of services that are either mandated by state statute or authorized by the Board of Commissioners. These general areas include Legislative (i.e. Board of Commissioners), Judicial (i.e. Courts, Friend of the Court, and Probation), General Government (i.e. Elections, Equalization, Administration, Prosecuting Attorney, Clerk/Register of Deeds, Treasurer, Drain Commissioner, Buildings and Grounds Maintenance, and Information Technology), Public Safety (i.e. Sheriff, Jail, Emergency Preparedness, and Animal Control), Public Works (Drains, Airport, and Landfill), Health and Welfare (i.e. Health Department, Veteran's Affairs, Public Guardian, and Child Care), Community & Economic Development (i.e. Planning), and Recreation and Culture (i.e. Parks, and Library).

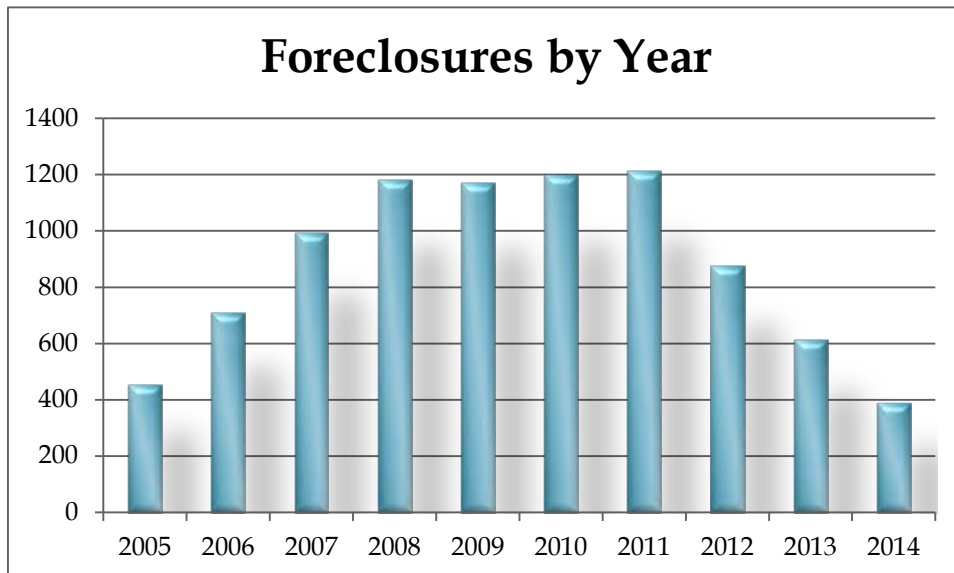
## **Local Economy**

The County, like all governments in Michigan, is still feeling the effects of a general statewide economic downturn. Our manufacturing and industrial base is primarily aimed at the auto industry, which is suffering through a rough economy, and our residential property has been negatively impacted along with all residential properties in southeastern Michigan. As the State of Michigan struggles to get their budgets in order, less State money is made available to local governments for programs and operations. In fact, in 2014 we were again the recipients of reductions in a number of state supported programmatic revenues.

For the first time since 2008, most of the local units of government in St. Clair County experienced an increase in taxable property values in 2014. The County overall experienced an increase in taxable value of 2% in 2014 from 2013. The upward trend is expected to continue with a 3% increase in taxable values in 2015. The chart below illustrates the changes in taxable values by property type.



The decline in residential property was driven by record high home foreclosures throughout the county. In 2014 the County had 387 foreclosure filings, which is a 37% decrease from the 2013. It appears foreclosures reached their peak in 2011 with 1,211 filings and the downward trend is continuing.



They County's stability can be measured by the new national and regional retail businesses that choose to locate in St. Clair County, our population has remained stable, the County general operating millage rate is at lower than authorized levels (due to Headlee rollbacks), the County continues to balance the General Fund Budget without the use of fund balance, the County bond rating continues to be strong and the County continues to maintain a high level of services to our citizens.

The following projects demonstrate the viability of St. Clair County to compete for new growth:

- In early 2014, City Flats Hotel announced they will be transforming a historic building in downtown Port Huron to a boutique hotel and bistro restaurant. The total investment is estimated to be between \$12-\$14 million and will create approximately 50 jobs.
- Amerilodge Group is also in the process of constructing a Holiday Inn Express at the former Water Street Marina site. Site plans include rehabilitating the boat slips that existed at the former marina.
- In early 2014 McLaren Health Care purchased Port Huron hospital. Since then McLaren has announced plans for a \$162 million dollar expansion and renovation project. The plan includes upgrades to the existing patient floors with a redesign of most inpatient services. The project also includes a new patient tower with 70 private rooms, a new emergency center, expanded intensive care and numerous upgrades. The most significant part of the project for the region is the addition of a Karmanos Cancer Institute. The facility is slated to open in the spring of 2016.
- St. Joseph Mercy Hospital has announced it will become part of Prime Health Services. Prime Health Services will be making \$20 million dollars in investments to the current facility as part of sale. The sale is expected to be completed in 2015.
- SMR Automotive Systems continues to expand and add jobs in the City of Port Huron and the City of Marysville. They are quickly becoming one of the County's largest employers with over 750 employees
- LTC Roll and Engineering Company, a supplier to several highly recognized automotive customers, has purchased a facility at the south end of the county. They will be making almost \$9 million dollars in investments to the facility and will create 90 new jobs.
- Eissmann Group Automotive has selected Port Huron as the site for a \$13.55 million Midwest facility expansion. The Eissman Group Automotive Group is a manufacturer of shifter modules trim components and full care interiors. This new facility is expected to create 233 new jobs.

## **Long-term Financial Planning and Major Initiatives**

The County uses a software product for financial forecasting. The model takes a look six years into the future as to where the finances of the County will be. It utilizes known historical information as well as assumptions as to future revenues and expenditures, and has been accurate in its predictions. Administration uses this model to guide us in our budget deliberations and it is updated as new information is received. We also update the Board of Commissioner's at public meetings as to what is expected to happen financially in the County over the next several years. This information is extremely valuable to the Board as they formulate their thinking regarding our future financial position.

We are taking a hard look at the services we provide, and how we provide them, as we formulate our future budgets. The objective is to continue to deliver high quality and relevant services to the citizens of the County. We are looking internally to determine if we are utilizing automation as efficiently as possible, exploring new revenue sources and reducing expenditures where practical.

St. Clair County actively participates in the economic development initiative in the County. The Economic Development Alliance (EDA) is the agency in the County largely responsible for economic development and of which the County is a member. The mission of the EDA is to accelerate economic growth in the region and to support the core values of the St. Clair County Economic Development Strategic Plan which are people, place, and prosperity.

The County implemented a Development Self-Revolving Fund several years ago that makes loans to local units of government or to businesses that want to make significant improvements to local infrastructure to enhance their ability to create or expand the job base in the County.

The County has implemented the conversion of our landfill cell space to new technology that may enable it to become a "perpetual landfill". Using a patented process we inject septage into the new cells at the landfill to promote the aggressive decomposition of refuse. After decomposition the cell will be re-filled with refuse, and the process starts over again. This "bio-reactor" has the potential to ensure landfill space well into the future and the technology developed here will be marketed and sold to other landfills for their use. We have also contracted with a Detroit Edison Company to buy the methane gas created by the advanced decomposition at the landfill to produce electric power. In 2014 the County was granted another research and development permit to construct an additional bioreactor cell. Construction of this cell was completed in spring of 2015. The County is actively working with legislators to move this process from a research and development project, to a normal accepted method of operation.

In 2012 the County entered into a partnership with the City of Port Huron, the Blue Water Area Convention and Visitors Bureau, and JBRE Development to construct a convention center and renovate an existing hotel facility. The convention center is located on the waterfront with scenic views of the St. Clair River, lower Lake Huron and the Blue Water Bridges international crossing. The convention center is owned by the County. The County

has contracted with SMG to manage the operations of the facility. The Hilton Doubletree hotel along with Freighters restaurant is owned and operated by private investors.



Baker College has also partnered on this project to construct a culinary arts school on the same campus. The facility includes instructional kitchens and all required support facilities including classrooms, a multi-purpose room, staff offices and a student lounge. In addition, it houses a 50-seat educational restaurant that functions for three quarters of the year, allowing students to practice their craft in a real-world restaurant, and giving the public the opportunity to sample creative offerings that represent the results of Baker's outstanding culinary program. Students at the school will be able to intern at the convention center, hotel and restaurant as part of their curriculum.

Baker College opened for classes in the fall of 2013. The hotel and Freighters restaurant along with the existing ballroom facilities also opened in 2013. The new convention center portion of the facility opened in April of 2015. The County has already hosted several large events including the 2015 Best of Michigan Awards and was featured in Michigan Events and Meetings Magazine.

St. Clair County Blueways Island Loop Route, was selected as a National Water Trail by the Department of the Interior in 2014. This is the first National Water Trail in Michigan, and one of only fourteen in the nation. The trail crosses four different bodies of water and travels along the international border with Canada. This National Water Trail designation along with the County's award winning blueways website is quickly gaining statewide and national attention. The website showcases 16 different paddling routes over 138 miles of water in St. Clair County's blueways, and ties recreational resources to points of interest (including hotels, restaurants, museums and other cultural resources) that are near the route. In total St. Clair County has 16 different unique water trails with five ADA kayak launches. Six more ADA launches will be completed this summer. More information can be found at [www.bluewaysofstclair.org](http://www.bluewaysofstclair.org).



In 2014 the County was selected by Pure Michigan and Google to showcase the Island Loop National Water Trail and the Fort Gratiot Light Station. St. Clair County boasts two of the thirteen locations selected by Pure Michigan and Google to be videotaped using the Trekker technology. The Island Loop National Water Trail was also featured in Canoe and Kayak Magazine.

Many events throughout the year highlight our unique water trails. The most notable event is the annual Paddle and Pour. This event started several years ago with only 28 paddlers and has grown to well over 400 participants.

In 2011 local philanthropist James C. Acheson donated almost one-mile of St. Clair River shoreline property to the Community Foundation of St. Clair County. St. Clair County Parks and Recreation has partnered with the Community Foundation to secure grants to completely restore and rehabilitate approximately 4,300 feet of shoreline. In 2013 this work was completed. This project includes a pedestrian trail that is part of the bridge to bay trail system, a railroad ferry dock and an outdoor classroom. St. Clair County Parks and Recreation has received a one million dollar grant to restore the wetlands at the southern end of the River Walk. Work on the wetlands began in 2014 and is expected to be complete by summer 2015.



### **Relevant Financial Policies**

The Board of Commissioner's has established policies regarding maintenance levels for fund balance in the General and Special Revenue Funds as follows:

The General Fund strives to maintain a Fund Balance with a minimum amount of 15% and a maximum of 20% of the most currently approved General Fund budget. All Special Revenue Funds will maintain a Fund Balance of 10% of the most currently approved budget.

Annually, at the conclusion of the annual audit, these Funds will be reviewed to determine if they are in compliance with the established policy. Any excess funds, other than those in separate millage supported funds and certain grant funds may be reverted back to the General Fund. If the General Fund is at its maximum of 20% the excess funds will be transferred to the Budget Stabilization Fund, the Public Improvement Fund or be retained in the General Fund and be assigned/committed for future budget stabilization.

### **Awards and Acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to St. Clair County for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2013. This was our eleventh consecutive award and our twenty first award overall. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the County Health Department has once again met all standards set by the Michigan Local Public Health Accreditation Program and has been awarded accreditation. This accreditation process looks at a mandatory standards-based system for accrediting local public health departments.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Administrator/Controller's office. We would like to express our appreciation to all members of the department, and various other departments, who assisted and contributed to the preparation of this report. We also express our gratitude to the Board of Commissioners for their interest and support in planning and conducting the financial operation and management of St. Clair County in a responsible and progressive manner.

Respectively submitted,



William Kauffman  
Administrator/Controller

Karry Hepting, CPA  
Deputy Controller/Finance Director

**St. Clair County  
Elected and Appointed Officials**

**Elected Officials**

**Board of Commissioners**

Jeffrey L. Bohm	Chairperson
Bill Gratopp	Vice-Chairperson
Howard T. Heidemann	Member
Greg McConnell	Member
Tom Reilly	Member
David Rushing	Member
Karl Tomion	Member

**31<sup>st</sup> Circuit Court**

Daniel J. Kelly	Chief Judge
Michael West	Circuit Judge
Cynthia A. Lane	Circuit Judge

**72<sup>nd</sup> District Court**

John D. Monaghan	District Judge
Michael L. Hulewicz	District Judge
Cynthia S. Platzer	District Judge

**Probate Court**

Elwood L. Brown	Chief Judge of Probate
John Tomlinson	Judge of Probate

**Other Elected Officials**

Jay DeBoyer	Clerk/Register of Deeds
Robert Wiley	Drain Commissioner
Michael D. Wendling	Prosecuting Attorney
Timothy Donnellon	Sheriff
Steve Bruen	Surveyor
Kelly M. Roberts-Burnett	Treasurer

**Appointed Official**

William Kauffman	Administrator/Controller
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Government Finance Officers Association

**Certificate of  
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for Excellence  
in Financial  
Reporting**

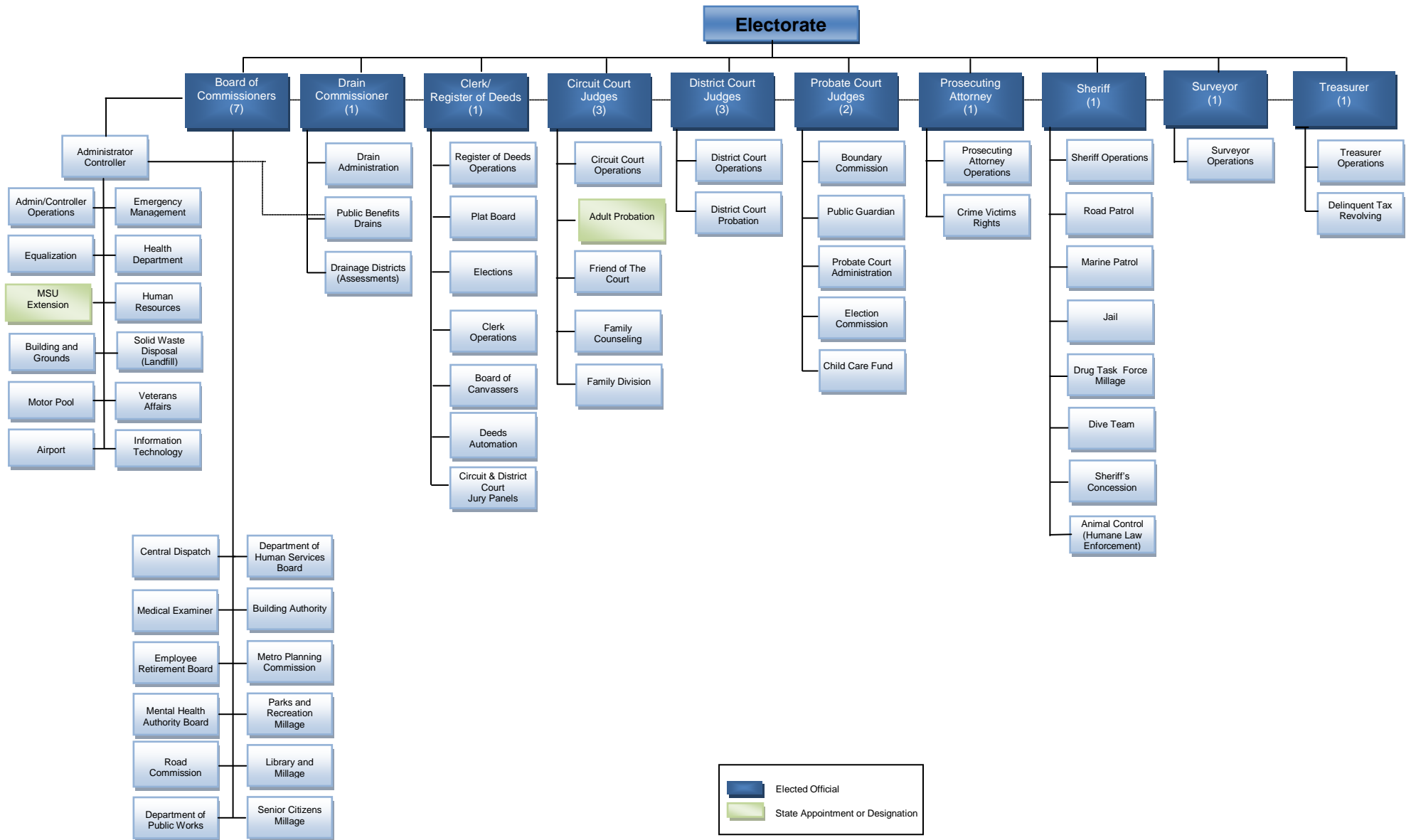
Presented to

**St. Clair County  
Michigan**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2013**

Executive Director/CEO



## INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners  
of St. Clair County  
Port Huron, Michigan

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of St. Clair County, Michigan as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. 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 from material misstatement.

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

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

## ***Opinions***

In our opinion, 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 St. Clair County, Michigan, as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Restatements of Beginning Net Position***

As discussed in Note 18 to the financial statements, the beginning net position of the Business-type activities and the Solid Waste Disposal System Fund has been increased to correct errors in computing the estimated percentage of capacity used for the County landfill. In addition, the beginning net position of the Road Commission and the Drain Commission, discretely presented component units, has been increased to correct errors in the calculation of other postemployment benefits obligation and special assessments receivable, respectively. Our opinion is not modified with respect to these matters.

## ***Implementation of GASB Statement No. 67***

The County implemented the provisions of GASB Statement No. 67, *Financial Reporting for Pension Plans*, in the current year. While there was no effect on the amounts reported in the financial statements themselves, there were substantial changes to disclosures found in Note 10 to the financial statements, including the calculation of the County's net pension liability, which will be required to be recorded by the County in its next fiscal year. Our opinion is not modified with respect to this matter.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-17, the schedules of funding progress, employer contributions, investment returns, changes in net pension liability and related ratios, and County contributions on pages 97-102 and budgetary comparison information on pages 103-108 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise St. Clair County, Michigan's basic financial statements. The combining General Fund schedules, combining and individual nonmajor fund statements and schedules, capital assets used in the operation of governmental funds schedules, combining fund financial statements of the Drainage Districts, the introductory section and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information as listed in the table of contents and presented on pages 109-146 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information presented on pages 109-146 is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2015 on our consideration of St. Clair County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering St. Clair County's internal control over financial reporting and compliance.



Certified Public Accountants

June 24, 2015

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of the County of St. Clair, we offer readers of our financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2014. 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 preceding this narrative, and the accompanying basic financial statements and footnotes.

### **Financial Highlights**

- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at December 31, 2014, by \$86,522,088 (net position). Net position is either restricted for specific purposes or related to the County's investment in capital assets and is not available for spending.
- The total net position decreased by \$1,038,915 mainly due to GASB Statement No 45 requiring governments to report the unfunded annual recommended contribution for other postemployment benefits.
- At December 31, 2014, the County's governmental funds reported combined ending fund balances of \$29,206,818, a decrease of \$4,165,940. Approximately 14% of this amount \$4,035,679 is available for spending at the government's discretion (unassigned fund balance).
- Total outstanding long-term debt increased by \$1,038,157 primarily due to an increase in other post-employment benefit obligations. The increase was offset by a reduction in closure/post-closure liability costs and the normal retirement of debt.
- The Development Revolving Fund as well as the Budget Incentive Fund are included as sub funds of the Combined General Fund and are reflected on pages 109-111. Government Accounting Standards Board requires any fund that is largely supported by transfers from the General Fund be included as part of the General Fund for reporting purposes.
- In 2014 the Board of Commissioners adopted a balanced budget for the 2015 General Fund.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are made up of 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 intended to furnish additional detail to support the basic financial statements themselves.

## **St. Clair County Management's Discussion and Analysis**

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

The statement of net position presents information on all of the County's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused employee vacation leave).

The government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) and 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 legislative, judicial, general government, public safety, public works, health and welfare, community and economic development, recreation and culture, and debt service. The business-type activities of the County include the Airport, Sheriff's Concession, Solid Waste Disposal System, School Tax Collections, Homestead Exemption Audits, and the Delinquent Tax Revolving Funds.

The government-wide financial statements include not only the County itself (known as the primary government) but also a legally separate Community Mental Health Authority, a legally separate Land Bank Authority, a legally separate Road Commission, legally separate Drain Commissioner projects, and a legally separate Department of Public Works 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 government-wide financial statements can be found on pages 18-20 of this report.

**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

## **St. Clair County Management's Discussion and Analysis**

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statements. Governmental funds are reported using the modified accrual method of accounting. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Included are the Combined General Fund, the Special Revenue funds, the Debt Service funds, and the Capital Project funds.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. 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 31 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the Combined General Fund, Parks and Recreation Fund, Library Fund, Senior Citizens Millage Fund, and Mental Health Building Debt Fund, all of which are considered to be major funds. Data for the other 26 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.

As required by state law the County adopts an annual appropriated budget for its General Fund and Special Revenue Funds. Budgetary comparison statements have been provided for these funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 21-26 of this report.

***Proprietary funds.*** Proprietary funds use the accrual basis of accounting, which is the same basis used by private business. 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 enterprise funds to account for the activities of the Airport, Solid Waste Disposal System, Delinquent Tax Revolving, Sheriff's Concession, School Tax Collections, and Homestead Exemption Audits funds.

Internal Service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses an internal service

## **St. Clair County Management's Discussion and Analysis**

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fund to account for its various employee benefits and risk programs. Because these services predominately 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 financial statements provide separate information for the Solid Waste Disposal System and Delinquent Tax Revolving Funds, both of which are considered to be major funds of the County. Individual fund data for the 4 non-major Enterprise Funds is provided in the form of combining statements elsewhere in this report. The County's only Internal Service Fund is presented in the proprietary fund financial statements in the Governmental Activities - Internal Service Fund column.

The basic proprietary fund financial statements can be found on pages 27-30 of this report.

***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 largest of the Fiduciary Funds are the County Basic Retirement System Fund, Other Postemployment Benefits Fund, the Landfill Private-Purpose Trust Fund and the Trust and Agency Fund. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 31-32 of this report.

**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. The notes to the financial statements can be found on pages 37-96 of this report.

**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 and other post-employment benefits to its employees and the budgetary information for the General Fund and three major governmental funds (Special Revenue Funds). This required supplementary information is found on pages 97-108 of this report.

The combining statements referred to earlier in connection with the Combined General Fund, non-major governmental, enterprise and fiduciary funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 109-135 of this report.

**St. Clair County  
Management's Discussion and Analysis**

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**Government-wide Financial Analysis**

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$86,522,088 at December 31, 2014.

**Net Position**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Totals</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>Restated 2013</b>	<b>2014</b>	<b>Restated 2013</b>
Current and Other Assets	62,058,511	65,798,386	41,908,802	40,993,611	103,967,313	106,791,997
Capital Assets, Net of Accumulated Depreciation	96,686,501	93,710,202	24,092,075	21,878,104	120,778,576	115,588,306
<b>Total Assets</b>	<b>158,745,012</b>	<b>159,508,588</b>	<b>66,000,877</b>	<b>62,871,715</b>	<b>224,745,889</b>	<b>222,380,303</b>
<b>Total Deferred Outflows of Resources</b>	<b>1,251,973</b>	<b>1,382,295</b>	<b>-</b>	<b>-</b>	<b>1,251,973</b>	<b>1,382,295</b>
Current Liabilities	6,941,733	5,596,280	1,440,589	651,899	8,382,322	6,248,179
Other Liabilities	104,950,706	103,100,397	13,149,300	13,961,452	118,100,006	117,061,849
<b>Total Liabilities</b>	<b>111,892,439</b>	<b>108,696,677</b>	<b>14,589,889</b>	<b>14,613,351</b>	<b>126,482,328</b>	<b>123,310,028</b>
<b>Total Deferred Inflows of Resources</b>	<b>12,993,446</b>	<b>12,891,567</b>	<b>-</b>	<b>-</b>	<b>12,993,446</b>	<b>12,891,567</b>
<b>Net Position</b>						
Net Investment in capital assets	54,113,631	53,666,594	17,036,315	14,836,193	71,149,946	68,502,787
Restricted	14,037,316	13,539,768	2,734,991	2,416,812	16,772,307	15,956,580
Unrestricted	(33,039,847)	(27,903,723)	31,639,682	31,005,359	(1,400,165)	3,101,636
<b>Total Net Position</b>	<b>35,111,100</b>	<b>39,302,639</b>	<b>51,410,988</b>	<b>48,258,364</b>	<b>86,522,088</b>	<b>87,561,003</b>

**St. Clair County's Net Position**

The largest portion of the County's net position (83 percent) reflects our 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 these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its 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.

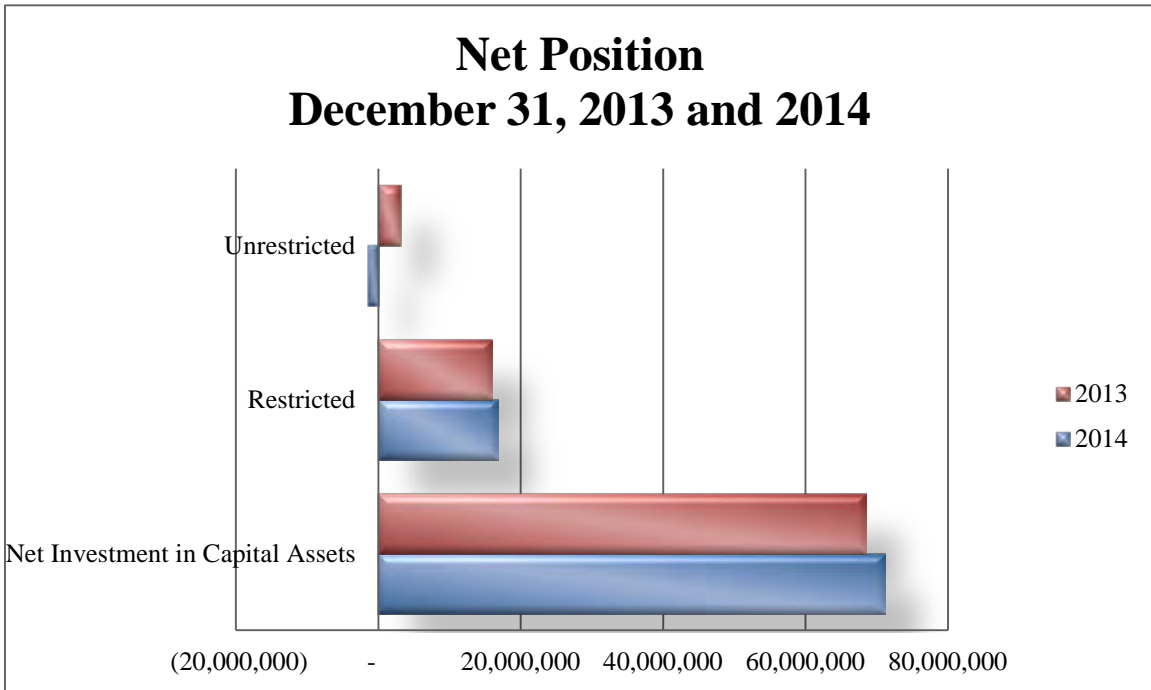
A portion of the County's net position (19 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position has a deficit balance (-2 percent) and is not available to meet the government's

**St. Clair County  
Management's Discussion and Analysis**

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ongoing obligations to citizens and creditors.

The County's net position decreased by \$1,038,915. This decrease was primarily due to the Government Accounting Standards Board Statement Number 45 requiring governments to record their liability for the cost of other post employment benefits (OPEB). The decrease was offset by an increase in business type activities that is described below.



**Governmental Activities.** Governmental activities net position decreased by \$4,191,539. The decrease was primarily due to recording of other post employment benefit expenses of \$4,710,193.

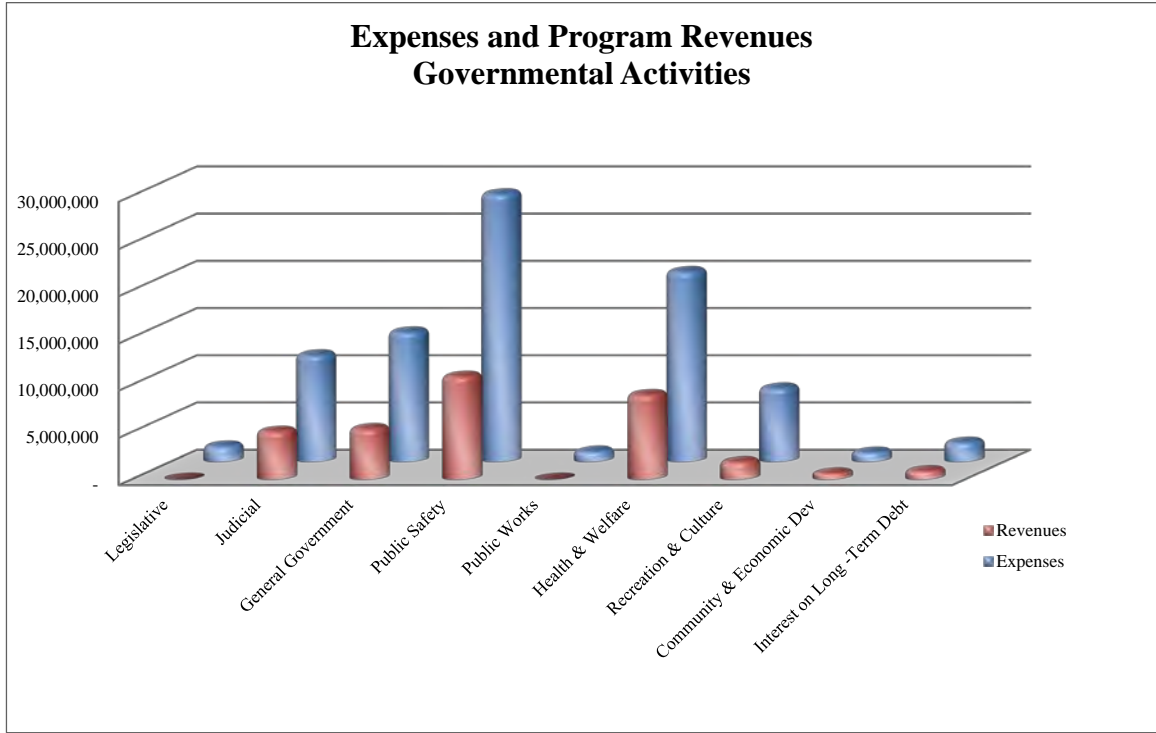
**Business-Type Activities.** Business-type activities increased the County's net position by \$3,152,624. This was primarily due to the County's landfill once again receiving a loan through the State Revolving Loan Fund with 50% principal forgiveness. The County recognized a capital contribution of \$3,282,407 for a portion of the principal forgiveness. There was also a reduction to the County's closure/post closure liability by \$910,607. This reduction is due to the efficiencies gained by the operation of the County's patented bioreactor process.

**St. Clair County  
Management's Discussion and Analysis**

**Changes in Net Position**

	Governmental		Business-Type		Totals	
	Activities		Activities			
	2014	2013	2014	Restated 2013	2014	Restated 2013
<b>Revenues:</b>						
Program revenues:						
Charges for services	17,722,502	19,408,193	8,090,226	7,413,266	25,812,728	26,821,459
Operating Grants and Contributions	13,987,462	14,809,244	137,199	335,259	14,124,661	15,144,503
Capital Grants and Contributions	2,131,768	1,769,899	3,309,480	224,118	5,441,248	1,994,017
General revenues:						
Property Taxes	41,954,882	42,144,998	-	-	-	42,144,998
Intergovernmental revenues	3,909,417	2,779,148	-	-	-	2,779,148
Investment earnings	233,745	175,636	31,906	23,795	265,651	199,431
Interest & Penalties on Delinq Taxes	5,637	8,803	1,478,522	1,341,660	1,484,159	1,350,463
<b>Total Revenues</b>	<b>79,945,413</b>	<b>81,095,921</b>	<b>13,047,333</b>	<b>9,338,098</b>	<b>47,128,447</b>	<b>90,434,019</b>
<b>Expenses:</b>						
Legislative	1,652,485	1,846,584	-	-	1,652,485	1,846,584
Judicial	11,302,088	11,212,558	-	-	11,302,088	11,212,558
General Government	13,733,987	12,684,766	-	-	13,733,987	12,684,766
Public Safety	28,361,905	29,207,990	-	-	28,361,905	29,207,990
Public Works	1,111,053	1,008,241	-	-	1,111,053	1,008,241
Health and Welfare	20,135,101	20,709,212	-	-	20,135,101	20,709,212
Recreation and Culture	7,802,467	8,802,280	-	-	7,802,467	8,802,280
Community and Economic Development	1,015,194	787,768	-	-	1,015,194	787,768
Interest on Debt Service	2,064,597	2,317,827	-	-	2,064,597	2,317,827
Delinquent Tax Collections	-	-	460,546	534,289	460,546	534,289
Airport	-	-	1,125,370	1,062,676	1,125,370	1,062,676
Sheriff's Concession	-	-	620,257	630,889	620,257	630,889
School Tax Collections	-	-	2	6	2	6
Homestead Exemption Audits	-	-	-	158	-	158
Solid Waste Disposal	-	-	4,646,609	1,347,874	4,646,609	1,347,874
<b>Total Expenses</b>	<b>87,178,877</b>	<b>88,577,226</b>	<b>6,852,784</b>	<b>3,575,892</b>	<b>94,031,661</b>	<b>92,153,118</b>
Increase (Decrease) in Net Position, before transfers	(7,233,464)	(7,481,305)	6,194,549	5,762,206	(1,038,915)	(1,719,099)
Transfers	3,041,925	2,665,762	(3,041,925)	(2,665,762)	-	-
Decrease in Net Position	(4,191,539)	(4,815,543)	3,152,624	3,096,444	(1,038,915)	(1,719,099)
Net Position January 1, as restated	39,302,639	44,118,182	48,258,364	45,161,920	87,561,003	89,280,102
Net Position December 31	35,111,100	39,302,639	51,410,988	48,258,364	86,522,088	87,561,003

**St. Clair County  
Management's Discussion and Analysis**

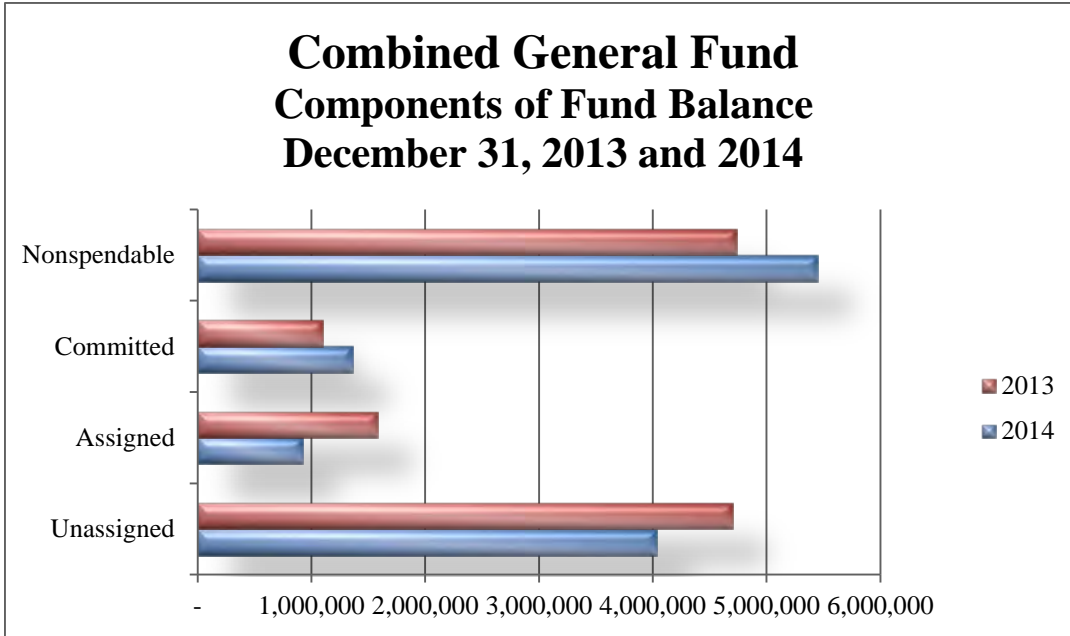


**Financial Analysis of Governmental Funds**

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

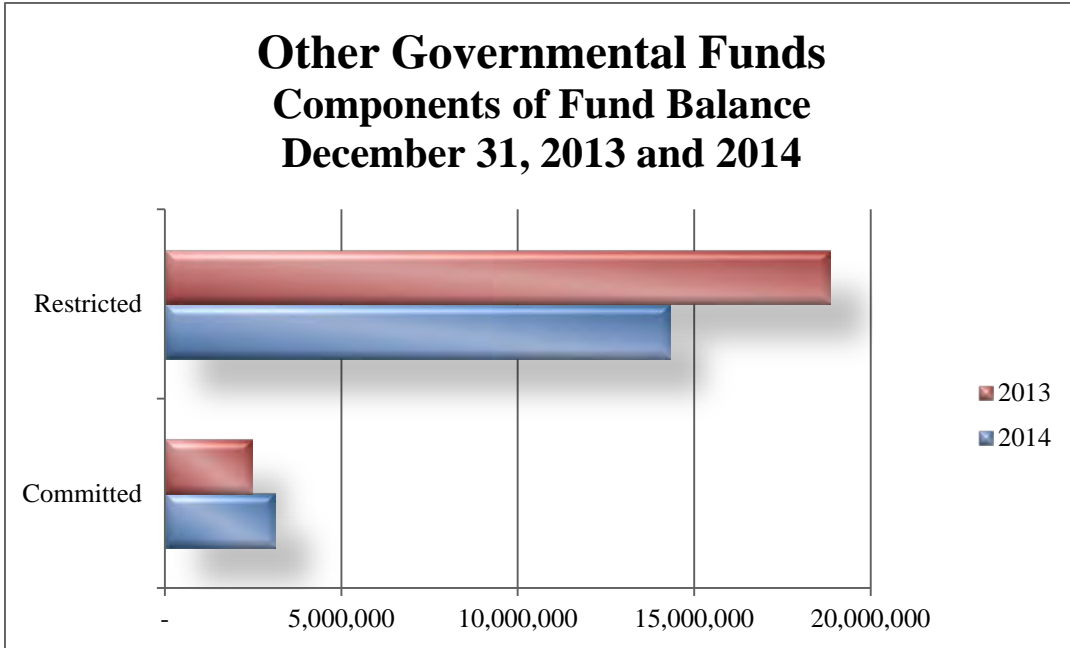
**Governmental Funds.** The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, assigned and unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At December 31, 2014, the County's governmental funds reported combined ending fund balances of \$29,206,818, a decrease of \$4,165,940 in comparison to the prior year. Approximately 14% of this fund balance (\$4,035,679) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is either nonspendable, restricted, committed or assigned to indicate that it is 1.) not in spendable form (\$5,451,755), 2.) restricted for particular purposes (\$14,313,749), 3.) committed for particular purposes (\$4,479,425), or 4.) assigned for particular purposes (\$926,210).



The Combined General Fund is the chief operating fund of the County. At December 31, 2014, the Combined General Fund reported an ending fund balance of \$11,777,868. Of that amount \$4,035,679 is unassigned, \$1,364,224 is committed for specific departments future budgets, \$926,210 is assigned for economic development projects, and \$5,451,755 are nonspendable loans to the Drain Commissioner for fund drain projects and a small loan to a component unit as well as prepayments. As a measure of the combined general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 7.2 percent of total combined general fund expenditures and transfers, while total fund balance represents 21 percent of total combined general fund expenditures and transfers.

The Combined General Fund fund balance decreased by \$330,379 during the current fiscal year. The key factor in this decline was the transfer of \$619,388 previously assigned for economic development for the Convention Center Debt Fund and the Convention Center Operating Fund. Offsetting this transfer was an increase to the budget incentive program which encouraged departments to make mid-year changes or cuts and "bank" the savings to offset future budget cuts. This program has empowered departments to scrutinize their operations without fear of losing unspent dollars. The \$351,551 added to the program will be used to fund departmental capital projects.



The second major governmental fund is the special millage Parks and Recreation Fund. At December 31, 2014, Parks and Recreation reported a fund balance of \$1,947,907. Fund balance increased \$71,470 over the prior fiscal year. This increase was due to budgeted park improvements that will not take place until 2016.

The third major governmental fund is the special millage Library Fund. It reported \$2,620,282 in fund balance at December 31, 2014. Fund balance increased \$197,196 over the prior fiscal year. This increase was due to staff turnover resulting in lower personnel costs along with negotiated savings in vendor contracts.

The fourth major governmental fund is the special millage Senior Citizens fund. It reported \$2,236,544 in fund balance at December 31, 2014. This fund increased \$776,182 over the prior year due to a voter approved a millage increase for senior services that took effect in 2013. Several projects are being planned for the use of the additional millage funds.

The last major governmental fund is the Mental Health Building Debt Fund. It reported a fund balance of \$610 at December 31, 2014. This fund accounts for the payment of debt as well as monies received from Community Mental Health to reimburse the County for the debt payment.

**Proprietary funds.** The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The County had two major proprietary funds at December 31, 2014.

Net position in the Solid Waste Disposal System at the end of the year amounted to \$17,964,559, of this amount \$13,299,665 is invested in capital assets. Net position increased \$3,243,677 over the prior year mainly due to the capital contribution recorded

**St. Clair County**  
**Management's Discussion and Analysis**

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for the principal forgiveness portion of the County's State Revolving Loan Fund loan of \$3,282,407.

The Delinquent Tax Revolving Fund reported net position of \$29,074,044, an increase of \$59,932 over the prior year. The earnings in this fund are dedicated to the annual debt payment requirements of the bond secured for the construction of the Jail/Juvenile facility.

**General Fund Budgetary Highlights**

**Original budget compared to final budget.** During the year the original budget was amended as needed. The original budget was balanced, while the final amended budget represents a gain of \$84,484. Major changes can be summarized as follows:

- Intergovernmental revenues increased due to various grants received throughout the year and for State revenue sharing.
- Charges for services were decreased for reduced revenues associated with housing federal inmates.
- Taxes were increased to reflect the actual tax levy.
- Interest and rents were reduced to reflect actual amounts.
- Expenditures were adjusted to account for the expenditure side of grants received.
- Transfers to other funds were increased to reflect the annual Road Commission subsidy.

**Final budget compared to actual results.** The most significant differences between the amended budgets and actual results for revenues were as follows:

- Charges for Services were less than the amended budget by \$321,570 primarily due to less than expected activity in the Register of Deeds Office and reduced telephone revenues received in the jail.
- Intergovernmental revenues were \$179,711 more than the amended budget due to the timing of grant revenues received at the end of the year.

Amended expenditures and other financing uses differed \$40,220 from actual expenditures and other financing uses. Significant differences between the amended budgets and actual results for expenditures in the departments are as follows:

- Actual transfers out were \$408,401 more than the amended budget mainly due to a transfer to the budget incentive fund.
- Other legislative Activities were under its amended budget due to less than anticipated required contribution to the pension system to make our actuarial recommended contribution. The County estimates the percentage of payroll that needs to be contributed throughout the year and then makes an additional at year end if needed to make sure the required pension contribution is fully funded.
- Most departments were under their amended budgets due to the budget incentive

**St. Clair County  
Management's Discussion and Analysis**

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program mentioned earlier. Many departments had positions that remained vacant throughout the year which contributed to their savings.

- Jail was over its amended budget by \$202,797 due to inmate medical costs.
- Emergency Preparedness was over its amended budget due to the expenditures associated with a grant received at the end of the year.

**Capital Asset and Debt Administration**

**Capital Assets.** The County's investment in capital assets for its governmental and business-type activities as of December 31, 2014, amounted to \$120,778,576 (net of accumulated depreciation). This investment in capital assets includes land, buildings, land improvements, machinery and equipment, and vehicles. The total decrease in the County's capital assets for the current fiscal year was \$5,190,270.

**Capital Assets (net of depreciation)**

	Governmental		Business-Type		Totals	
	Activities		Activities			
	2014	2013	2014	Restated 2013	2014	Restated 2013
Land	12,488,040	11,941,538	1,317,858	1,077,858	13,805,898	13,019,396
Buildings and Improvements	61,968,214	63,059,313	6,965,767	7,036,903	68,933,981	70,096,216
Improvements other than Buildings	3,979,564	4,166,075	11,084,854	9,549,868	15,064,418	13,715,943
Equipment and Vehicles	8,840,221	9,596,440	4,220,660	3,981,188	13,060,881	13,577,628
Books	2,048,537	2,234,780	-	-	2,048,537	2,234,780
Construction in Progress	7,361,925	2,712,056	502,936	232,287	7,864,861	2,944,343
Total	96,686,501	93,710,202	24,092,075	21,878,104	120,778,576	115,588,306

Major capital asset events during the year included the following:

- Work continues at the new convention center facility including renovations of existing ballroom facilities, utility work and construction of the new event hall and meeting rooms. Construction was completed in April of 2015
- Sale of equipment acquired through the federal military surplus asset program. The proceeds will be used for marine law and other law enforcement activities.
- Continued improvements at various County parks.
- Continued technology improvements in all County departments.
- Replacement of various county vehicles.
- Addition of books to the County library collection.
- Construction of a new cell along with an expansion of the bioreactor system and the landfill.

Additional information on the County's capital assets can be found in Note 5 beginning on page 58 of this report.

**Long-term Debt.** At December 31, 2014, the County had total debt outstanding of \$118,100,006.

**St. Clair County  
Management's Discussion and Analysis**

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**Outstanding Debt**

	Governmental Activities		Business-Type Activities		Totals	
	2014	2013	2014	2013	2014	2013
General Obligation Bonds	50,935,000	53,680,000	7,055,760	7,041,911	57,990,760	60,721,911
Landfill Closure and Post Closure Costs	-	-	5,467,703	6,378,310	5,467,703	6,378,310
Drain Districts	3,098,484	3,311,730	-	-	3,098,484	3,311,730
Self-insurance Liability	775,000	550,000	-	-	775,000	550,000
Accumulated Employee Vacation, Sick and Compensatory Time	4,616,572	4,576,183	43,219	40,181	4,659,791	4,616,364
Other Post Employment Benefits	43,509,374	38,799,181	582,618	501,050	44,091,992	39,300,231
Deferred Amounts	2,016,276	2,183,303	-	-	2,016,276	2,183,303
<b>Total</b>	<b>104,950,706</b>	<b>103,100,397</b>	<b>13,149,300</b>	<b>13,961,452</b>	<b>118,100,006</b>	<b>117,061,849</b>

Significant portions of the debt include the following:

- The general obligation bonds sold in 2010 to construct a landfill leachate system and a gas to energy facility (\$7,055,760), net of 36.3% of forgivable portion. This debt is issued through the State of Michigan Municipal Bond Authority.
- The general obligation bonds (Series A) sold in 2007 to construct a Mental Health Authority building (\$8,850,000).
- The general obligation bonds (Series B) sold in 2007 for the cost of acquiring and installing equipment related to 911 services (\$2,400,000).
- The outstanding portion of the 2012 refunding of the 2003 issue sold to finance the construction of a Jail/Juvenile facility (\$23,250,000)
- The general obligation bonds sold in 2009 to construct a communications tower and acquire the required equipment (\$2,375,000).
- The 2013 refunding (taxable) of the general obligations mentioned above to finance the construction of the Administrative Building (\$5,260,000).
- The general obligation bonds sold in 2012 to construct and equip the Blue Water Area Convention Center (\$8,800,000)
- In accordance with Governmental Accounting Standards Board Statement No. 45 an obligation for other post employment benefits has been recorded in the amount of \$44,091,992.
- The County operates the Smiths Creek Landfill and is required to record the estimated costs of closure and the post-closure costs of the Landfill to ensure that when the facility is closed in the future there will be sufficient funds available to maintain it in an environmentally sound way. The amount recorded for this obligation is \$5,467,703.
- Upon their leaving County employment, certain employees of the County have, through collective bargaining agreements or policy, rights to be paid outstanding balances of accrued vacation, sick time, or compensatory time earned. This amount at December 31, 2014 is \$4,659,791.

**St. Clair County**  
**Management's Discussion and Analysis**

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Additional information on the County's long-term debt can be found in Note 9 beginning on page 66 of this report.

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

Many factors were considered in preparation of the County's budget for the 2015 fiscal year. Several of the more telling factors are as follows:

- The unemployment rate for the County is currently around 9.4 percent, which is a decrease over a year ago, however is still higher than the state average.
- The State of Michigan's budget situation continues to jeopardize payments to local units of government.
- The taxable value of real and personal property within the County is leveling out with an increase of 3% in 2015.
- Interest rates are expected to remain at record low levels.
- Departmental budget reductions were implemented in recognition of the decline in revenues.
- Increases are expected in health insurance premiums, as well as pension and other employee benefit costs.

The 2015 budgets are currently balanced and the Board of Commissioners will approve any amendments, as needed.

**Requests for Information**

This financial report is designed to provide a general overview of the County's finances for our citizens, taxpayers, customers, investors and creditors and to demonstrate the County's accountability for the taxpayer money we receive. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Administrator/Controller, 200 Grand River Ave., Suite 203, Port Huron, Michigan 48060, or contact us at 810-989-6905. You can also visit our website at [www.stclaircounty.org](http://www.stclaircounty.org) for additional information regarding the County or additional copies of this report.

## **BASIC FINANCIAL STATEMENTS**

**ST. CLAIR COUNTY, MICHIGAN**

**STATEMENT OF NET POSITION  
DECEMBER 31, 2014**

	Primary Government			Component Units
	Governmental Activities	Business Type Activities	Total	
<b>Assets:</b>				
Cash and cash equivalents	\$ 22,949,977	\$ 26,661,584	\$ 49,611,561	\$ 30,485,400
Investments	7,142,473	-	7,142,473	24,511
Receivables (net of allowance)	19,987,159	10,598,729	30,585,888	23,237,454
Prepaid expenses and deposits	2,253,504	14,503	2,268,007	498,352
Internal balances	( 4,600,000)	4,600,000	-	-
Inventory	-	33,986	33,986	1,703,588
Properties held for sale	-	-	-	8,449
Long-term notes receivable	14,221,410	-	14,221,410	-
Advance to component units	50,000	-	50,000	-
Net pension asset	53,988	-	53,988	333,364
Restricted assets -				
Cash and cash equivalents	-	-	-	2,703,797
Receivables	-	-	-	14,794,046
Capital assets (net of accumulated depreciation)				
Assets not being depreciated	19,849,965	1,820,794	21,670,759	49,009,487
Assets being depreciated	76,836,536	22,271,281	99,107,817	165,201,447
Total Assets	<u>158,745,012</u>	<u>66,000,877</u>	<u>224,745,889</u>	<u>287,999,895</u>
<b>Deferred Outflows of Resources:</b>				
Deferred charges on bond refunding	<u>1,251,973</u>	<u>-</u>	<u>1,251,973</u>	<u>-</u>
<b>Liabilities:</b>				
Payables and accrued liabilities	6,781,772	1,415,241	8,197,013	14,876,973
Advances and deposits	72,022	-	72,022	1,391,813
Advances from primary government	-	-	-	50,000
Unearned revenue	87,939	25,348	113,287	2,363,532
Liabilities payable from restricted assets	-	-	-	87,621
Non-current liabilities -				
Net OPEB obligation	43,509,374	582,618	44,091,992	20,391,191
Due within one year	3,803,174	-	3,803,174	10,983,375
Due in more than one year	57,638,158	12,566,682	70,204,840	36,657,875
Total Liabilities	<u>111,892,439</u>	<u>14,589,889</u>	<u>126,482,328</u>	<u>86,802,380</u>
<b>Deferred Inflows of Resources:</b>				
Taxes levied for a subsequent period	<u>12,993,446</u>	<u>-</u>	<u>12,993,446</u>	<u>1,027,247</u>
<b>Net Position:</b>				
Net investment in capital assets	54,113,631	17,036,315	71,149,946	183,711,378
Restricted - Expendable -				
Acquisition/construction of capital assets	3,224,506	-	3,224,506	589,139
Debt Service	1,795,436	-	1,795,436	17,506,394
Recreation and Cultural	4,568,189	-	4,568,189	-
Health and Welfare	2,814,626	-	2,814,626	-
Public Safety	762,868	-	762,868	-
Other Purposes	871,691	2,734,991	3,606,682	1,750,417
Unrestricted (deficit)	<u>( 33,039,847)</u>	<u>31,639,682</u>	<u>( 1,400,165)</u>	<u>( 3,387,060)</u>
Total Net Position	<u>\$ 35,111,100</u>	<u>\$ 51,410,988</u>	<u>\$ 86,522,088</u>	<u>\$ 200,170,268</u>

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

# ST. CLAIR COUNTY, MICHIGAN

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2014

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
Governmental activities:				
Legislative	\$ 1,652,485	\$ -	\$ -	\$ -
Judicial	11,302,088	2,240,016	2,867,106	-
General Government	13,733,987	4,359,156	1,017,058	-
Public Safety	28,361,905	6,132,600	3,682,582	1,102,654
Public Works	1,111,053	-	-	-
Health and Welfare	20,135,101	3,211,404	5,440,920	330,582
Community and Economic Development	1,015,194	69,064	602,208	-
Recreation and Culture	7,802,467	1,034,347	144,518	698,532
Interest on Long Term Debt	2,064,597	675,915	233,070	-
Total governmental activities	87,178,877	17,722,502	13,987,462	2,131,768
Business type activities:				
Delinquent Tax Revolving	460,546	1,174,535	-	-
Airport Commission	1,125,370	669,261	35,644	27,073
Sheriff's Concession	620,257	648,634	-	-
School Tax Collections	2	-	-	-
Solid Waste Disposal System	4,646,609	5,597,796	101,555	3,282,407
Total business type activities	6,852,784	8,090,226	137,199	3,309,480
Total Primary Government	\$ 94,031,661	\$ 25,812,728	\$ 14,124,661	\$ 5,441,248
<b>Component Units</b>				
Road Commission	\$ 23,280,068	\$ 4,333,781	\$ 15,485,956	\$ 10,097,433
Department of Public Works	2,387,904	1,847,907	17,491	594,403
Community Mental Health Authority	63,863,035	1,346,850	62,240,520	-
Drainage Districts	1,595,449	2,370,882	-	427,159
Total Component Units	\$ 91,126,456	\$ 9,899,420	\$ 77,743,967	\$ 11,118,995

General revenues:

Property taxes

Grants and contributions not  
restricted to specific programs

Unrestricted investment income

Interest and penalties on delinquent taxes

Transfers

Special Item - Transfer of operations to Region 10

Total general revenues, transfers, and special item

Change in net position

Net position at beginning of year, as restated

Net position at end of year

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

Net (Expense) Revenue and Change in Net Position

Primary Government			
Governmental Activities	Business Type Activities	Total	Component Units
\$( 1,652,485)	\$ -	\$( 1,652,485)	\$ -
( 6,194,966)	-	( 6,194,966)	-
( 8,357,773)	-	( 8,357,773)	-
( 17,444,069)	-	( 17,444,069)	-
( 1,111,053)	-	( 1,111,053)	-
( 11,152,195)	-	( 11,152,195)	-
( 343,922)	-	( 343,922)	-
( 5,925,070)	-	( 5,925,070)	-
( 1,155,612)	-	( 1,155,612)	-
<u>( 53,337,145)</u>	<u>-</u>	<u>( 53,337,145)</u>	<u>-</u>
-	713,989	713,989	-
-	( 393,392)	( 393,392)	-
-	28,377	28,377	-
-	( 2)	( 2)	-
-	4,335,149	4,335,149	-
-	4,684,121	4,684,121	-
<u>( 53,337,145)</u>	<u>4,684,121</u>	<u>( 48,653,024)</u>	<u>-</u>
-	-	-	6,637,102
-	-	-	71,897
-	-	-	( 275,665)
-	-	-	1,202,592
-	-	-	<u>7,635,926</u>
41,954,882	-	41,954,882	1,037,143
3,909,417	-	3,909,417	955,672
233,745	31,906	265,651	87,746
5,637	1,478,522	1,484,159	-
3,041,925	( 3,041,925)	-	-
-	-	-	( 5,765,481)
<u>49,145,606</u>	<u>( 1,531,497)</u>	<u>47,614,109</u>	<u>( 3,684,920)</u>
( 4,191,539)	3,152,624	( 1,038,915)	3,951,006
<u>39,302,639</u>	<u>48,258,364</u>	<u>87,561,003</u>	<u>196,219,262</u>
<u>\$ 35,111,100</u>	<u>\$ 51,410,988</u>	<u>\$ 86,522,088</u>	<u>\$ 200,170,268</u>

**ST. CLAIR COUNTY, MICHIGAN**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2014**

	<u>Combined General</u>	<u>Parks and Recreation</u>	<u>Library</u>	<u>Senior Citizens Millage</u>
<b>Assets:</b>				
Cash and cash equivalents	\$ 1,461,014	\$ 2,219,880	\$ 3,052,703	\$ 2,731,715
Investments	7,000,000	-	-	-
Receivables, net of allowance -				
Property taxes	1,903,118	2,517,148	3,559,977	4,064,751
Interest and accounts	188,748	149	4,575	-
Due from other governmental units	3,290,170	41,368	-	-
Due from other funds	262,716	-	-	-
Long-term notes receivable	5,371,410	-	-	-
Advances to component units	50,000	-	-	-
Prepayments and deposits	30,345	-	34,547	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Assets	<u>\$ 19,557,521</u>	<u>\$ 4,778,545</u>	<u>\$ 6,651,802</u>	<u>\$ 6,796,466</u>
<b>Liabilities:</b>				
Accounts payable	\$ 1,109,762	\$ 60,901	\$ 104,912	\$ 170,965
Accrued liabilities	1,270,456	30,215	83,368	473
Advances and deposits	-	7,600	-	-
Due to other governmental units	309,461	-	-	-
Due to other funds	4,600,000	-	-	-
Unearned revenue	80,000	-	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Liabilities	<u>7,369,679</u>	<u>98,716</u>	<u>188,280</u>	<u>171,438</u>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenue -				
Delinquent property taxes	109,068	10,757	16,236	16,034
Lease contract/revolving loans	-	-	-	-
Grants/fees	300,906	14,328	-	-
Taxes levied for subsequent period	-	2,706,837	3,827,004	4,372,450
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Deferred Inflows of Resources	<u>409,974</u>	<u>2,731,922</u>	<u>3,843,240</u>	<u>4,388,484</u>
<b>Fund Balances:</b>				
Nonspendable -				
Long-term notes receivable/advances	5,421,410	-	-	-
Prepayments and deposits	30,345	-	-	-
Restricted	-	1,947,907	2,620,282	2,236,544
Committed	1,364,224	-	-	-
Assigned	926,210	-	-	-
Unassigned	4,035,679	-	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Fund Balances	<u>11,777,868</u>	<u>1,947,907</u>	<u>2,620,282</u>	<u>2,236,544</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 19,557,521</u>	<u>\$ 4,778,545</u>	<u>\$ 6,651,802</u>	<u>\$ 6,796,466</u>

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

Mental Health Building Debt	Other Governmental Funds	Total Governmental Funds
\$ 610	\$ 12,582,137	\$ 22,048,059
-	142,473	7,142,473
-	1,939,100	13,984,094
-	905,683	1,099,155
-	859,418	4,190,956
-	-	262,716
8,850,000	-	14,221,410
-	-	50,000
-	-	64,892
<u>\$ 8,850,610</u>	<u>\$ 16,428,811</u>	<u>\$ 63,063,755</u>
\$ -	\$ 2,180,207	\$ 3,626,747
-	263,642	1,648,154
-	64,422	72,022
-	123,715	433,176
-	262,716	4,862,716
-	7,939	87,939
-	<u>2,902,641</u>	<u>10,730,754</u>
-	7,394	159,489
8,850,000	709,851	9,559,851
-	98,163	413,397
-	<u>2,087,155</u>	<u>12,993,446</u>
<u>8,850,000</u>	<u>2,902,563</u>	<u>23,126,183</u>
-	-	5,421,410
-	-	30,345
610	7,508,406	14,313,749
-	3,115,201	4,479,425
-	-	926,210
-	-	<u>4,035,679</u>
<u>610</u>	<u>10,623,607</u>	<u>29,206,818</u>
<u>\$ 8,850,610</u>	<u>\$ 16,428,811</u>	<u>\$ 63,063,755</u>

**ST. CLAIR COUNTY, MICHIGAN**

**RECONCILIATION OF THE BALANCE SHEET FOR  
GOVERNMENTAL FUNDS TO STATEMENT OF NET POSITION  
DECEMBER 31, 2014**

Fund Balances - total governmental funds	\$ 29,206,818
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Amounts reported for governmental activities in the statement of net position are different because:

Expenses recorded in the funds on the purchase method	375,183
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Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds

Capital assets	146,909,307
Accumulated depreciation	( 50,298,068)

Certain assets do not represent current financial resources and are therefore not recorded in the funds

Pension assets	\$ 53,988		
Interest receivable on capital lease contract	92,044		146,032

Other long term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds

Delinquent personal property taxes	159,489		
Housing rehabilitation loan	709,851		
Capital lease contract	8,850,000		
Grants/fees	413,397		10,132,737

Internal Service Fund used by management to charge cost of property, liability, health, disability, workers compensation, and life insurance expenses and claims. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.

2,036,427

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds

Bonds payable	( 50,935,000)		
Drain District assessments payable	( 3,098,484)		
Accrued interest on bonds/notes payable	( 490,036)		
Net OPEB obligation	( 43,492,941)		
Accrued compensated absences	( 4,616,572)		( 102,633,033)

Losses on refunding are not reported in the governmental funds, whereas they are capitalized and amortized from net position

1,251,973

Discounts and premiums on bonds are reported as other financing sources or uses in the governmental funds, whereas they are capitalized and amortized from net position (netted against bonds payable)

Bond premium	( 2,096,208)		
Bond discount	79,932		( 2,016,276)

Net Position of governmental activities	<u>\$ 35,111,100</u>
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The accompanying notes are an integral part of these financial statements.

**ST. CLAIR COUNTY, MICHIGAN**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Combined General</u>	<u>Parks and Recreation</u>	<u>Library</u>	<u>Senior Citizens Millage</u>
<b>Revenues:</b>				
Taxes	\$ 29,069,797	\$ 2,686,455	\$ 3,796,373	\$ 4,339,221
Licenses and permits	552,170	-	-	-
Intergovernmental	12,434,946	138,372	143,848	-
Charges for services	7,578,857	108,196	90,570	-
Fines and forfeits	412,189	-	804,227	-
Interest and rent	923,506	12,864	59,979	5,663
Other	2,128,029	15,734	15,620	-
Total Revenues	<u>53,099,494</u>	<u>2,961,621</u>	<u>4,910,617</u>	<u>4,344,884</u>
<b>Expenditures:</b>				
Current -				
Legislative	1,643,409	-	-	-
Judicial	10,100,911	-	-	-
General Government	10,809,538	-	-	-
Public Safety	22,256,170	-	-	-
Public Works	1,107,060	-	-	-
Health and Welfare	1,616,307	-	-	3,568,702
Community and Economic Development	567,672	-	-	-
Recreation and Cultural	-	2,858,295	4,713,421	-
Capital Outlay	-	-	-	-
Debt Service -				
Principal	320,607	-	-	-
Interest and charges	116,831	-	-	-
Total Expenditures	<u>48,538,505</u>	<u>2,858,295</u>	<u>4,713,421</u>	<u>3,568,702</u>
Revenues over (under) expenditures	<u>4,560,989</u>	<u>103,326</u>	<u>197,196</u>	<u>776,182</u>
<b>Other Financing Sources (Uses):</b>				
Issuance of debt	107,361	-	-	-
Transfers from other funds	2,202,815	-	-	-
Transfers to other funds	( 7,201,544)	( 31,856)	-	-
Total Other Financing Sources (Uses)	<u>( 4,891,368)</u>	<u>( 31,856)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	( 330,379)	71,470	197,196	776,182
Fund Balances at beginning of year	<u>12,108,247</u>	<u>1,876,437</u>	<u>2,423,086</u>	<u>1,460,362</u>
Fund Balances at end of year	<u>\$ 11,777,868</u>	<u>\$ 1,947,907</u>	<u>\$ 2,620,282</u>	<u>\$ 2,236,544</u>

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

Mental Health Building Debt	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 2,074,166	\$ 41,966,012
-	205,405	757,575
-	6,986,125	19,703,291
-	4,090,419	11,868,042
-	139,683	1,356,099
674,925	3,654	1,680,591
-	685,687	2,845,070
<u>674,925</u>	<u>14,185,139</u>	<u>80,176,680</u>
-	-	1,643,409
-	282,201	10,383,112
-	148,123	10,957,661
-	1,661,466	23,917,636
-	-	1,107,060
-	14,144,508	19,329,517
-	431,615	999,287
-	123,706	7,695,422
-	6,270,418	6,270,418
300,000	2,445,000	3,065,607
<u>374,925</u>	<u>1,631,021</u>	<u>2,122,777</u>
<u>674,925</u>	<u>27,138,058</u>	<u>87,491,906</u>
-	( 12,952,919)	( 7,315,226)
-	-	107,361
-	9,343,469	11,546,284
-	( 1,270,959)	( 8,504,359)
-	<u>8,072,510</u>	<u>3,149,286</u>
-	( 4,880,409)	( 4,165,940)
<u>610</u>	<u>15,504,016</u>	<u>33,372,758</u>
<u>\$ 610</u>	<u>\$ 10,623,607</u>	<u>\$ 29,206,818</u>

**ST. CLAIR COUNTY, MICHIGAN**

**RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

Net change in fund balances - total governmental funds	\$ ( 4,165,940)
Change in prepaid expenses recorded in the funds on the purchase method	21,375
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	7,621,500
Depreciation expense	( 4,723,506)
Loss from sale/disposal of assets	( 128,618)
Governmental funds report pension payments as expenditures. However, in the statement of activities the payment above the annual required contribution is recorded as an asset	
	( 1,557)
Governmental funds do not report the fair value of donated assets as revenues and expenditures. However, the fair value is reported as both revenues and expenses in the statement of activities.	
Fair value of donated assets	220,321
Fair value of donated assets (expense portion)	( 10,321)
Revenue in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
	( 869,472)
The issuance of long-term debt (e.g. bonds and notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources to governmental funds. Neither transaction, however, has any effect on net position.	
Principal payments on long term liabilities	3,065,607
Issuance of debt - drain districts	( 107,361)
Accrued interest expense on bonds and the amortization of bond discounts, premiums, and deferred losses are not recorded by governmental funds, but are reported under interest and fiscal charges for the purpose of net position.	
Decrease in accrued interest payable	21,475
Amortization of bond premium	174,684
Amortization of bond discount	( 7,657)
Amortization of deferred loss on refunding	( 130,322)
Internal service funds used by management to charge costs of property, liability, health, disability, workers compensation and life insurance expenses and claims. The net revenues (expenses) attributable to those funds is reported with governmental activities.	
	( 415,186)
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 the funds.	
Increase in net OPEB obligation	\$( 4,716,172)
Increase in accrued compensated absences	( 40,389)
	<u>( 4,756,561)</u>
Change in net position of governmental activities	<u><u>\$( 4,191,539)</u></u>

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

**ST. CLAIR COUNTY, MICHIGAN**

**STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
DECEMBER 31, 2014**

	Business Type Activities-Enterprise Funds				Governmental
	Solid Waste Disposal System	Delinquent Tax Revolving	Other Proprietary Funds	Total	Internal Service Fund
<b>Assets:</b>					
Current Assets:					
Cash and cash equivalents	\$ 9,818,166	\$ 16,127,874	\$ 715,544	\$ 26,661,584	\$ 901,918
Receivables, net of allowance -					
Delinquent taxes	-	8,399,330	-	8,399,330	-
Interest and accounts	825,969	-	65,494	891,463	620,910
Due from other governmental units	1,254,260	23,729	-	1,277,989	-
Inventory	-	-	33,986	33,986	-
Prepaid expenses and deposits	1,761	11,767	975	14,503	1,813,429
Due from other funds	-	4,600,000	-	4,600,000	-
Total Current Assets	<u>11,900,156</u>	<u>29,162,700</u>	<u>815,999</u>	<u>41,878,855</u>	<u>3,336,257</u>
Noncurrent Assets:					
Capital assets	38,562,324	235,125	12,806,837	51,604,286	105,459
Less - accumulated depreciation	( 18,206,899)	( 235,125)	( 9,070,187)	( 27,512,211)	( 30,197)
Capital assets, net	<u>20,355,425</u>	<u>-</u>	<u>3,736,650</u>	<u>24,092,075</u>	<u>75,262</u>
Notes receivable	-	29,947	-	29,947	-
Total Noncurrent Assets	<u>20,355,425</u>	<u>29,947</u>	<u>3,736,650</u>	<u>24,122,022</u>	<u>75,262</u>
Total Assets	<u>32,255,581</u>	<u>29,192,647</u>	<u>4,552,649</u>	<u>66,000,877</u>	<u>3,411,519</u>
<b>Liabilities:</b>					
Current Liabilities:					
Accounts payable	1,241,964	29,610	37,959	1,309,533	90,430
Accrued expenses	22,873	2,572	6,743	32,188	493,229
Due to other governmental units	21,546	8,221	-	29,767	-
Accrued interest payable	43,753	-	-	43,753	-
Current portion of long-term liabilities	-	-	-	-	275,000
Unearned revenue	-	-	25,348	25,348	-
Total Current Liabilities	<u>1,330,136</u>	<u>40,403</u>	<u>70,050</u>	<u>1,440,589</u>	<u>858,659</u>
Long-Term Liabilities (less current portions):					
Accrued vacation and sick	33,620	-	9,599	43,219	-
Accrued insurance claims	-	-	-	-	500,000
Net OPEB obligation	403,803	78,200	100,615	582,618	16,433
Bonds payable	7,055,760	-	-	7,055,760	-
Estimated closure and post closure costs	5,467,703	-	-	5,467,703	-
Total Long-Term Liabilities	<u>12,960,886</u>	<u>78,200</u>	<u>110,214</u>	<u>13,149,300</u>	<u>516,433</u>
Total Liabilities	<u>14,291,022</u>	<u>118,603</u>	<u>180,264</u>	<u>14,589,889</u>	<u>1,375,092</u>
<b>Net Position:</b>					
Net investment in capital assets	13,299,665	-	3,736,650	17,036,315	75,262
Restricted - Expendable - Foreclosure sales	-	2,734,991	-	2,734,991	-
Unrestricted	4,664,894	26,339,053	635,735	31,639,682	1,961,165
Total Net Position	<u>\$ 17,964,559</u>	<u>\$ 29,074,044</u>	<u>\$ 4,372,385</u>	<u>\$ 51,410,988</u>	<u>\$ 2,036,427</u>

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

**ST. CLAIR COUNTY, MICHIGAN**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Business Type Activities-Enterprise Funds				Governmental
	Solid Waste Disposal System	Delinquent Tax Revolving	Other Proprietary Funds	Total	Internal Service Fund
<b>Operating Revenues:</b>					
Intergovernmental	\$ 101,555	\$ -	\$ 35,644	\$ 137,199	\$ -
Charges for services	5,588,507	1,174,535	1,151,586	7,914,628	11,404,238
Interest and rents	-	1,478,522	169,435	1,647,957	-
Other	9,289	-	906	10,195	189,749
Total Operating Revenues	<u>5,699,351</u>	<u>2,653,057</u>	<u>1,357,571</u>	<u>9,709,979</u>	<u>11,593,987</u>
<b>Operating Expenses:</b>					
Personal services	541,344	102,943	274,916	919,203	273,333
Supplies	184,333	-	421,256	605,589	6,994
Other services	3,256,850	357,603	818,600	4,433,053	11,725,769
Closure and post closure costs	( 910,607)	-	-	( 910,607)	-
Depreciation	1,398,572	-	230,857	1,629,429	3,077
Total Operating Expenses	<u>4,470,492</u>	<u>460,546</u>	<u>1,745,629</u>	<u>6,676,667</u>	<u>12,009,173</u>
Operating Income (Loss)	<u>1,228,859</u>	<u>2,192,511</u>	<u>( 388,058)</u>	<u>3,033,312</u>	<u>( 415,186)</u>
<b>Non-Operating Revenues (Expenses):</b>					
Interest revenue	18,528	9,346	-	27,874	-
Interest expense	( 176,117)	-	-	( 176,117)	-
Total Non-Operating Revenues (Expenses)	<u>( 157,589)</u>	<u>9,346</u>	<u>-</u>	<u>( 148,243)</u>	<u>-</u>
Net Income (Loss) Before Capital Contributions and Transfers	1,071,270	2,201,857	( 388,058)	2,885,069	( 415,186)
<b>Capital Contributions</b>	<u>3,282,407</u>	<u>-</u>	<u>27,073</u>	<u>3,309,480</u>	<u>-</u>
Net Income (Loss) Before Transfers	<u>4,353,677</u>	<u>2,201,857</u>	<u>( 360,985)</u>	<u>6,194,549</u>	<u>( 415,186)</u>
<b>Transfers:</b>					
Transfers from other funds	-	-	210,000	210,000	-
Transfers to other funds	( 1,110,000)	( 2,141,925)	-	( 3,251,925)	-
Total Transfers	<u>( 1,110,000)</u>	<u>( 2,141,925)</u>	<u>210,000</u>	<u>( 3,041,925)</u>	<u>-</u>
Change in Net Position	3,243,677	59,932	( 150,985)	3,152,624	( 415,186)
Net Position at beginning of year as restated	<u>14,720,882</u>	<u>29,014,112</u>	<u>4,523,370</u>	<u>48,258,364</u>	<u>2,451,613</u>
Net Position at end of year	<u>\$ 17,964,559</u>	<u>\$ 29,074,044</u>	<u>\$ 4,372,385</u>	<u>\$ 51,410,988</u>	<u>\$ 2,036,427</u>

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

**ST. CLAIR COUNTY, MICHIGAN**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Business Type Activities-Enterprise Funds				Governmental
	Solid Waste	Delinquent	Other	Total	Activities
	Disposal System	Tax Revolving	Proprietary Funds		Internal Service Fund
<b>Cash Flows From Operating Activities:</b>					
Cash receipts from customers	\$ 5,233,399	\$ 15,138,070	\$1,373,121	\$21,744,590	\$( 270,947)
Cash receipts from interfund services	-	-	-	-	11,404,238
Cash payments to suppliers	( 3,489,296)	( 12,182,471)	( 1,309,239)	( 16,981,006)	( 9,549,828)
Cash payments to employees	( 405,705)	( 78,320)	( 232,203)	( 716,228)	( 279,312)
Cash payments for interfund services	( 63,310)	( 15,511)	( 30,928)	( 109,749)	-
Other cash receipts	110,844	-	-	110,844	-
Net Cash Provided by (Used for) Operating Activities	<u>1,385,932</u>	<u>2,861,768</u>	<u>( 199,249)</u>	<u>4,048,451</u>	<u>1,304,151</u>
<b>Cash Flows From Noncapital Financing Activities:</b>					
Cash receipts/payments to other funds	-	( 2,650,000)	-	( 2,650,000)	( 450,000)
Transfers from other funds	-	-	210,000	210,000	-
Transfers to other funds	( 1,110,000)	( 2,141,925)	-	( 3,251,925)	-
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>( 1,110,000)</u>	<u>( 4,791,925)</u>	<u>210,000</u>	<u>( 5,691,925)</u>	<u>( 450,000)</u>
<b>Cash Flows From Capital and Related Financing Activities:</b>					
Capital contributions	2,142,630	-	-	2,142,630	-
Proceeds from sale of bonds	408,337	-	-	408,337	-
Payments on bonds	( 349,000)	-	-	( 349,000)	-
Interest paid	( 175,862)	-	-	( 175,862)	-
Acquisition and construction of capital assets	( 2,894,922)	-	( 17,138)	( 2,912,060)	-
Net Cash Used for Capital and Related Financing Activities	<u>( 868,817)</u>	<u>-</u>	<u>( 17,138)</u>	<u>( 885,955)</u>	<u>-</u>
<b>Cash Flows From Investing Activities:</b>					
Interest received	<u>18,528</u>	<u>9,346</u>	<u>-</u>	<u>27,874</u>	<u>-</u>
Increase (Decrease) in Cash and Cash Equivalents	( 574,357)	( 1,920,811)	( 6,387)	( 2,501,555)	854,151
Cash and Cash Equivalents at Beginning of Year	<u>10,392,523</u>	<u>18,048,685</u>	<u>721,931</u>	<u>29,163,139</u>	<u>47,767</u>
Cash and Cash Equivalents at End of Year	<u>\$ 9,818,166</u>	<u>\$ 16,127,874</u>	<u>\$ 715,544</u>	<u>\$26,661,584</u>	<u>\$ 901,918</u>

Continued

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

**ST. CLAIR COUNTY, MICHIGAN**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Business Type Activities-Enterprise Funds				Governmental
	Solid Waste Disposal System	Delinquent Tax Revolving	Other Proprietary Funds	Total	Internal Service Fund
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</b>					
Operating income (loss)	\$ 1,228,859	\$ 2,192,511	\$( 388,058)	\$ 3,033,312	\$( 415,186)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities -					
Depreciation	1,398,572	-	230,857	1,629,429	3,077
Loss on disposal of assets	2,815	-	-	2,815	-
Estimated closure and post closure costs	( 910,607)	-	-	( 910,607)	-
Change in assets and liabilities:					
Receivables	( 348,246)	645,480	1,846	299,080	( 460,696)
Inventory	-	-	14,763	14,763	-
Prepays and deposits	1,860	( 185)	1,974	3,649	2,090,018
Accounts payable/accrued expenses	13,513	7,049	( 74,335)	( 53,773)	86,938
Due to/from other governmental units	( 834)	16,913	-	16,079	-
Unearned revenue	-	-	13,704	13,704	-
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>\$ 1,385,932</b>	<b>\$ 2,861,768</b>	<b>\$( 199,249)</b>	<b>\$ 4,048,451</b>	<b>\$ 1,304,151</b>
<b>Non-Cash Capital and Related Financing Activities:</b>					
Capital contributions	\$ -	\$ -	\$ 27,073	\$ 27,073	\$ -

Concluded

**ST. CLAIR COUNTY, MICHIGAN**

**STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
DECEMBER 31, 2014**

	<u>Basic Retirement System</u>	<u>Other Postemployment Benefits</u>	<u>Landfill Private-Purpose Trust Fund</u>	<u>Agency Funds</u>
<b>Assets:</b>				
Cash and cash equivalents	\$ 6,579,081	\$ 1,963,370	\$ 2,106,646	\$ 1,850,539
Investments -				
U.S. Government/Agencies	2,382,571	-	-	-
Corporate Debt	31,192,152	4,244,050	-	-
Hedge Funds	9,259,530	-	-	-
Stocks	97,289,957	11,868,250	-	-
Foreign Bonds	18,345,232	-	-	-
Mutual Funds	392,880	9,843,621	-	-
Partnerships	58,082,247	-	-	-
Municipal Bonds	-	204,872	-	-
Invested Court Appointed Trust - CD's	-	-	-	86,484
Invested securities lending collateral	5,000,000	-	-	-
Receivables -				
Interest/dividends and accounts	1,104,160	71,114	-	13,139,944
Other	546,794	2,010,486	-	-
Due from other funds	199,258	9,555,948	-	-
Prepayments and deposits	-	-	-	9,078
	<u>230,373,862</u>	<u>39,761,711</u>	<u>2,106,646</u>	<u>\$ 15,086,045</u>
<b>Liabilities:</b>				
Accounts payable	402,718	7,268	-	\$ -
Due to individuals and agencies	96,099	-	-	14,200,077
Securities lending collateral	5,000,000	-	-	-
Derivative instrument - interest rate future	2,602,125	-	-	-
Due to other governmental units	-	-	-	885,968
Due to other funds	9,555,948	199,258	-	-
	<u>17,656,890</u>	<u>206,526</u>	<u>-</u>	<u>\$ 15,086,045</u>
<b>Net Position:</b>				
Restricted for pension benefits	212,716,972	-	-	
Restricted for other postemployment benefits	-	39,555,185	-	
Restricted for landfill perpetual care	-	-	2,106,646	
	<u>\$ 212,716,972</u>	<u>\$ 39,555,185</u>	<u>\$ 2,106,646</u>	

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

**ST. CLAIR COUNTY, MICHIGAN**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Basic Retirement System</u>	<u>Other Postemployment Benefits</u>	<u>Landfill Private-Purpose Trust Fund</u>
<b>Additions:</b>			
Contributions -			
Member contributions	\$ 2,093,855	\$ 469,641	\$ -
Employer contributions	7,192,197	2,919,088	-
Closure/postclosure	-	-	91,718
	<u>9,286,052</u>	<u>3,388,729</u>	<u>91,718</u>
Total Contributions			
Investment income -			
Net appreciation in fair value of investments	7,184,663	1,522,631	-
Interest/dividends	5,190,835	672,174	1,910
Less investment expense	<u>( 926,880)</u>	<u>( 84,669)</u>	<u>-</u>
Net investment income	<u>11,448,618</u>	<u>2,110,136</u>	<u>1,910</u>
Other -			
Medicare Part D reimbursements	-	44,178	-
Total Additions	<u>20,734,670</u>	<u>5,543,043</u>	<u>93,628</u>
<b>Deductions:</b>			
Retirement payroll	13,038,086	-	-
Health insurance	-	3,744,608	-
Death benefits	42,000	-	-
Employee refunds	251,285	78,125	-
Administration	113,781	-	-
Professional fees	<u>40,983</u>	<u>-</u>	<u>-</u>
Total Deductions	<u>13,486,135</u>	<u>3,822,733</u>	<u>-</u>
Net increase	7,248,535	1,720,310	93,628
Net position -			
Beginning of year	<u>205,468,437</u>	<u>37,834,875</u>	<u>2,013,018</u>
End of year	<u>\$ 212,716,972</u>	<u>\$ 39,555,185</u>	<u>\$ 2,106,646</u>

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

**ST. CLAIR COUNTY, MICHIGAN**

**COMBINING STATEMENT OF NET POSITION  
DISCRETELY PRESENTED COMPONENT UNITS  
DECEMBER 31, 2014**

	Road Commission	Department of Public Works	Community Mental Health Authority
<b>Assets:</b>			
Cash and cash equivalents	\$ 9,037,217	\$ 299,790	\$ 17,394,413
Investments	-	-	-
Receivables (net of allowance)	4,806,915	554,992	2,379,837
Prepaid expenses	200,170	-	297,455
Inventory	1,703,588	-	-
Properties held for sale	-	-	-
Net pension asset	333,364	-	-
Restricted Assets -			
Cash and cash equivalents	-	1,228,611	1,475,186
Receivables	-	14,794,046	-
Capital Assets (net of accumulated depreciation)			
Assets not being depreciated	41,270,380	578,179	1,511,720
Assets being depreciated	<u>114,065,506</u>	<u>11,388,883</u>	<u>9,236,589</u>
Total Assets	<u>171,417,140</u>	<u>28,844,501</u>	<u>32,295,200</u>
<b>Liabilities:</b>			
Payables and accrued liabilities	666,007	426,663	12,785,048
Accrued interest	-	-	1,447
Advances and deposits	1,056,613	124,284	-
Advance from primary government	-	-	-
Unearned revenue	2,234,172	-	129,360
Liabilities payable from restricted assets	-	87,621	-
Non-current liabilities -			
Net OPEB obligation	13,018,474	-	7,372,717
Due within one year	221,000	2,255,720	2,978,379
Due in more than one year	<u>62,000</u>	<u>13,090,177</u>	<u>8,678,918</u>
Total Liabilities	<u>17,258,266</u>	<u>15,984,465</u>	<u>31,945,869</u>
<b>Deferred Inflows of Resources:</b>			
Taxes levied for a subsequent period	<u>1,027,247</u>	-	-
<b>Net Position:</b>			
Net investment in capital assets	155,335,886	11,967,062	573,862
Restricted -			
Substance abuse	-	-	1,750,417
Equipment replacement	-	589,139	-
Debt Service	-	-	-
Unrestricted (deficit)	<u>( 2,204,259)</u>	<u>303,835</u>	<u>( 1,974,948)</u>
Total Net Position	<u>\$ 153,131,627</u>	<u>\$ 12,860,036</u>	<u>\$ 349,331</u>

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

Land Bank Authority	Drainage Districts	Totals
\$ 164,155	\$ 3,589,825	\$ 30,485,400
-	24,511	24,511
-	15,495,710	23,237,454
-	727	498,352
-	-	1,703,588
8,449	-	8,449
-	-	333,364
-	-	2,703,797
-	-	14,794,046
-	5,649,208	49,009,487
-	30,510,469	165,201,447
172,604	55,270,450	287,999,895
-	857,262	14,734,980
-	140,546	141,993
-	210,916	1,391,813
-	50,000	50,000
-	-	2,363,532
-	-	87,621
-	-	20,391,191
-	5,528,276	10,983,375
29,947	14,796,833	36,657,875
29,947	21,583,833	86,802,380
-	-	1,027,247
-	15,834,568	183,711,378
-	-	1,750,417
-	-	589,139
-	17,506,394	17,506,394
142,657	345,655	( 3,387,060)
\$ 142,657	\$ 33,686,617	\$ 200,170,268

**ST. CLAIR COUNTY, MICHIGAN**

**COMBINING STATEMENT OF ACTIVITIES  
DISCRETELY PRESENTED COMPONENT UNITS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Road Commission</b>				
Governmental activities:				
Highways and Streets	\$ 23,271,299	\$ 4,333,781	\$ 15,485,956	\$ 10,097,433
Interest on Long Term Debt	8,769	-	-	-
Total Road Commission	<u>23,280,068</u>	<u>4,333,781</u>	<u>15,485,956</u>	<u>10,097,433</u>
<b>Department of Public Works</b>				
Governmental activities:				
Interest on Long Term Debt	513,445	513,445	-	-
Business type activities:				
Water and Sewer	<u>1,874,459</u>	<u>1,334,462</u>	<u>17,491</u>	<u>594,403</u>
Total Department of Public Works	<u>2,387,904</u>	<u>1,847,907</u>	<u>17,491</u>	<u>594,403</u>
<b>Community Mental Health Authority</b>				
Governmental activities:				
Health and Welfare	63,333,162	1,346,850	62,240,520	-
Interest on Long Term Debt	<u>529,873</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Community Mental Health Authority	<u>63,863,035</u>	<u>1,346,850</u>	<u>62,240,520</u>	<u>-</u>
<b>Land Bank Authority</b>				
Governmental activities:				
Community and Economic Development	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Drainage Districts</b>				
Governmental activities:				
Public Works	955,093	2,370,882	-	427,159
Interest on Long Term Debt	<u>640,356</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Drains	<u>1,595,449</u>	<u>2,370,882</u>	<u>-</u>	<u>427,159</u>
<b>Total Component Units</b>	<u>\$ 91,126,456</u>	<u>\$ 9,899,420</u>	<u>\$ 77,743,967</u>	<u>\$ 11,118,995</u>

General Revenues:  
Property taxes  
Grants and contributions not restricted to specific programs  
Unrestricted investment income  
Special Item - Transfer of operations to Region 10  
Total general revenues and special item

Change in net position

Net position at beginning of year as restated

Net position at end of year

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

Net (Expense) Revenue and Change in Net Position

Road Commission	Department of Public Works	Community Mental Health Authority	Land Bank Authority	Drainage Districts	Total
\$ 6,645,871					\$ 6,645,871
( 8,769)					( 8,769)
<u>6,637,102</u>					
	\$ -				-
	<u>71,897</u>				71,897
	<u>71,897</u>				
		\$ 254,208			254,208
		( 529,873)			( 529,873)
		<u>( 275,665)</u>			
			<u>\$ -</u>		-
				\$ 1,842,948	1,842,948
				( 640,356)	( 640,356)
				<u>1,202,592</u>	
					<u>7,635,926</u>
1,030,547	-	-	6,596	-	1,037,143
-	-	955,672	-	-	955,672
3,791	370	81,313	80	2,192	87,746
-	-	( 5,765,481)	-	-	( 5,765,481)
<u>1,034,338</u>	<u>370</u>	<u>( 4,728,496)</u>	<u>6,676</u>	<u>2,192</u>	<u>( 3,684,920)</u>
7,671,440	72,267	( 5,004,161)	6,676	1,204,784	3,951,006
<u>145,460,187</u>	<u>12,787,769</u>	<u>5,353,492</u>	<u>135,981</u>	<u>32,481,833</u>	<u>196,219,262</u>
<u>\$ 153,131,627</u>	<u>\$ 12,860,036</u>	<u>\$ 349,331</u>	<u>\$ 142,657</u>	<u>\$ 33,686,617</u>	<u>\$ 200,170,268</u>

**ST. CLAIR COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**A. Reporting Entity -**

The County of St. Clair, Michigan was organized on March 28, 1820, and covers an area of approximately 700 square miles, with the County seat located in the City of Port Huron, Michigan. The County operates under an elected Board of Commissioners (7 members) and provides services to its approximately 163,000 residents in many areas including law enforcement, administration of justice, community enrichment and development, public works, health and welfare, and recreation and culture.

These financial statements present the County 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. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the County.

**BLENDED COMPONENT UNIT -**

**ST. CLAIR COUNTY BUILDING AUTHORITY** - The St. Clair County Building Authority is governed by a three-person authority, which is appointed by the St. Clair County Board of Commissioners. The main function of the Authority at the present time is to pay off building bonds. The St. Clair County Building Authority is reported as if it were a part of the primary government because its sole purpose is to finance the construction of the County's Library and Public Service buildings, and any additional facilities that require financing. The Authority's activity is reported as a Debt Service fund, captioned "Building Authority". Separate financial statements for the Authority are not published.

**DISCRETELY PRESENTED COMPONENT UNITS -**

**ST. CLAIR COUNTY ROAD COMMISSION** - The St. Clair County Road Commission maintains local, state, and federal trunklines within St. Clair County. The Road Commission operations are financed primarily from the State distribution of gas and weight taxes, federal financial assistance, property taxes, and contributions from other local governmental units within the County. The Road Commission operates under a Board, which consists of three commissioners who are appointed by the County Commissioners who are not County Board members. The Road Commission is financially accountable to the County for the following reasons: the County is secondarily obligated to provide repayment of a material loan through the State of Michigan; all general long-term debt issuance, excluding capital lease purchase agreements, requires County authorization; and tax levies require approval of the County Commissioners.

**ST. CLAIR COUNTY DEPARTMENT OF PUBLIC WORKS** - The Department of Public Works has the responsibility of administering the various Public Works Project Construction and Debt Service Funds under the provision of Act 185, Public Acts of 1957, as amended, as well as the Utility Operations and Maintenance Receiving and Wastewater Treatment Funds. The DPW operates under a Board, which consists of three commissioners, who are appointed by the County Commissioners who are not County Board members. The County Commissioners must authorize and approve any long-term debt issued by the DPW and are secondarily responsible for all operations and obligations.

**ST. CLAIR COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):**

**DRAINAGE DISTRICTS** - The St. Clair County Drain Commissioner is solely responsible for the administration of the drainage districts established pursuant to Act 40, P.A. 1956, as amended, of the Michigan Drain Code. The statutory Inter-County Drainage Boards consists of the State Director of Agriculture and the Drain Commissioners of each County involved in the projects. Each of the drainage districts are separate legal entities. The Drainage Board or Drain Commissioners, on behalf of the drainage district, may issue debt and levy special assessments authorized by the Drain Code without the prior approval of the County Board of Commissioners. The Drain Commission and all operations for the Drain Commission office are budgeted and reported as part of the County General Fund, except for maintenance and construction of individual drains, which is accounted for through the various drain funds. Maintenance and construction of individual drains are assessed to the benefited property owner. The full faith and credit of the County is often given for the debt of the drainage district upon authorization of the County Board of Commissioners.

**ST. CLAIR COUNTY COMMUNITY MENTAL HEALTH AUTHORITY** - On January 1, 2000 the St. Clair County Community Mental Health Services Board adopted Authority status under Public Act 290 of the Public Acts of 1995. The County Board of Commissioners appoints the 12-member board, can remove the appointed members at will, can dissolve the Authority, and provides annual appropriations to the Authority.

**ST. CLAIR COUNTY LAND BANK AUTHORITY** - Established pursuant to the Michigan Land Bank Fast Track Public Act 258 of 2003 and an Intergovernmental Agreement entered into between the Michigan Land Bank Fast Track Authority and the St. Clair County Treasurer. The Land Bank Authority is governed by a five-member board including the St. Clair County Treasurer, who is, by law, its Chairperson, and four other members appointed by the St. Clair 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.

**COMPONENT UNIT FINANCIAL STATEMENTS** - The St. Clair County Road Commission, the St. Clair County Department of Public Works, and the St. Clair County Community Mental Health Authority are audited separately and complete financial statements may be obtained from the administration offices at the following locations:

St. Clair County Road Commission  
21 Airport Drive  
St. Clair, MI 48079

St. Clair County Department of Public Works  
21 Airport Drive  
St. Clair, MI 48079

St. Clair County Community Mental Health Authority  
3111 Electric Avenue  
Port Huron, MI 48060

## ST. CLAIR COUNTY, MICHIGAN

### NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2014

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):

The units associated with the activities of the drainage districts administered by the St. Clair County Drain Commissioner and the Land Bank Authority administered by the County Treasurer are included within the scope of the audit of the basic financial statements. Separate audited financial statements for these component units were not issued.

**FISCAL YEAR ENDS** - All of the County Funds and Component Units operate and are reported on a December 31 year-end with the exception of the St. Clair County Community Mental Health Authority, which operates and is reported as of September 30.

#### **B. Government-wide and fund financial statements -**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *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 and enterprise funds are reported as separate columns in the fund financial statements.

#### **C. Measurement focus, basis of accounting, and financial statement presentation -**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary funds and fiduciary fund financial statements. (Agency funds, a type of fiduciary fund, are unlike all other types of funds, reporting only assets and liabilities. Agency funds cannot be said to have a measurement focus. They do, however, use the accrual basis of accounting to recognize receivables and payables.) 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.

**ST. CLAIR COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):**

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 collected 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 normally collected within 60 days of the end of the current fiscal period except for reimbursement grants, which are recognized if collected within 90 days. 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.

State shared revenue, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and therefore have been recognized as revenues of the current fiscal period. Property taxes are recognized as revenue in the year for which they are levied. Also 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:

**Combined General Fund** - is the County'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 Budget Incentive and Development Revolving Funds have been included in the Combined General Fund as revenues come from the General Fund and can be used for General Fund operations.

**Parks and Recreation** - is used to account for a County special millage to be used to expand and enhance the County park system.

**Library** - is used to account for a County special millage for the operations of the Public Library.

**Senior Citizens Millage** - is used to account for a County special millage to be used for senior citizens' activities.

**Mental Health Building Debt** - is used to account for the debt service requirements related to the construction of a Community Mental Health Building.

The County reports the following major proprietary funds:

**Solid Waste Disposal System** - is used to account for the operations of the County-owned landfill, which provides a disposal area for County commercial and residential refuse.

**Delinquent Tax Revolving Fund** - is used to account for the payment to each local unit of government within the County of the delinquent real property taxes outstanding as of March 1, of each year. The fund is also used to account for the collection of those delinquent taxes along with penalties and interest. Also, the fund is used to account for the activity related to property foreclosures.

**ST. CLAIR COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):**

Additionally, the County reports the following fund types:

**Governmental Fund Types -**

**Special Revenue Funds** - are used to account for the proceeds that are restricted or committed for expenditures for specific purposes other than debt service or capital projects.

**Debt Service Funds** - are used to account for the accumulation of resources for, and the payment of, principal and interest on long-term debt of governmental funds.

**Capital Project Funds** - are used to account for financial resources to be used for the acquisition or construction of major capital projects (other than those financed by Proprietary and Trust Funds).

**Proprietary Fund Types -**

**Enterprise Funds** - are used to report operations for services to the general public, financed primarily by user charges intended to recover the cost of services provided, and include the airport, sheriff's concession, homestead exemption audits, and school tax collection funds.

**Internal Service Fund** - is used to account for the charges for services from funds and departments for self-funded disability, unemployment, workers' compensation, and health care, and to account for the payment of related insurance claims and expenses.

**Fiduciary Fund Types -**

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. St. Clair County's fiduciary funds include:

**Basic Retirement System** - is used to account for activity of the Employees' Retirement System, which accumulates resources for pension payments for qualified retirees.

**Other Postemployment Benefits Fund** - is used to account for activity of the Employees' OPEB Plan, which accumulates resources for health benefit payments to eligible retirees.

**Private Purpose Trust Fund (Landfill Perpetual Care)** - is used to account for the accumulation of statutory fees and interest earnings to be used by the State of Michigan to safely maintain the landfill after the closure.

**Agency Funds** - are used to account for assets held by the County as an agent for individuals, private organizations, other governmental units, and other funds, including tax collections, payroll liabilities, and library collections of penal fines.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's enterprise funds 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.

**ST. CLAIR COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):**

Proprietary funds distinguish operating revenue and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal on-going operations. The principal operating revenues of the Enterprise and Internal Service Funds are charges to customers for sales and services and intergovernmental operating grants. Operating expenses from Enterprise and Internal Service Funds include costs of sales and services, administrative expense, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

**D. Assets, Liabilities, Deferred Inflows/Outflows of Resources, and Net Position or Fund Balance -**

**Deposits and Investments -**

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, investment trust funds, and certificates of deposit with original maturities of three months or less from the date of acquisition. The investment trusts have the general characteristics of demand deposit accounts in that the County may deposit additional cash at any time and effectively may withdraw cash at any time without prior notice or penalty, and are reported as cash and cash equivalents.

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 their 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 (except those with a fluctuating per share value).

The Michigan Public Employee Retirement System Act, Public Act 314 of 1965 as amended, authorizes the Retirement System, to invest in stocks, government and corporate securities, mortgages, real estate, and various other investment instruments, subject to certain limitations.

**Receivables and Payables -**

Activity 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), "advances to/from other funds" (i.e., the non-current portion of interfund loans), or interfund borrowings (i.e., the non-current portion of interfund loans with component units). 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".

All trade and property tax receivables are shown net of an allowance for uncollectible accounts.

**ST. CLAIR COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):**

**Inventories and Prepaid Items -**

Inventories of governmental funds are recorded as expenditures when purchased. Inventories of the Road Commission are stated at average cost recognized using the consumption method (recorded as expense when used). All other inventories are valued at the lower of cost or market 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 the government-wide statements and proprietary fund types using the consumption method. In the governmental fund financial statements the purchases method is used, except for prepaid postage and spendable endowment deposits with the Community Foundation which are recorded as prepaid items using the consumption method.

**Properties Held for Sale -**

Properties held for sale in the Land Bank Authority are foreclosure properties purchased from the primary government to hold, manage, and develop to be productive and economically viable. These properties are stated using the specific identification method and are recognized using the consumption method.

**Property Tax Calendar -**

The property taxes for the County's general fund are levied on July 1 (the lien date), with all special purpose taxes levied on December 1 (the lien date), based on the taxable value of property located in the County as of the preceding December 31, by the various municipalities within the County. The July 1 taxes are due on or before September 15 and the December 1 taxes are due on or before February 15. The General Fund levy is recognized in the year of the levy. The special purpose taxes that are levied on December 1 are recorded as a receivable and deferred inflow of resources since they are levied for the subsequent year operations. For the year the County levied 5.3265 mills for the General Fund, .4954 mills for Parks and Recreation, .7000 mills for Library, .8000 mills for Senior Citizens, .1000 mills for Veterans, .2803 mills for Drug Task Force, and .2500 mills for Roads.

**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. For the County, infrastructure exists in the Road Commission and Drain Commission component units. The government defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years, except for the St. Clair Department of Public Works and the St. Clair County Road Commission, which capitalize assets with an individual cost of \$1,000 or more. The Road Commission also capitalizes road equipment without consideration of a minimum cost. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market 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 the asset's life 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 is included as part of the capitalized value of the assets constructed.

**ST. CLAIR COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):**

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight line method over the following estimated useful lives, with the exceptions for certain landfill assets, which are depreciated based on the usage method, and road equipment, which is depreciated based on the sum-of-the-years' digits method:

	Years				
	<u>Primary Government</u>	<u>Road Commission</u>	<u>Mental Health</u>	<u>Dept. of Public Works</u>	<u>Drains</u>
Building/Improvements	10-45	20-50	5-30	20-50	-
Drain System	-	-	-	-	50
Road Systems/Other Infrastructure	-	8-50	-	-	-
Utility System	-	-	-	50-60	-
Equipment	3-20	4-20	4-7	5-20	-
Books/Audiovisual	5-10	-	-	-	-

**Compensated Absences -**

In accordance with contracts negotiated with the various employee groups of the County, individual employees have vested rights upon termination of employment to receive payment for unused vacation and sick leave under formulas and conditions specified in the contracts. All vested vacation and sick leave is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for this amount 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 statements of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts 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 proceeds received, are reported as debt service expenditures.

**Deferred Outflows/Inflows of Resources -**

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses) until then. The County has one item that qualifies for reporting in this category. A deferred loss on refunding is reported on the government-wide statement of net position. The deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

**ST. CLAIR COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):**

In addition to liabilities, the statement of net position and balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) so will not be recognized as an inflow of resources (revenue) until that time. The County had two items, one reported on both the government-wide statement of net position (accrual basis of accounting) and the governmental fund balance sheet (modified accrual basis of accounting) for taxes levied for a subsequent period and another item on the governmental fund balance sheet for unavailable revenues that are not collected within the 60 day or 90 day period. The County had unavailable revenues primarily from delinquent personal property taxes, long-term contract paid by other governmental units and individuals, fees, and expense reimbursement grants. The amounts are recognized as an inflow of resources in the period for which the tax is levied and in the period the amounts become available.

**Fund Balance -**

In the fund financial statements, governmental funds reported fund balances in one or more of the following classifications:

*Nonspendable fund balance* – the portion of fund balance that is not in a spendable form.

*Restricted fund balance* – the portion of fund balance that is mandated for a specific purpose by external parties, constitutional provisions, or enabling legislation.

*Committed fund balance* – the portion of fund balance that is set aside for a specific purpose by the County itself, using the highest level of decision-making authority (Board of Commissioners) by the passage of a resolution.

*Assigned fund balance* – the portion of fund balance that reflects the County's intended use of resources. Currently, the Administrator/Controller has the authority to set aside funds pursuant to the County's Fund Balance Policy. Amounts in excess of nonspendable, restricted, and committed fund balance in funds other than the Combined General Fund is reported as assigned.

*Unassigned fund balance* – the portion of fund balance in the Combined General Fund that cannot be classified into one of the four categories above.

When different classifications of fund balance are present, it is the County's policy that expenditures are to be spent from restricted fund balance first, if appropriate, followed in order by committed fund balance, assigned fund balance and lastly, unassigned fund balance.

**Estimates -**

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

# ST. CLAIR COUNTY, MICHIGAN

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2014

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):

#### **Federal Programs -**

Federal Programs are accounted for in specific Special Revenue Funds or as part of the various fund types to which the programs pertain. The County has not integrated its Single Audit Reports and Schedule of Expenditures of Federal Awards as part of the Annual Financial Report. The Single Audit will be issued prior to September 30, 2015, under separate cover as supplementary information to the Annual Financial Report.

#### **Upcoming Accounting Pronouncements -**

The Governmental Accounting Standards Board (GASB) issued the following statements that will have an impact on the County's financial statements when adopted. The County is currently evaluating the implications of the pronouncements.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, and will become effective for the County's December 31, 2015 fiscal year. These statements will require the recognition of a net pension liability equal to the unfunded portion of the County's defined benefit plan, as defined and calculated in accordance with GASB Statement No. 67. The net pension liability is the difference between the total pension liability (the present value of projected benefit payments to employees based on their past service) and the assets (mostly investments reported at fair value) set aside in a trust and restricted to paying benefits to current employees, retirees, and their beneficiaries. The amount of this liability is \$23,180,727 for the County's defined benefit pension plan. The new standards will require the net pension liability to be recorded for the year ending December 31, 2015, by restating beginning net position as of January 1, 2015.

GASB Statement No. 72, *Fair Value Measurement and Application* was issued in February 2015 and will become effective for the County's December 31, 2016 fiscal year. This statement addresses accounting and financial reporting issues related to fair value measurements. This statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This statement will also enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on the County's financial position.

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* was issued in June 2015 and will become effective for the County's December 31, 2017 fiscal year. The statement establishes accounting and financial reporting as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. The statement builds upon the existing framework for financial reports of defined benefit postemployment benefit plans and enhances note disclosures and required supplementary information for both defined benefit and defined contribution plans. The statement also requires the presentation of new information about annual rates of return in the notes to financial statements and in the ten year required supplementary information.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plan Other Than Pension Plans* was issued in June 2015 and will become effective for the County's December 31, 2018 fiscal year. The statement requires governments providing defined benefit plans to report the net OPEB liability in their statement of net position. The net OPEB liability is the difference between the total OPEB liability (the present value of projected benefit payments to employees based on their past service) and the assets accumulated in a trust and restricted to paying benefits to current employees, retirees, and their beneficiaries.

## ST. CLAIR COUNTY, MICHIGAN

### NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2014

#### NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:

##### **Budgetary Information -**

The General and Special Revenue Funds budgets shown in the financial statements were prepared on a basis consistent with accounting principles generally accepted in the United States of America. The County employs the following procedures in establishing the budgetary data reflected in the financial statements:

- 1) Prior to November 1, County departments, in conjunction with the Administrator/Controller's Office, prepare and submit their proposed operating budgets for the calendar year commencing the following January 1. The operating budgets include proposed expenditures and resources to finance them.
- 2) A Public Hearing is conducted to obtain taxpayers' comments.
- 3) Prior to December 31, the budgets are legally enacted through passage of a Board of Commissioners' resolution.
- 4) The budgets are legally adopted at the activity level for the General Fund and the functional level for the Special Revenue Funds; however, for control purposes the budgets are maintained at the account level.
- 5) Formal budgetary integration is not employed for the Debt Service or Capital Projects Funds on an annual basis because effective budgetary control is achieved through project length financial plans.
- 6) After the budgets are adopted, the Administrator/Controller's Office is authorized to transfer budget amounts between accounts. Any revisions that exceed the total activities or functions as applicable must be approved by the Board of Commissioners.
- 7) The County does not employ encumbrance accounting as an extension of formal budgetary integration in the governmental funds. All unexpended appropriations lapse at year-end.
- 8) Budgeted amounts are reported as originally adopted, or as amended by the Board of Commissioners during the year.

Similar procedures are followed in the case of the Component Units included in the Reporting Entity of St. Clair County, except that the respective Administrator/Director of each performs the function described above rather than the County Administrator/Controller. Budgetary comparisons have not been made for the component unit financial statements but are available in their separately issued component unit financial statements.

Michigan Public Act 621 of 1978 Section 18, as amended, provides that local governmental units shall not incur expenditures in excess of the amount appropriated at the legally enacted level.

**ST. CLAIR COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - (cont'd):**

During the year ended December 31, 2014, the County (primary government) incurred expenditures in the General Fund and Special Revenue Funds, which were in excess of the amounts appropriated at the activity level for the General Fund and functional level for the Special Revenue Funds as follows:

**Excess of Expenditures over Appropriations -**

**PRIMARY GOVERNMENT -**

<u>Fund Type/Function/Activity</u>	<u>Appropriations</u>	<u>Expended</u>	<u>Variance</u>
<b>Combined General Fund -</b>			
General Fund -			
Judicial -			
Courthouse Security	\$ 442,838	\$ 449,920	\$ 7,082
Family Division - Circuit Court	1,555,706	1,562,581	6,875
General Government -			
Elections	180,450	211,971	31,521
Register of Deeds	92,814	98,307	5,493
Public Safety -			
Training	21,000	22,820	1,820
Communications/Radio	1,642,936	1,686,544	43,608
Marine Law Enforcement	226,040	230,006	3,966
Corrections/Jail	10,487,976	10,690,773	202,797
Emergency Preparedness	841,891	1,028,895	187,004
Hazardous Material Handling	23,688	30,175	6,487
Public Works -			
Drains	178,563	207,060	28,497
Health and Welfare -			
Medical Examiner	322,546	330,002	7,456
Public Guardian	300,380	303,765	3,385
Veterans' Burial	18,000	18,600	600
Transfers to Other Funds	6,525,306	6,933,707	408,401
Budget Incentive Fund -			
Transfers to Other Funds	37,367	80,367	43,000

**ST. CLAIR COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - (cont'd):**

<u>Fund Type/Function/Activity</u>	<u>Appropriations</u>	<u>Expended</u>	<u>Variance</u>
<b>Major Special Revenue Fund -</b>			
Parks and Recreation - Transfer to Other Funds	\$ -	\$ 31,856	\$ 31,856
<b>Nonmajor Special Revenue Funds -</b>			
Drug Task Force - Public Safety	1,295,724	1,365,608	69,884
Drug Law Enforcement - Public Safety	200,000	260,794	60,794
Health Department - Health and Welfare	6,236,163	6,288,432	52,269
Child Care - Health and Welfare	5,866,479	6,368,028	501,549
Veterans' Millage - Health and Welfare	550,000	560,538	10,538
Family Counseling - Judicial	20,000	26,171	6,171
Prosecutor's Drug Forfeitures - Public Safety	25,000	33,689	8,689

**NOTE 3 - DEPOSITS AND INVESTMENTS:**

**Authorized Deposits and Investments -**

Investments are carried at cost or fair value as explained in Note 1, and are deposited in the name of the St. Clair County Treasurer. Act 217 PA 1982 as amended authorizes the County to deposit in certificates of deposit, savings accounts, depository accounts or depository receipts of a state or nationally chartered bank or a state or federally chartered savings and loan association, savings bank or credit union whose deposits are insured by an agency of the United States government and which maintains a principal office or branch office located in this State under the laws of this State or the United States, but only if the bank, savings and loan association, savings bank or credit union is eligible to be a depository of surplus funds belonging to the State under Section 5 or 6 of Act 105 of the Public Acts of 1855, as amended, being section 21.145 and 21.146 of the Michigan Compiled Laws.

**ST. CLAIR COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 3 - DEPOSITS AND INVESTMENTS - (cont'd):**

Investments, except those of the Retirement System, are administered by the Treasurer under guidelines established by Act 20 of the Michigan Public Acts of 1943, as amended, and the Investment Policy as adopted by the County's Board of Commissioners. The County's Investment Policy allows for the following instruments:

- 1) Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- 2) Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution, but only if the financial institution is eligible to be a depository of funds belonging to the state under a law or rule of this state or the United States.
- 3) Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase. Not more than 50% of County funds shall be invested in commercial paper.
- 4) Repurchase agreements consisting of instruments listed in (1) above.
- 5) Bankers' acceptances of United States banks, with a maturity date not to exceed 270 days. Not more than 50% of County funds shall be invested in bankers' acceptances.
- 6) Obligations of this state or any of its political subdivisions that, at the time of purchase, are rated as investment grade by not less than one standard rating service.
- 7) Mutual funds registered under the Investment Company Act of 1940, Title I of Chapter 686, 54 Stat. 789, 15 U.S.C. 80a-1 to 80a-3 and 80a-4 to 80a-64, with authority to purchase only investment vehicles that are legal for direct investment by a public corporation. This authorization is limited to securities whose intention is to maintain a net asset value of \$1.00 per share.
- 8) Obligations described in (1.) through (7.) above if purchased through an interlocal agreement under the Urban Cooperation Act of 1967, 1967 (Ex Sess) PA7, MCL 124.501 to 124.512.
- 9) Investment pools organized under the Surplus Funds Investment Pool Act, 1982 PA 367, MCL 129.111 to 129.118.
- 10) Investment pools organized under the Local Government Investment Pool Act, 1985 PA 121, MCL 129.141 to 129.150.

**ST. CLAIR COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 3 - DEPOSITS AND INVESTMENTS - (cont'd):**

**Carrying Amount -**

At year-end, the carrying amount of the County Reporting Entity's deposits and investments is as follows:

	<u>Primary Government</u>	<u>Component Units</u>	<u>Fiduciary Unit</u>	<u>Reporting Entity</u>
Cash on Hand -				
Petty cash and cash on hand	\$ 19,271	\$ 3,535	\$ 1,200	\$ 24,006
Deposits with Financial Institutions -				
Checking/Savings/Certificates of Deposit/Money Market	<u>55,714,943</u>	<u>33,185,662</u>	<u>3,358,185</u>	<u>92,258,790</u>
Investments -				
Investment Trust Funds	1,019,820	-	9,226,735	10,246,555
U.S. Government/Agencies	-	24,511	2,382,571	2,407,082
Corporate Debt	-	-	35,436,202	35,436,202
Stocks	-	-	109,158,207	109,158,207
Hedge Funds	-	-	9,259,530	9,259,530
Foreign Bonds	-	-	18,345,232	18,345,232
Mutual Funds	-	-	10,236,501	10,236,501
Municipal Bonds	-	-	204,872	204,872
Partnerships	-	-	58,082,247	58,082,247
Total Investments	<u>1,019,820</u>	<u>24,511</u>	<u>252,332,097</u>	<u>253,376,428</u>
Grand Total	<u>\$ 56,754,034</u>	<u>\$ 33,213,708</u>	<u>\$ 255,691,482</u>	<u>\$345,659,224</u>

**Reconciliation to Statements of Net Position -**

Reported as Cash and Cash Equivalents -	
Petty Cash and Cash on Hand	\$ 24,006
Cash in Checking/Cash in Savings	
Money Market/Certificate of Deposit	85,029,833
Investment Trust Funds	<u>10,246,555</u>
Total Cash and Cash Equivalents Reported on Statements of Net Position	<u>95,300,394</u>
Reported as Investments -	
Certificates of Deposits	7,228,957
U.S. Government/Agencies	2,407,082
Corporate Debt	35,436,202
Stocks	109,158,207
Hedge Funds	9,259,530
Foreign Bonds	18,345,232
Mutual Funds	10,236,501
Municipal Bonds	204,872
Partnerships	<u>58,082,247</u>
Total Investments Reported on Statements of Net Position	<u>250,358,830</u>
Grand Total - Statements of Net Position	<u>\$ 345,659,224</u>

**ST. CLAIR COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 3 - DEPOSITS AND INVESTMENTS - (cont'd):**

**Deposits with Financial Institutions -**

The County has deposits and investments, which are maintained for its primary government, component units, and fiduciary fund types.

Michigan Public Acts authorize the units of local government in Michigan to deposit in the accounts of federally insured banks, insured credit unions, and savings and loan associations. All deposits of the County are at federally insured banks in the State of Michigan in the name of the County.

**Custodial Credit Risk - Deposits** - Custodial credit risk for deposits is the risk that in the event of a bank failure, the County's deposits may not be returned. As an indication of the level of deposit custodial credit risk assumed by the County at year end, the book value of the County's deposits was \$92,258,790 with a corresponding bank balance of \$93,563,804. Insured deposits were \$21,933,129, collateralized by securities held by the pledging financial institution were \$33,276,452, and the remaining \$38,354,223 were uninsured, uncollateralized, and in the County's name.

The County's Investment Policy allows for the use of bank deposits including certificates of deposit. The County's investment policy does not address custodial credit risk for deposits.

An element of the County cash structure is the common account, which is utilized by most of the funds and component units within the reporting entity. Segregation of the bank balance between the primary government and component units was not practical. The bank balance of the common checking account was included as part of the primary government's demand deposits for the determination of FDIC insurance coverage.

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 and assesses the level of risk. The County uses only those financial institutions with an acceptable estimated risk level as depositories.

**Investments (Excluding Retirement)**

**Credit Risk - Investments** - The County has \$1,019,820 excluding retirement, invested in investment trust funds that invest primarily in U.S. Treasuries, U.S. Agencies, repurchase agreements, and commercial paper. The County's investment policy does not specifically address credit risk for investments. The investment trust has been rated as follows:

	<u>Amount</u>	<u>Rating</u>	<u>Rating Agency</u>	<u>Average Days to Maturity</u>
Primary Government - MBIA Michigan CLASS	\$ 1,019,820	AAAm	Standard & Poors	45

**ST. CLAIR COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 3 - DEPOSITS AND INVESTMENTS - (cont'd):**

***Custodial Credit Risk - Investments*** - 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 that are in possession of another party.

The securities of the pool are safe kept with a third party selected by the counterparty. However, the pool's securities are held in trust for the participants of the fund that are not available to the counterparty if the counterparty should happen to fail. The County's investment policy does not limit the amount of securities that can be held by counterparties.

***Concentration of Credit Risk - Investments*** - is the risk of loss attributed to the magnitude of the County's investment in a single issuer. The County's formal investment policy attempts to minimize risk by diversifying its investments by maturity dates, individual financial institutions, and/or security type, so that potential loss on individual securities do not exceed the income generated from the remainder of the portfolio. However, the County's policy does not restrict the amount that can be invested with any one issuer, financial institution or type of investment.

***Interest Rate Risk - Investments*** - Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The County's investment policy specifies investments should yield a rate of return commensurate with a recognized level of risk for like investments. Also, the County's investment portfolio should be designed with the specific objective of attaining a market rate of return through the various economic cycles, taking into account the County's investment risk, legal constraints on investments, County policy constraints on investments, and cash flow requirements. At year-end, the County's investments have the following range of maturity dates:

Investment Types	Fair value	Maturity (Years)	
		<1	1-5
Investment Trusts -			
Primary Government	\$ 1,019,820	\$ 1,019,820	\$ -
Certificates of Deposit (1) -			
Primary Government	7,142,473	-	7,142,473
Fiduciary Unit	86,484	-	86,484

(1) Certificates of Deposit were presented to give an overall view of associated interest rate risk.

**Investments - Retirement System**

The Retirement System investments are made in accordance with Act 314 of the Michigan Public Acts of 1965, as amended, as well as the Investment Policy adopted by the Board of Trustees of the St. Clair County Employees' Retirement System. Investments in stock are limited to no more than 70% in U.S. Stocks and 20% in foreign stocks. Additionally, investments must comply with the following guidelines:

**ST. CLAIR COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 3 - DEPOSITS AND INVESTMENTS - (cont'd):**

US Equities - Permitted from 35% up to maximum of 60% for active or passive growth or broad value, large-, mid-, and small-cap investments. Managers may invest up to 10% of their portfolio in the outstanding securities of one issuer. ADR's are permitted up to a maximum of 10% of each portfolio.

International Equities - Active, broad, or focused international equities ranging from 10% to 20% of pension assets. No more than 7.5% of the portfolio at cost or 10% at market rate in any one security.

Global Fixed Income - Active or core plus with an allocation ranging from 25% to 45% of Plan assets. No more than 5% of the portfolio at market value may be invested in one issuer, except Treasury and Agency securities. At least 90% of debt securities must have a quality rating of Baa or higher. The account may invest up to 10% of the portfolio market value in securities rated BB to CCC.

Commercial Real Estate - Core, value-added, & opportunistic investments ranging from 10% to 20% of Plan assets. No more than 10% of the portfolio in properties where there is significant leasing risk, no more than 50% of the portfolio's assets will be invested in all types of leverage, no more than 20% of total assets will be invested in publicly traded REITs, no more than 5% of total assets will be invested in non-traditional property types and structures, no more than 20% of commitments in a single farm land property without approval of the Advisory Committee, no more than 10% of commitments outside of U.S. without approval, will not utilize leverage exceeding 25% of the aggregate sum of commitments.

Alternative Investments – Hedge funds, private equity, private debt, and real assets ranging from 0% to 10% of plan assets. No more than 8% of the portfolio's assets in the outstanding securities of one hedge fund.

Pension investments are made through the use of investment advisors, which are selected and retained by the Retirement Board. The advisors serve at the pleasure of the Retirement Board as provided by investment agreements. At December 31, 2014 the Retirement System had 12 investment advisors. As of December 31, 2014, the County had the following investment types in its Retirement System:

<u>Investment Types</u>	<u>Fair Value</u>	<u>Percentage</u>
Corporate Debt	\$ 35,436,202	14.04 %
U.S. Government/Agency Bonds	2,382,571	0.94
Municipal Bonds	204,872	0.08
Foreign Bonds	18,345,232	7.27
Stocks	109,158,207	43.26
Mutual Funds	10,236,501	4.06
Hedge Funds	9,259,530	3.67
Partnerships	<u>58,082,247</u>	<u>23.02</u>
	243,105,362	96.34
Investment Trust Funds (1)	<u>9,226,735</u>	<u>3.66</u>
Total	<u>\$ 252,332,097</u>	<u>100.00 %</u>

(1) These investment trusts invest primarily in high quality commercial paper, U.S. Treasuries and government agencies, and other money market securities.

	<u>Amount</u>	<u>Rating</u>	<u>Rating Agency</u>	<u>Average Days to Maturity</u>
Federated -				
Govt. Obligations Tx Mgd Fund	\$ 1,945,419	AAAm	Standard & Poors	49
Treasury Obligations Fund	7,281,316	AAAm	Standard & Poors	38

**ST. CLAIR COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 3 - DEPOSITS AND INVESTMENTS - (cont'd):**

**Credit Risk** - The Board's adopted Statement of Investment Policies Procedures and Objectives states that all debt securities, except Treasuries and Agencies, must have a quality rating of B or above at the time of issue and allows up to 25% of the portfolio in BB to CCC rated securities. If more than allowed value of securities is within that investment grade, it shall be reported to the Retirement Board immediately along with a proposed plan of action. As of December 31, 2014, investments held in the Retirement System excluding investment trusts, U.S. government securities, mutual funds, equity funds, and stocks had the following Standard & Poors ratings:

<u>Fair Value</u>	<u>Ratings</u>
\$ 3,618,216	AAA
763,227	AA+
400,283	AA
1,413,901	AA-
2,212,746	A+
4,596,343	A
3,111,024	A-
6,044,125	BBB+
10,651,347	BBB
8,862,321	BBB-
3,298,888	BB+
2,114,119	BB
623,285	BB-
868,025	B+
403,694	B
222,909	CCC
<u>4,781,853</u>	No Rating
<u>\$ 53,986,306</u>	

**Custodial Credit Risk** - The risk that, in the event of a failure of the counterparty, the Retirement System would not be able to recover the value of its investments that are in the possession of another third party. The Retirement System's Investment Policy requires that all investment transactions shall be conducted through a custodian that will act as the system's third party. Securities shall be held by the custodian, as designated by the Retirement Board, and shall be evidenced by a custodial report. As of December 31, 2014, \$185,023,115 in investments was held in third party safekeeping in the County's name.

**Concentration of Credit Risk** - The Board's Investment Policy states that no more than 5% of the Retirement System's assets may be invested with one issuer, except US Treasuries and Agencies, which have no limitation. The system did not hold 5% or more in any one issuer.

**ST. CLAIR COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 3 - DEPOSITS AND INVESTMENTS - (cont'd):**

**Interest Rate Risk** - The Board's adopted Statement of Investment Policy and Objectives places no limitation on the system's fixed income manager on the length to maturity for fixed income investments. The system's fixed income investments had lengths of maturities ranging from one month to 47 years, which is reasonable given the long-term nature of the system. Having staggered maturities will reduce the retirement system's risk exposure to rising interest rates. As of December 31, 2014, the Retirement System's investments had the following maturities:

Investment	Fair Value	Years			
		<1	1-5	5-10	10>
Corporate Debt	\$ 35,436,202	\$ 960,264	\$ 10,690,406	\$ 13,292,400	\$ 10,493,132
Municipal Bonds	204,872	-	204,872	-	-
Foreign Bonds	18,345,232	-	5,247,869	8,783,727	4,313,636
	<u>\$ 53,986,306</u>	<u>\$ 960,264</u>	<u>\$ 16,143,147</u>	<u>\$ 22,076,127</u>	<u>\$ 14,806,768</u>

**Securities Lending**

St. Clair County's policy authorizes participation in a securities lending program administered by its global custodian, Credit Suisse. St. Clair County receives income as the owner of securities, as well as income from the lending of those securities. There are no dividends or coupon payments owing on the securities on loan. Securities lending earnings are credited to St. Clair County on approximately the 15th day of the following month. The securities are open contracts and, therefore, could be terminated at any time by either party.

The borrower collateralizes the loan with cash at 102% of market value plus accrued interest on domestic securities, and 105% of market value plus accrued interest on international securities loaned. Due to the nature of the program's collateralization of U.S. fixed income securities on loans at 102% plus accrued interest, St. Clair County management believes that there is no credit risk per GASB 40 because the lender owes the borrower more than the borrower owes the lender. Cash collateral is invested for St. Clair County in a dedicated short-term investment fund consisting of investment grade fixed income securities. The custodian provides for full indemnification to St. Clair County for any losses that might occur in the event of borrower default resulting from negligence or intentional misconduct. Securities on loan are marked to market daily to ensure the adequacy of the collateral. There are no restrictions on the amount of securities that can be loaned at one time. St. Clair County has never experienced a loss on securities lending transactions resulting from the default of a borrower or lending agent since it commenced lending securities.

**Collateral Held and Fair Value of Securities on Loan**

Fair Value of Securities on Loan	Nature of Collateral	Collateral Held
\$ 5,291,975	Cash	\$ 5,000,000
	Non-Cash	<u>434,329</u>
		<u>\$ 5,434,329</u>

**Securities Lending Collateral**

	S & P Rating	Percentage	Amount
Short-term Credit Ratings	AA+	100.00 %	<u>\$ 5,000,000</u>

**ST. CLAIR COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 3 - DEPOSITS AND INVESTMENTS - (cont'd):**

*Derivatives*

Derivative instruments are financial contracts whose value depends on the value of underlying assets, reference rates, or financial indices. They include future contracts, swap contracts, credit-linked notes and forward foreign currency exchange. While the Board has no formal policy specific to derivatives, the County holds investments in future contracts. The County enters into these derivative contracts primarily to reduce the volatility of the portfolio. It enters future contracts to manage interest rate risk.

The following table summarizes the various contracts in the portfolio as of December 31, 2014. The notional value associated with these derivative instruments are generally not recorded on the financial statements; however, the amounts for the exposure (unrealized gains/losses) on these instruments are recorded. Interest rate risks associated with these investments are included in the table.

Options Contracts – December 31, 2014

<u>Futures Contract</u>	<u>Expiration Date</u>	<u>Long/Short</u>	<u>Cost</u>	<u>Market Value</u>	<u>Unrealized Gain/(Loss)</u>
U.S. T-Bonds Mar 15	3/31/15	Short	\$( 2,531,375)	\$( 2,602,125)	\$( 70,731)

The County could be exposed to risk if they are unable to meet the terms of the contracts.

**NOTE 4 - RECEIVABLES:**

Receivables at December 31, 2014 in the governmental and business type activities are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Property taxes	\$ 14,563,573	\$ 8,399,330
Interest and accounts	2,190,065	1,096,963
Notes receivable	-	29,947
Intergovernmental	<u>4,283,000</u>	<u>1,277,989</u>
	21,036,638	10,804,229
Less - allowance for uncollectible	<u>( 1,049,479)</u>	<u>( 205,500)</u>
	<u>\$ 19,987,159</u>	<u>\$ 10,598,729</u>

**ST. CLAIR COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 5 - CAPITAL ASSETS:**

**Primary Government**

Capital asset activity of the primary government for the year ended December 31, 2014 was as follows:

	Balance January 1, 2014	Additions	Disposals/ Adjustments	Balance December 31, 2014
<b>Governmental Activities:</b>				
Capital assets, not being depreciated				
Land	\$ 11,941,538	\$ 546,502	\$ -	\$ 12,488,040
Construction in progress	<u>2,712,056</u>	<u>5,328,291</u>	<u>678,422</u>	<u>7,361,925</u>
Total capital assets, not being depreciated	<u>14,653,594</u>	<u>5,874,793</u>	<u>678,422</u>	<u>19,849,965</u>
Capital assets, being depreciated				
Buildings	\$ 90,185,382	\$ 1,172,005	\$ 45,498	\$ 91,311,889
Improvements other than buildings	7,351,633	166,933	-	7,518,566
Machinery and equipment	21,267,225	963,019	1,113,618	21,116,626
Books	<u>7,967,808</u>	<u>333,172</u>	<u>1,083,260</u>	<u>7,217,720</u>
Total capital assets being depreciated	<u>126,772,048</u>	<u>2,635,129</u>	<u>2,242,376</u>	<u>127,164,801</u>
Less accumulated depreciation for:				
Buildings	27,126,069	2,246,743	29,137	29,343,675
Improvements other than buildings	3,185,558	353,444	-	3,539,002
Machinery and equipment	11,670,785	1,606,993	1,001,373	12,276,405
Books	<u>5,733,028</u>	<u>519,403</u>	<u>1,083,248</u>	<u>5,169,183</u>
Total accumulated depreciation	<u>47,715,440</u>	<u>4,726,583</u>	<u>2,113,758</u>	<u>50,328,265</u>
Total capital assets being depreciated, net	<u>79,056,608</u>	<u>( 2,091,454)</u>	<u>128,618</u>	<u>76,836,536</u>
Governmental activities capital assets, net	<u>\$ 93,710,202</u>	<u>\$ 3,783,339</u>	<u>\$ 807,040</u>	<u>\$ 96,686,501</u>
<b>Business-type Activities:</b>				
Capital assets, not being depreciated				
Land	\$ 1,077,858	\$ 240,000	\$ -	\$ 1,317,858
Construction in progress	<u>232,287</u>	<u>492,242</u>	<u>221,593</u>	<u>502,936</u>
Total capital assets, not being depreciated	<u>1,310,145</u>	<u>732,242</u>	<u>221,593</u>	<u>1,820,794</u>
Capital assets, being depreciated				
Buildings	8,028,496	257,750	-	8,286,246
Improvements other than buildings	32,102,743	2,417,480	19,215	34,501,008
Machinery and equipment	<u>6,357,464</u>	<u>660,336</u>	<u>21,562</u>	<u>6,996,238</u>
Total capital assets being depreciated	<u>46,488,703</u>	<u>3,335,566</u>	<u>40,777</u>	<u>49,783,492</u>
Less accumulated depreciation for:				
Buildings	991,593	328,886	-	1,320,479
Improvements other than buildings *	22,552,875	879,679	16,400	23,416,154
Machinery and equipment	<u>2,376,276</u>	<u>420,864</u>	<u>21,562</u>	<u>2,775,578</u>
	<u>25,920,744</u>	<u>1,629,429</u>	<u>37,962</u>	<u>27,512,211</u>
Total capital assets being depreciated, net	<u>20,567,959</u>	<u>1,706,137</u>	<u>2,815</u>	<u>22,271,281</u>
Business type activities capital assets, net	<u>\$ 21,878,104</u>	<u>\$ 2,438,379</u>	<u>\$ 224,408</u>	<u>\$ 24,092,075</u>

\*Restated – See Note 18.

**ST. CLAIR COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 5 - CAPITAL ASSETS - (cont'd):**

The business-type capital assets include \$276,766 of capitalized interest. During the year ended December 31, 2014, interest incurred by the County business-type activities was \$176,117, all of which was expensed.

Depreciation expense for 2014 was charged to functions/programs of the primary government as follows:

Governmental activities:		
Judicial		\$ 22,518
General Government		1,080,714
Public Safety		2,310,298
Health and Welfare		162,410
Recreation and Cultural		<u>1,147,566</u>
Total depreciation expense-governmental activities		4,723,506
Depreciation in the internal service fund		<u>3,077</u>
		<u>\$ 4,726,583</u>
Business-type activities:		
Solid Waste Disposal System		\$ 1,398,572
Airport Commission		<u>230,857</u>
Total depreciation expense-business-type activities		<u>\$ 1,629,429</u>

**Construction/Purchase Commitments**

The County has committed to the following contracts at December 31, 2014 (These commitments do not include any change orders made after December 31, 2014):

	<u>Contract Amount</u>	<u>Payments Through 12/31/14</u>	<u>Accounts Payable/ Retention</u>	<u>Remaining Balance 12/31/14</u>
Blue Water Area Convention Center				
Construction (a)	\$ 5,259,768	\$ 3,097,840	\$ 1,482,424	\$ 679,504
Landfill Cell Maintenance (b)	2,169,146	1,534,274	-	634,872
Airport Fixed Basis Operator (c)	890,948	256,369	-	634,579
Inmate Medical Services (d)	1,493,063	470,226	40,914	981,923
Jail Video Security System (e)	210,000	-	-	210,000
911 Hardware and Software (f)	324,218	76,511	-	247,707
Cell 4 Construction (g)	2,517,978	1,420,772	604,699	492,507
Gas Extraction Component				
Installation (h)	655,500	-	39,613	615,887
Grant Writing and Legislative Services (i)	270,000	30,000	-	240,000

The County has open contracts at 12/31/14 for:

- |  |  |
|--|--|
| (a) The construction of the Blue Water Area Convention Center  | (f) A new 911 phone system   |
| (b) Cell maintenance at the landfill through December 31, 2015 | (g) The construction of cell 4 at the Landfill                       |
| (c) A Fixed Base Operator at the airport                       | (h) The installation of the gas extraction component at the Landfill |
| (d) Jail inmate medical services                               | (i) Grant writing and legislative strategy services                  |
| (e) A new video security system at the jail                    |  |

**ST. CLAIR COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 5 - CAPITAL ASSETS - (cont'd):**

**Discretely Presented Component Units**

**Drainage Districts.** Activity for the Drainage Districts for the year ended December 31, 2014 was as follows:

	Balance January 1, <u>2014</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2014</u>
Capital assets, not being depreciated:				
Right of Ways	\$ 627,517	\$ 447,165	\$ -	\$ 1,074,682
Construction in progress	<u>2,615,323</u>	<u>1,983,449</u>	<u>24,246</u>	<u>4,574,526</u>
	<u>3,242,840</u>	<u>2,430,614</u>	<u>24,246</u>	<u>5,649,208</u>
Capital assets, being depreciated:				
Infrastructure	37,423,580	316,970	-	37,740,550
Equipment	<u>38,067</u>	<u>14,100</u>	-	<u>52,167</u>
	<u>37,461,647</u>	<u>331,070</u>	-	<u>37,792,717</u>
Less accumulated depreciation for:				
Infrastructure	6,677,828	564,943	-	7,242,771
Equipment	<u>36,397</u>	<u>3,080</u>	-	<u>39,477</u>
	<u>6,714,225</u>	<u>568,023</u>	-	<u>7,282,248</u>
Total capital assets being depreciated, net	<u>30,747,422</u>	<u>( 236,953)</u>	-	<u>30,510,469</u>
Total capital assets, net	<u>\$ 33,990,262</u>	<u>\$ 2,193,661</u>	<u>\$ 24,246</u>	<u>\$ 36,159,677</u>

Depreciation expense for 2014 was \$568,023.

**Road Commission.** Activity for the Road Commission for the year ended December 31, 2014 was as follows:

Capital assets, not being depreciated -				
Land	\$ 65,629	\$ -	\$ -	\$ 65,629
Land Improvements	36,718,147	1,898,774	-	38,616,921
Right of Ways	<u>2,395,203</u>	<u>192,627</u>	-	<u>2,587,830</u>
Total capital assets, not being depreciated	<u>39,178,979</u>	<u>2,091,401</u>	-	<u>41,270,380</u>

**ST. CLAIR COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 5 - CAPITAL ASSETS - (cont'd):**

	Balance January 1, 2014	Additions	Deletions/ Removals	Balance December 31, 2014
Capital assets, being depreciated -				
Building and Improvements	\$ 4,681,411	\$ 97,416	\$ -	\$ 4,778,827
Road Equipment	12,548,617	919,490	466,491	13,001,616
Shop Equipment	691,874	2,379	1,412	692,841
Office Equipment	171,313	11,712	6,648	176,377
Engineering Equipment	287,670	14,569	-	302,239
Infrastructure -				
Roads	108,658,180	8,562,240	2,366,221	114,854,199
Bridges	62,658,348	3,567,649	-	66,225,997
Traffic Signals	460,813	-	-	460,813
Depletable Assets -				
Gravel Pits	<u>163,455</u>	<u>-</u>	<u>-</u>	<u>163,455</u>
	<u>190,321,681</u>	<u>13,175,455</u>	<u>2,840,772</u>	<u>200,656,364</u>
Less - accumulated depreciation for -				
Buildings and Improvements	2,905,698	99,249	-	3,004,947
Road Equipment	10,718,685	734,367	466,020	10,987,032
Shop Equipment	572,377	20,071	1,412	591,036
Office Equipment	136,251	12,595	6,648	142,198
Engineering Equipment	206,497	20,291	-	226,788
Infrastructure -				
Roads	49,095,149	5,586,051	2,366,221	52,314,979
Bridges	17,600,804	1,292,698	-	18,893,502
Traffic Signals	367,830	16,204	-	384,034
Depletable Assets	<u>46,342</u>	<u>-</u>	<u>-</u>	<u>46,342</u>
	<u>81,649,633</u>	<u>7,781,526</u>	<u>2,840,301</u>	<u>86,590,858</u>
Total capital assets being depreciated, net	<u>108,672,048</u>	<u>5,393,929</u>	<u>471</u>	<u>114,065,506</u>
Total capital assets, net	<u>\$147,851,027</u>	<u>\$ 7,485,330</u>	<u>\$ 471</u>	<u>\$155,335,886</u>

Depreciation expense for 2014 was \$7,781,526.

**Department of Public Works.** Activity for the Department of Public Works for the year ended December 31, 2014 was as follows:

Business-type activities:

    Capital assets, not being depreciated -

Land	\$ 83,776	\$ -	\$ -	\$ 83,776
Construction in progress	<u>-</u>	<u>494,403</u>	<u>-</u>	<u>494,403</u>
	<u>83,776</u>	<u>494,403</u>	<u>-</u>	<u>578,179</u>

**ST. CLAIR COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 5 - CAPITAL ASSETS - (cont'd):**

	Balance January 1, 2014	Additions	Deletions	Balance December 31, 2014
Capital assets being depreciated -				
Plant	\$ 10,692,820	\$ -	\$ -	\$ 10,692,820
Utility System	16,002,766	-	-	16,002,766
Machinery and Equipment	<u>926,370</u>	<u>62,114</u>	<u>17,762</u>	<u>970,722</u>
	<u>27,621,956</u>	<u>62,114</u>	<u>17,762</u>	<u>27,666,308</u>
Less - accumulated depreciation for -				
Plant	5,445,375	213,856	-	5,659,231
Utility System	9,688,014	266,713	-	9,954,727
Machinery and Equipment	<u>621,002</u>	<u>60,227</u>	<u>17,762</u>	<u>663,467</u>
	<u>15,754,391</u>	<u>540,796</u>	<u>17,762</u>	<u>16,277,425</u>
Total capital assets, being depreciated, net	<u>11,867,565</u>	<u>( 478,682)</u>	<u>-</u>	<u>11,388,883</u>
Total capital assets, net	<u>\$ 11,951,341</u>	<u>\$ 15,721</u>	<u>\$ -</u>	<u>\$ 11,967,062</u>

Depreciation expense was charged to function/programs as follows:

Business-type activities -	
Water and Sewer	<u>\$ 540,796</u>

**Community Mental Health Authority.** Activity for the Community Mental Health Authority for the year ended September 30, 2014 was as follows:

	Balance October 1, 2013	Additions	Disposals/ Adjustments	Balance September 30, 2014
Capital assets not being depreciated -				
Land	\$ 1,444,182	\$ 20,429	\$ -	\$ 1,464,611
Construction in progress	-	47,109	-	47,109
Total capital assets, not being depreciated	<u>1,444,182</u>	<u>67,538</u>	<u>-</u>	<u>1,511,720</u>
Capital assets being depreciated -				
Building	12,751,861	5,391	-	12,757,252
Leasehold improvements	54,980	-	-	54,980
Equipment and Furniture	<u>2,485,920</u>	<u>245,648</u>	<u>22,713</u>	<u>2,708,855</u>
	<u>15,292,761</u>	<u>251,039</u>	<u>22,713</u>	<u>15,521,087</u>
Less accumulated depreciation for -				
Building	3,487,409	635,651	-	4,123,060
Leasehold improvements	54,980	-	-	54,980
Equipment	<u>1,913,330</u>	<u>215,841</u>	<u>22,713</u>	<u>2,106,458</u>
	<u>5,455,719</u>	<u>851,492</u>	<u>22,713</u>	<u>6,284,498</u>
Total capital assets being depreciated, net	<u>9,837,042</u>	<u>( 600,453)</u>	<u>-</u>	<u>9,236,589</u>
Total capital assets, net	<u>\$ 11,281,224</u>	<u>\$ ( 532,915)</u>	<u>\$ -</u>	<u>\$ 10,748,309</u>

Depreciation expense for 2014 was \$851,492.

**ST. CLAIR COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 6 - PAYABLES:**

Payables at December 31, 2014 in the governmental and business-type activities are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Accounts payable/accrued expenses	\$ 4,142,177	\$ 1,309,533
Wages and fringe benefits	1,716,383	32,188
Accrued interest	490,036	43,753
Intergovernmental	<u>433,176</u>	<u>29,767</u>
	<u>\$ 6,781,772</u>	<u>\$ 1,415,241</u>

**NOTE 7 - INTERFUND RECEIVABLE, PAYABLE AND TRANSFERS:**

The composition of interfund balances as of December 31, 2014 is as follows:

**Due To/From Other Funds -**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government -		
Combined General Fund	E-911 Fund	\$ 262,716 (1)
Delinquent Tax Revolving Fund	Combined General Fund	4,600,000 (2)
Fiduciary Funds -		
Basic Retirement System	Other Postemployment Benefits	199,258 (3)
Other Postemployment Benefits	Basic Retirement System	<u>9,555,948 (4)</u>
		<u>\$ 14,617,922</u>

- (1) Amount due for 4<sup>th</sup> quarter receipts
- (2) Amount due between funds for short fall in common cash
- (3) To adjust contributions between pension funds
- (4) Amount due for 401(h) plan monies invested with the Basic Retirement System

**Advances From/To Primary Government & Component Unit -**

<u>Receivable Entity</u>	<u>Payable Entity</u>	
Primary Government – Combined General Fund	Component Unit – Drainage Districts	<u>\$ 50,000 (1)</u>

- (1) Represent the long-term loan between entities for cash flow purposes

**ST. CLAIR COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 7 - INTERFUND RECEIVABLE, PAYABLE AND TRANSFERS – (cont'd):**

**Transfers From/To Other Funds -**

<u>Receiving Fund</u>	<u>Expending Fund</u>	<u>Amount</u>
Combined General	Drug Task Force	\$ 205,633 (4)
	Solid Waste Disposal System	900,000 (5)*
	E-911	1,065,326 (4)
	Parks and Recreation	31,856 (4)
Nonmajor Governmental Funds -		
Convention Center	Combined General	300,000 (1)
Health Department	Combined General	1,520,000 (1)
CDBG Housing	Combined General	10,000 (1)
Human Services	Combined General	218,501 (1)
Child Care	Combined General	3,098,053 (1)
Public Improvement	Combined General	612,913 (3)
Jail/Juvenile Facility Debt	Delinquent Tax Revolving	2,141,925 (2)*
Building Authority Debt	Combined General	825,683 (2)
Communications Series 2009 Debt	Combined General	247,006 (2)
Convention Center Debt	Combined General	369,388 (2)
Nonmajor Enterprise Fund -		
Airport Commission	Solid Waste Disposal System	<u>210,000 (1)</u>
Total Transfers		<u>\$ 11,756,284</u>

(1) Annual appropriations for operations

(2) Transfers for the payment of debt

(3) Transfers for construction/equipment

(4) Transfers to cover costs

(5) Transfer to cover Road Appropriation

\* Transfer Between Governmental and Business-type Activities

**NOTE 8 - LEASES:**

**Primary Government**

**Lesser Leases** - The County has also entered into an operating lease agreement with the State of Michigan to lease approximately 49.3% (33,694 square feet) of the County Administration Building with a cost of \$16,821,827 and accumulated depreciation of \$6,662,829. The agreement calls for annual rent payments of \$754,218 per year with an adjustment based on actual operating cost after the end of each year. The original lease is for 25 years ending July 31, 2022 with an option to rent for an additional five years. However the lease may be cancelled with the State for various reasons with at least 60 days notice. The noncancellable portion of the lease is \$125,703.

The County has also entered into a capital lease agreement with the Community Mental Health Authority, a component unit of the County, for the use of the new Community Mental Health building. Under this agreement, the County issued bonds that were used for the construction of the facility. The Authority has agreed to pay the County the amount necessary to pay the principal, interest, and paying agent fees as they come due. Upon final payment of the bond issue, ownership of the building will revert to the Community Mental Health Authority. The building asset has been recorded in the financial statements of the Community Mental Health Authority.

**ST. CLAIR COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 8 - LEASES - (cont'd):**

The future minimum lease payments to be received are as follows:

	<u>Principal</u>	<u>Interest</u>
2015	\$ 400,000	\$ 360,175
2016	450,000	343,175
2017	500,000	324,175
2018	600,000	302,175
2019	700,000	276,175
2020-2024	4,300,000	873,163
2025-2026	<u>1,900,000</u>	<u>81,700</u>
Total Receivable	<u>\$ 8,850,000</u>	<u>\$ 2,560,738</u>

**Component Unit - Department of Public Works**

**Lessor Leases** - The DPW (County) has entered into a number of capital lease agreements with various municipalities within the County. Under the agreements, the DPW (County) issued bonds or obtained loans that were used for the construction of water and/or sewage disposal systems. The municipalities agreed to pay the DPW (County) the amount necessary to pay the principal, interest and paying agent fees as they come due. Upon final payment of the respective bonds or loans, ownership of the system will revert to the respective municipality. Therefore, the County has recorded no assets relating to these projects.

The future minimum lease payments to be received are as follows:

	<u>Principal</u>	<u>Interest</u>
2015	\$ 2,260,000	\$ 486,275
2016	2,145,000	417,971
2017	1,985,000	359,011
2018	2,030,000	299,888
2019	1,625,600	238,444
2020-2024	3,370,000	556,070
2025-2029	<u>1,736,954</u>	<u>120,541</u>
	<u>\$ 15,152,554</u>	<u>\$ 2,478,200</u>

The above future minimum lease payments do not include the payments pertaining to the 2014 General Obligation Bond (\$201,903) as payments have not yet been finalized.

The aggregate future capital lease payments necessary for the retirement of the debt principal and accrued interest payable at December 31, 2014 have been reported net of available cash as a capital lease receivable.

Principal due	\$ 15,354,457
Accrued interest	86,870
Net premium (discount)	<u>( 8,560)</u>
	15,432,767
Less -	
Cash available after current liabilities	<u>( 638,721)</u>
	<u>\$ 14,794,046</u>

**ST. CLAIR COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 9 - LONG-TERM DEBT:**

**PRIMARY GOVERNMENT -**

The following is a summary of changes in the long-term debt (including current portions) of the Primary Government for the year ended December 31, 2014:

	Balance January 1, 2014	Additions	Reductions	Balance December 31, 2014	Due Within One Year
<u>Governmental Activities:</u>					
Governmental Funds -					
2007 General Obligation Bonds, Series A	\$ 9,150,000	\$ -	\$ 300,000	\$ 8,850,000	\$ 400,000
2007 General Obligation Bonds, Series B	2,650,000	-	250,000	2,400,000	250,000
2009 General Obligation Bonds	2,525,000	-	150,000	2,375,000	175,000
2004 Building Authority Refunding Bonds	610,000	-	610,000	-	-
2012 Refunding Bonds	24,365,000	-	1,115,000	23,250,000	1,155,000
2012 General Obligation Bonds	9,000,000	-	200,000	8,800,000	205,000
2013 Refunding Bonds	5,380,000	-	120,000	5,260,000	700,000
Drain Districts	3,311,730	107,361	320,607	3,098,484	266,147
Accumulated Vacation, Sick & Compensatory Leave	4,576,183	258,394	218,005	4,616,572	210,000
Other Postemployment Benefits	38,776,769	5,265,381	549,209	43,492,941	-
Amounts for -					
Issuance Discounts	( 87,589)	-	( 7,657)	( 79,932)	( 7,657)
Issuance Premiums	2,270,892	-	174,684	2,096,208	174,684
Total Governmental Funds	<u>102,527,985</u>	<u>5,631,136</u>	<u>3,999,848</u>	<u>104,159,273</u>	<u>3,528,174</u>
Internal Service Fund -					
Workers' Compensation Claims Liability	160,000	204,450	239,450	125,000	125,000
General, Auto and Property Insurance Claims Liability	390,000	547,292	287,292	650,000	150,000
Other Postemployment Benefits	22,412	-	5,979	16,433	-
Total Internal Service Fund	<u>572,412</u>	<u>751,742</u>	<u>532,721</u>	<u>791,433</u>	<u>275,000</u>
Total Governmental Activities	<u>103,100,397</u>	<u>6,382,878</u>	<u>4,532,569</u>	<u>104,950,706</u>	<u>3,803,174</u>
<u>Business Activities:</u>					
Enterprise Funds -					
Solid Waste Disposal System -					
General Obligation Bonds 2010	7,041,911	362,849	349,000	7,055,760	-
Closure and Post-closure Costs	6,378,310	-	910,607	5,467,703	-
Accumulated Vacation, Sick & Compensatory Leave	30,294	3,326	-	33,620	-
Other Postemployment Benefits	344,707	65,973	6,877	403,803	-
Delinquent Tax Revolving -					
Other Postemployment Benefits	68,546	10,548	894	78,200	-
Airport Commission -					
Accumulated Vacation, Sick & Compensatory Leave	9,887	-	288	9,599	-
Other Postemployment Benefits	87,797	14,055	1,237	100,615	-
Total Enterprise Funds	<u>13,961,452</u>	<u>456,751</u>	<u>1,268,903</u>	<u>13,149,300</u>	<u>-</u>
Total Primary Government	<u>\$117,061,849</u>	<u>\$ 6,839,629</u>	<u>\$ 5,801,472</u>	<u>\$118,100,006</u>	<u>\$ 3,803,174</u>

**ST. CLAIR COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 9 - LONG-TERM DEBT - (cont'd):**

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

**2007 General Obligation Bonds, Series A -**

The County issued \$10,490,000 of General Obligation Limited Tax Bonds, pursuant to the provisions of Act 34, Public Acts of Michigan of 2001. The bonds were issued for the cost of acquiring, constructing, and equipping a new consolidated office building to house the Mental Health Authority administrative staff and direct operated programs. The bonds, dated April 1, 2007, are due in annual installments from \$400,000 to \$950,000 through April 1, 2026 with interest ranging from 4.0% to 4.3% payable semi-annually.

\$ 8,850,000

**2007 General Obligation Bonds, Series B -**

The County issued \$3,500,000 of General Obligation Limited Tax Bonds, pursuant to the provisions of Act 34, Public Acts of Michigan of 2001. The bonds were issued for the cost of acquiring and installing equipment related to 911 services located in the County. The bonds, dated April 1, 2007, are due in annual installments from \$250,000 to \$425,000 through April 1, 2021 with interest ranging from 4.0% to 4.15% payable semi-annually.

\$ 2,400,000

**2009 General Obligation Bonds -**

The County issued \$3,000,000 of General Obligation Limited Tax Bonds, pursuant to the provisions of Act 34, Public Acts of Michigan. The bonds were issued for the cost of acquiring and constructing communications towers and acquiring and installing related equipment. The bonds, dated September 1, 2009 are due in annual installments from \$175,000 to \$325,000 through April 1, 2024 with interest ranging from 3.0% to 4.125%, payable semi-annually.

\$ 2,375,000

**2012 Refunding Bonds -**

The County issued \$24,365,000 of general obligation limited tax refunding bonds to provide resources to purchase U.S. Government, State, and Local series securities that were placed in an irrevocable trust for the purpose of generating resources for future debt service payments of \$25,800,000 of 2003 General Obligation limited tax bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position. The bonds dated June 4, 2012 are due in annual installments from \$1,155,000 to \$2,365,000 through April 1, 2028, with interest ranging from 3.0% to 5.0%, payable semi-annually.

\$ 23,250,000

**ST. CLAIR COUNTY, MICHIGAN**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**

**NOTE 9 - LONG-TERM DEBT - (cont'd):**

**2012 General Obligation Bonds -**

The County issued \$9,000,000 of General Obligation Limited Tax Bonds, pursuant to the provisions of Act 34 Public Acts of Michigan of 2001. The bonds were issued for the cost of acquiring, constructing, and equipping a Convention Center. The bonds, dated September 11, 2012, are due in annual installments from \$205,000 to \$490,000, through April 1, 2042 with interest ranging from 2.0% to 5.0%, payable semi-annually.

\$ 8,800,000

**2013 Refunding Bonds -**

The County issued \$5,380,000 of limited tax general obligation refunding bonds to provide resources to purchase securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$5,020,000 of 2004 Building Authority refunding bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position. The bonds dated June 20, 2013 are due in annual installments from \$700,000 to \$795,000 through April 1, 2021 with interest ranging from 0.70% to 2.45%, payable semi-annually.

\$ 5,260,000

**2010 General Obligation Bonds -**

The County issued \$14,045,000 of General Obligation Limited Tax Bonds through the Michigan Municipal Bond Authority to finance the construction of the Landfill Leachate System, of which \$5,096,000 or 36.3% of the bonds are forgivable. A capital grant has been reported in 2011 for the forgivable portion of the obligation. At December 31, 2014, the County had drawn \$12,500,760 including the forgivable portion of \$5,096,000. The bonds, dated January 22, 2010, are due in annual installments ranging from \$360,000 to \$560,000 through October 1, 2033 with interest of 2.5% payable semi-annually.

\$ 7,055,760

**2014 General Obligation Bonds -**

The County issued \$6,870,000 of General Obligation Limited Tax Bonds through the Michigan Municipal Bond Authority to finance the construction of the Landfill Leachate System, of which \$3,435,000 or 50% of the bonds are forgivable. A capital grant has been reported in 2014 for a portion of the forgivable portion of the obligation of \$3,282,397. At December 31, 2014, the County had drawn \$3,282,397. The bonds, dated June 25, 2014, are due in annual installments ranging from \$135,000 to \$215,000 beginning April 1, 2019 through April 1, 2038 with interest of 2.5% payable semi-annually.

The proceeds of the 2004, 2012, and 2013 refunding bond issues were placed in special escrow accounts and are invested in securities of the U.S. Government and its Agencies. The maturities of these investments coincide with the principal and interest payments on the extinguished debts and are sufficient to pay all principal and interest on the 1996 and 2003 General Obligation Bonds and 2004 Refunding Bonds when due. Accordingly, the trust account assets and liabilities for the defeased bonds outstanding are not included in the Financial Statements. At December 31, 2014, the defeased bonds outstanding were \$5,100,000, \$24,650,000, and \$5,020,000, respectively.

**ST. CLAIR COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 9 - LONG-TERM DEBT - (cont'd):**

**Drain Districts -**

The St. Clair County Drain Commission has made improvements to various drains and levied multi-year assessments against the County.

\$ 3,098,484

**Accrued Workers' Compensation Claims -**

The County has estimated accrued outstanding workers' compensation insurance claims, including an estimate for claims incurred but not reported (IBNR), at December 31, 2014. The dollar amount of these claims is reflected on the balance Sheet of the Self-Insurance Fund, including the current portion of \$125,000.

\$ 125,000

**Accrued Insurance Claims -**

The County has estimated the accrued claims for general and auto liability, motor vehicle physical damage and property, including estimates for claims incurred but not reported (IBNR), at December 31, 2014. The dollar amount of these claims are reflected on the Balance Sheet of the Self-Insurance Fund, including the current portion of \$150,000.

\$ 650,000

**Accrued Vacation, Sick and Compensatory Leave -** In accordance with contracts negotiated with the various employee groups of the County, individual employees have vested rights upon termination of employment to receive payments for unused vacation, sick and compensatory leave under formulas and conditions specified in the contracts. The Enterprise Funds portion of \$43,219 has been recorded as a long-term liability on the government-wide and fund level financial statements. The governmental activities portion of \$4,616,572 has been recorded in the government-wide financial statements as a long-term liability. The governmental activities portion is generally liquidated by the Combined General Fund or other governmental fund where the employee is charged.

**Other Postemployment Benefits -** In accordance with Governmental Accounting Standards Board (GASB) Statement No. 45, the Net OPEB Obligation was reported in the proprietary funds and business-type activities in the amount of \$582,618 and governmental activities in the government-wide financial statements in the amount of \$43,509,374, (including the internal service fund of \$16,433). See Note 11 for additional information. The governmental activities' portion is generally liquidated by the Combined General Fund or other governmental fund where the employee is charged.

**Closure and Post-Closure Costs -** In accordance with the Governmental Accounting Standards Board (GASB) Statement No. 18, the closure and post-closure care landfill liability at December 31, 2014, as reported in the Solid Waste Disposal System (Enterprise Fund/business activities) amounts to \$5,467,703. See Note 17 for additional information.

**Letter of Credit -** The County Landfill has a letter of credit as a surety bond issued to the Michigan Department of Environmental Quality for \$2,595,000. The letter is set to mature August 1, 2015 with interest at the prime rate. As of December 31, 2014, there have been no claims on the letter of credit.

**ST. CLAIR COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 9 - LONG-TERM DEBT - (cont'd):**

**Annual Debt Requirements** - The annual requirements to pay the debt outstanding at December 31, 2014 for the following bonds and notes (excluding the 2010 General Obligation Limited Tax Bonds since payments have not been finalized) of Primary Government are as follows:

Year Ending December 31,	Refunding Bonds		G.O. Limited Tax Bonds		Drain Districts	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 1,855,000	\$ 1,074,733	\$ 1,030,000	\$ 847,962	\$ 266,147	\$ 137,916
2016	1,960,000	1,033,501	1,135,000	809,687	266,779	126,692
2017	2,015,000	981,870	1,215,000	766,937	268,590	115,292
2018	2,030,000	919,795	1,365,000	719,637	234,535	103,859
2019	2,190,000	852,244	1,520,000	666,012	236,539	93,746
2020-2024	9,735,000	3,117,524	7,725,000	2,396,829	1,032,021	322,670
2025-2029	8,725,000	904,625	3,305,000	1,214,924	669,107	104,683
2030-2034	-	-	1,660,000	865,467	83,910	17,363
2035-2039	-	-	2,045,000	467,251	40,856	4,468
2040-2042	-	-	1,425,000	81,283	-	-
	<u>\$ 28,510,000</u>	<u>\$ 8,884,292</u>	<u>\$ 22,425,000</u>	<u>\$ 8,835,089</u>	<u>\$ 3,098,484</u>	<u>\$ 1,026,689</u>

**COMPONENT UNITS -**

The following is a summary of changes in long-term debt (including current portions) of the Component Units for the year ended December 31, 2014:

	Balance January 1, 2014	Additions	Reductions	Balance December 31, 2014	Due Within One Year
Department of Public Works (DPW) -					
General Obligation Bonds	\$ 10,360,000	\$ 201,903	\$ 3,705,000	\$ 6,856,903	\$ 1,135,000
Drinking Water Revolving Loan	9,597,554	-	1,100,000	8,497,554	1,125,000
Amounts for -					
Issuance Premiums	582	-	194	388	194
Issuance Discounts	(13,422)	-	(4,474)	(8,948)	(4,474)
Total DPW	<u>19,944,714</u>	<u>201,903</u>	<u>4,800,720</u>	<u>15,345,897</u>	<u>2,255,720</u>
Road Commission -					
MTF Bonds - Series 2009 Refunding	540,000	-	540,000	-	-
Accrued Vacation & Sick	246,000	460,000	423,000	283,000	221,000
Other Postemployment Benefits *	11,639,177	1,535,973	156,676	13,018,474	-
Total Road Commission	<u>12,425,177</u>	<u>1,995,973</u>	<u>1,119,676</u>	<u>13,301,474</u>	<u>221,000</u>
Drainage Districts -					
Notes Payable	5,970,761	1,150,000	683,051	6,437,710	4,520,253
State Clean Water Revolving Loans	3,828,000	-	171,000	3,657,000	177,000
Bonds Payable	10,350,930	675,000	725,234	10,300,696	825,232
Amounts for -					
Issuance Premiums	42,246	-	12,908	29,338	12,908
Issuance Discounts	(106,752)	-	(7,117)	(99,635)	(7,117)
Total Drainage Districts	<u>20,085,185</u>	<u>1,825,000</u>	<u>1,585,076</u>	<u>20,325,109</u>	<u>5,528,276</u>

\*Restated see Note 18.

**ST. CLAIR COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 9 - LONG-TERM DEBT - (cont'd):**

	<u>Balance</u> January 1, 2014	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> December 31, 2014	<u>Due Within</u> <u>One Year</u>
Land Bank Authority - Notes Payable	\$ 29,947	\$ -	\$ -	\$ 29,947	\$ -
Community Mental Health Authority (1) -					
Loans Payable	1,446,070	-	55,642	1,390,428	1,233,878
Contracts Payable	9,150,000	-	300,000	8,850,000	400,000
Amounts for -					
Issuance Discounts	( 71,480)	-	( 5,499)	( 65,981)	( 5,499)
Accrued Vacation & Sick	1,499,397	1,352,231	1,368,778	1,482,850	1,350,000
Other Postemployment Benefits	8,368,739	1,183,498	2,179,520	7,372,717	-
Total Mental Health	<u>20,392,726</u>	<u>2,535,729</u>	<u>3,898,441</u>	<u>19,030,014</u>	<u>2,978,379</u>
Total Component Units	<u>\$ 72,877,749</u>	<u>\$ 6,558,605</u>	<u>\$ 11,403,913</u>	<u>\$ 68,032,441</u>	<u>\$ 10,983,375</u>

(1) October 1, 2013 through September 30, 2014

**Department of Public Works**

**General Obligation Bonds -**

General Obligation Bonds have been issued by the County to construct several water supply and sewage disposal systems for various townships, villages and cities in the County. The County in turn is leasing the systems to the various municipalities who operate, maintain and manage the systems. The bonds were sold with the full faith and credit of the Townships, Villages, Cities, and County pursuant to Act 185, Public Acts of Michigan, 1957, as amended. The original amount of the general obligation bonds issued in prior years was \$15,355,000.

The principal and interest on the bonds are to be paid out of money received from the various municipalities by the Board of Public Works pursuant to the lease agreements. Upon final payment of the bond issues, ownership of the systems reverts to the townships, villages or cities. General Obligation Bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rate</u>	
Governmental activities	3.00 - 5.55 %	\$ 3,260,000
Governmental activities - refunding	1.50 - 4.125	3,395,000
Business-type activities - Waste Water Treatment Plant	2.50	<u>201,903</u>
		<u>\$ 6,856,903</u>

On March 1, 1999, St. Clair County through the Department of Public Works issued \$1,485,000 in WSS No. IIA Refunding General Obligation Bonds to partially advance refund the 1991 WSS No. II General Obligation Bonds totaling \$1,565,000.

On February 27, 2014, Clay Township issued refunding bonds to advance refund the 1999 WSS No. IIA General Obligation Refunding Bonds and the 2001 WSS No. IIA General Obligation Bonds.

**ST. CLAIR COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 9 - LONG-TERM DEBT - (cont'd):**

On May 28, 2003, St. Clair County through the Department of Public Works issued \$4,520,000 and \$2,045,000 in WSS VII Refunding Series 2003A and 2003B Bonds, respectively to advance refund the 1994 WSSVII General Obligation Bonds and to partially advance refund the 1995 WSSVII General Obligation Bonds, respectively.

The proceeds from the refunding issues, after payment of issuance costs, were placed in special escrow accounts and invested in securities of the U.S. Government and its agencies. The maturities of these investments coincide with the principal and interest payments on the extinguished debts and are sufficient to pay all principal and interest when due. Accordingly, the trust account assets and liabilities for the defeased bonds outstanding are not included in the DPW Financial Statements. At December 31, 2014 the bonds outstanding of \$225,000, \$220,000, and \$1,300,000 for WSS No. IIA Bonds, and \$1,625,000 and \$220,000 for the WSS No. VII Bonds were considered defeased.

**Drinking Water Revolving Loans -**

Department of Environmental Quality Bonds have been sold through the State of Michigan Drinking Water Revolving Fund to construct water supply systems for three (3) Townships and a City in the County. The County, in turn, is leasing the systems to the townships and city that operate, maintain and manage the systems. The full faith and credit of the Townships, City, and County are pledged for the payments to the Drinking Water Revolving Fund. The original amount of the drinking water revolving fund loans drawn in prior years was \$20,837,554.

The principal and interest on the bonds are to be paid out of money received from the various municipalities by the Board of Public Works of the County pursuant to the lease agreements. Upon final payment of the loans, ownership of the systems reverts to the Townships or City. Drinking Water Revolving Loans outstanding are as follows:

<u>Purpose</u>	<u>Interest Rate</u>	
Governmental activities	2.125 - 2.5%	<u>\$ 8,497,554</u>

Annual debt service requirements to maturities are as follows:

<u>Year Ending December 31,</u>	<u>General Obligation Bonds</u>		<u>Drinking Water Revolving Loans</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 1,135,000	\$ 243,866	\$ 1,125,000	\$ 242,409
2016	995,000	203,058	1,150,000	214,913
2017	805,000	167,265	1,180,000	191,746
2018	815,000	137,039	1,215,000	162,849
2019	385,000	105,285	1,240,600	133,159
2020-2024	1,595,000	335,866	1,775,000	220,204
2025-2029	<u>925,000</u>	<u>94,406</u>	<u>811,954</u>	<u>26,135</u>
	<u>\$ 6,655,000</u>	<u>\$ 1,286,785</u>	<u>\$ 8,497,554</u>	<u>\$ 1,191,415</u>

The above annual requirements do not include the 2014 General Obligation Bonds since payments have not been finalized.

**ST. CLAIR COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 9 - LONG-TERM DEBT - (cont'd):**

	<u>Interest Rate (Percent)</u>	<u>Balance December 31, 2014</u>
<b>Governmental Activities (G.O. Bonds) -</b>		
Sewage Disposal System No. X - Series 2000 Bonds (Village of Capac)	5.45-5.55	\$ 335,000
Water Supply System No. XII - Series 2008 Bonds (Cottrellville Township)	4.00-5.00	1,050,000
Water Supply System No. XIIA - Series 2009 Bonds (Cottrellville Township)	3.00-4.20	<u>1,875,000</u>
		<u>3,260,000</u>
<b>Governmental Activities (G.O. Refunding) -</b>		
Water Supply System VII - 2003 A Refunding Bonds (Ira Township)	3.70-4.125	1,610,000
Water Supply System VII - 2003 B Refunding Bonds (Ira Township)	3.70-3.80	210,000
Water Supply System IX - 2004 Refunding Bonds (Burtchville Township)	3.50-3.60	445,000
Sewage Disposal System I - 2012 Refunding Bonds (City of Algonac/Clay and Ira Townships)	1.50-2.625	<u>1,130,000</u>
		<u>3,395,000</u>
<b>Business-Type Activities (G.O. Bonds) -</b>		
Waste Water Treatment Plant		<u>201,903</u>
		<u>\$ 6,856,903</u>
<b>Governmental Activities (Revolving Loans) -</b>		
Water Supply System X Series 1999 (City of Algonac/Clay Township)	2.50	\$ 2,335,600
Water Supply System III Series 1999 (Charter Townships of East China and China)	2.50	2,980,000
Water Supply System XI Series 2006 (Ira Township)	2.125	<u>3,181,954</u>
		<u>\$ 8,497,554</u>

**Road Commission**

**Letter of Credit -**

The Road Commission has a letter of credit as a surety bond issued to the Michigan Department of Environmental Quality for \$40,250. The letter is set to mature on August 2, 2015 with interest of 1.0% in excess of the prime rate and collateralized by a hold on a checking account. As of December 31, 2014, there have been no claims on the letter of credit.

**Accrued Sick and Vacation -**

In accordance with contracts negotiated with the various employee groups of the Road Commission, individual employees have a vested right upon termination of employment to receive payment for unused sick leave and vacation under formulas and conditions specified in the contracts. The dollar amount of these vested rights, which has been accrued on the financial statements, amounted to approximately \$64,000 for sick leave and \$219,000 for vacation at December 31, 2014.

**ST. CLAIR COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 9 - LONG-TERM DEBT - (cont'd):**

**Post Employment Benefits -**

The Road Commission provides postemployment health care benefits for eligible retirees and their families as described in Note 11.

**Drainage Districts**

**Bonds Payable -**

**South Branch of Mill Creek Intercounty Drain Bonds -**

In November 2006 the South Branch of Mill Creek Intercounty Drainage District issued \$3,220,000 of bonds for improvements to the drain. The drainage district includes both St. Clair and Lapeer Counties, and the bonds are backed by the full faith and credit of both Counties. Payments on the bonds have been split 61.61% and 38.39% for St. Clair County and Lapeer County, respectively, and will be paid from special assessments against property and public corporations within the drainage district. St. Clair County is responsible for maintaining the fund to account for the activity of the issue and the construction, with the respective portions being reported by the two Counties.

Principal on the bonds is due on June 1 of each year through 2017 with interest due semi-annually at interest rates ranging from 5.0% to 6.0%. St. Clair County's portion of the bonds at December 31, 2014 was \$600,696.

**Blue River Gardens Drain Drainage District Bonds -**

In February 2008, the Blue River Gardens Drain Drainage District issued \$555,000 of bonds for improvements to the drainage district. The bonds will be paid from special assessments against property and public corporations within the drainage district. Principal on the bonds is due June 1 of each year through 2027 with interest due semi-annually at interest rates ranging from 3.65% to 5.10%. The balance outstanding at December 31, 2014 was \$390,000.

**Bunce Creek & Huffman Drain Drainage District Bonds -**

In March 2009, the Bunce Creek & Huffman Drain Drainage District issued \$4,625,000 of bonds for improvements to the drainage district. The bonds will be paid from special assessments against property and public corporations within the drainage district. Principal on the bonds is due on April 1 of each year through 2029 with interest due semi-annually at interest rates ranging from 4.00% to 5.375%. The balance outstanding at December 31, 2014 was \$3,750,000.

**Gossman and Branches Drain Drainage District Bonds -**

In February 2012, the Gossman and Branches Drain Drainage District issued \$1,900,000 of bonds for improvements to the drainage district. The bonds will be paid from special assessments against property and public corporations within the drainage district. Principal on the bonds is due May 1 of each year through 2027 with interest of 3.15% due semi-annually. The balance outstanding at December 31, 2014 was \$1,655,000.

**ST. CLAIR COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 9 - LONG-TERM DEBT - (cont'd):**

**Cox-Doty and Stein Drain Drainage District and Railroad and Branches Drain Drainage District Bonds -**

In December 2009 the Cox-Doty and Stein Drain and Railroad Drain Drainage Districts issued \$2,380,000 of bonds for improvements to the drainage districts. The bonds will be paid from special assessments against property and public corporations within the drainage districts. Principal on the bonds is due on May 1 of each year through 2030 with interest due semi-annually at interest rates ranging from 3.50% to 4.50%. The balance outstanding at December 31, 2014 was \$2,065,000.

**Pelton Drain Drainage District Bonds -**

In August 2011, the Pelton Drain Drainage District issued \$1,300,000 of bonds for improvements to the drainage district. The bonds will be paid from special assessments against property and public corporations within the drainage district. Principal on the bonds is due April 1 of each year through 2031 with interest due semi-annually at 4.25%. The balance outstanding at December 31, 2014 was \$1,165,000.

**Lakeland Drain Drainage District Bonds -**

In July 2014, the Lakeland Drain Drainage District issued \$675,000 of bonds for improvements to the drainage district. The bonds will be paid from special assessments against property and public corporations within the drainage district. Principal is due on the bonds each June 1 through 2024 with interest due semi-annually at 2.52%. The balance outstanding at December 31, 2014 was \$675,000.

**State Clean Water Revolving Fund Loans -**

Department of Environmental Quality Bonds have been sold for \$2,425,000 and \$560,000 through the State of Michigan Clean Water Revolving Fund to construct sanitary sewer improvements, including two sanitary sewage pump stations and a treatment lagoon for the South Branch Pine River Drain Drainage District. Payments on the loans will be paid through special assessments. Principal on the bonds is due on April 1 of each year through 2028 with interest due semi-annually at interest rates of 1.625% and 2.50%, respectively, for each of the bonds. The balances outstanding at December 31, 2014 were \$1,840,000 and \$420,000.

Department of Agriculture Bonds have been sold for \$1,520,000 through the State of Michigan Clean Water Revolving Fund to finance the acquisition, construction, furnishing and equipping of improvements to the Number 211, Avoca Wastewater Treatment Project Drainage District. Payments on the loan will be paid through special assessments to the drainage district. Principal payments on the loan are due on September 1 of each year through 2039 with interest payable semi-annually at 4.25%. The balance outstanding at December 31, 2014 was \$1,397,000.

**ST. CLAIR COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 9 - LONG-TERM DEBT - (cont'd):**

**Notes Payable -**

St. Clair County, through the Drain Commission, administers the construction of drains, which are deemed to benefit properties against which special assessments are levied. To finance the construction, notes are issued in accordance with the provisions of Act No. 40 of the Michigan Public Acts of 1956, as amended by Act No. 71, Public Acts of 1976 or has received loans from the primary government. Repayment of the notes is made from the special assessment revenues, payment from other government units, etc. During the year the Drain Commission issued \$1,150,000 of drain notes. The balance of the obligations at December 31, 2014 was as follows:

	<u>Interest Rate</u>	<u>Amount</u>
<b>Governmental Activities -</b>		
Dana	5.90 %	\$ 80,000
Layle-Robbins Drain	2.60	11,400*
202 County Drain	1.80	90,000*
State Road County Drain	1.80	50,000*
Stocks Creek & Branch	1.80	1,190,000*
Galbraith County Drain	3.50	354,000*
Richmond/Columbus Intercounty Drain	4.70	296,734
Fueslein Drain	3.75	162,000*
Metcalf Drain	3.25	65,000*
Carrigan Branches Drain	1.80	10,000*
Carrigan Branch 1	5.69	116,000
Shanahan 2009ZE	3.25	80,000*
Chase Ext - Coon Creek Intercounty Drain	4.75	52,566
Green Drain	1.80	250,000*
Holland & Branches 2010 County Drain	1.80	290,000*
King County Drain	1.80	25,000*
Meldrum Drain	1.60	170,000*
Macomb County Drain	1.80	60,000*
Howe Brandymore & Branches	1.80	950,000*
Holland & Branches 2013 County Drain	1.80	70,000*
Keewahdin Branch of Carrigan Drain	1.80	310,000*
Baldwin Drain	3.50	318,000*
Forest Manor Drain	1.60	100,000*
South Branch of the Pine River Drain	4.23	114,000
Scheffler Drain	4.12	30,000
Barringer Drain	3.77	377,000
Shea Drain	3.50	148,867*
Marine City Drain	1.80	220,000*
Price Drain	3.50	257,143*
Lester Bammel Drain	1.80	80,000*
Bricker Drain	1.60	<u>110,000*</u>
		<u>\$ 6,437,710</u>

\* Amounts held by Primary Government

**ST. CLAIR COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 9 - LONG-TERM DEBT - (cont'd):**

Annual debt service requirements to maturities are as follows:

Year Ended December 31,	Bonds		Notes		Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 825,232	\$ 419,685	\$ 4,520,253	\$ 146,573	\$ 177,000	\$ 98,484
2016	845,232	385,384	435,253	64,361	179,000	94,549
2017	845,232	349,112	402,754	49,072	180,000	90,530
2018	650,000	318,157	278,741	34,998	187,000	86,426
2019	660,000	292,636	216,824	20,487	193,000	82,136
2020-2024	3,345,000	1,056,787	483,351	80,320	1,026,000	342,111
2025-2029	2,820,000	378,373	100,534	61,984	976,000	217,575
2030-2034	310,000	9,576	-	-	330,000	130,264
2035-2039	-	-	-	-	409,000	53,636
	<u>\$ 10,300,696</u>	<u>\$ 3,209,710</u>	<u>\$ 6,437,710</u>	<u>\$ 457,795</u>	<u>\$ 3,657,000</u>	<u>\$ 1,195,711</u>

**Land Bank Authority**

**Notes Payable -**

The Land Bank Authority issued notes in accordance with Provisions of Act No. 40 of the Michigan Public Acts of 1956, as Amended by Act No. 71 of the Public Acts of 1976. The Land Bank Authority has received a loan from the primary government to acquire foreclosed properties within the County. Repayment of the promissory notes will be made when the properties are ultimately sold. The balance at December 31, 2014 was \$29,947.

**Community Mental Health Authority**

**Loans Payable -**

In August 2007, the Authority entered into a loan agreement for \$1,250,000 for the purchase of six homes, which will be used to provide mental health services. The loan calls for 119 monthly payments of \$7,503, including interest of 5.19% with a final payment of \$939,864 on August 21, 2017; however, the entire note is due on demand. \$ 1,037,478

On May 3, 2011, the Authority entered into a promissory note for the purchase of the Allen Road Home for \$124,000. The note is to be repaid in monthly installments of \$917, including interest of 4.0%, through May 3, 2016, at which time the remaining is due. The note is secured by the home. 102,738

On June 28, 2011, the Authority entered into a promissory note for the Strawberry Lane Home for \$86,400. The note is to be repaid in 180 monthly payments of \$743, including interest at the Treasury Security Rate plus 4.633%. 67,285

On July 27, 2012, the Authority entered into a promissory note for the purchase and development of Real Estate for up to \$600,000. The note was due on September 5, 2013 plus interest of 3.25%, however, was extended to October 1, 2013. The Authority had only drawn a portion of the loan through September 30, 2013. On October 1, 2013, a new term loan was entered into for \$191,641. The loan calls for 59 monthly payments of \$1,540 including interest of 5.17% with a final payment of \$145,108 on October 1, 2018. The note is secured by the property, however, is due on demand. 182,927

\$ 1,390,428

**ST. CLAIR COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 9 - LONG-TERM DEBT - (cont'd):**

**Contracts Payable -**

The Authority has entered into a lease agreement with St. Clair County for the acquisition, construction, and equipping of a new consolidated office building. The County has issued bonds for the project, and the debt service payments will be paid through the lease with the Authority. The bonds dated April 1, 2007 for \$10,490,000 are due in annual installments of \$400,000 to \$950,000 through April 1, 2026 with interest ranging from 4.0% to 4.3%, payable semi-annually.

\$ 8,850,000

**Accrued Vacation and Sick -**

In accordance with contracts negotiated with various employee groups of the Authority, individual employees have vested rights upon termination of employment to receive payments for unused vacation and sick leave under formulas and conditions specified in the contract. As of September 30, 2014, the vested benefits amounted to \$1,482,850.

**Other Postemployment Benefits -**

The Authority provides postemployment health care benefits for eligible retirees as described in Note 11.

Annual debt service requirements to pay the debt outstanding at September 30, 2014 (excluding vacation and sick and other postemployment benefits) are as follows:

Year Ended September 30,	Notes Payable		Contracts Payable	
	Principal *	Interest *	Principal	Interest
2015	\$ 59,859	\$ 68,582	\$ 400,000	\$ 360,175
2016	151,213	63,828	450,000	343,175
2017	978,282	53,171	500,000	324,175
2018	17,960	9,442	600,000	302,175
2019	150,583	2,039	700,000	276,175
2020-2024	32,531	2,589	4,300,000	873,162
2025-2026	-	-	1,900,000	81,700
	<u>\$ 1,390,428</u>	<u>\$ 199,651</u>	<u>\$ 8,850,000</u>	<u>\$ 2,560,737</u>

\* The annual debt requirement for the August 2007 and the October 1, 2013 notes assumes the bank will not demand payment early.

**NOTE 10 - RETIREMENT PLAN:**

**DEFINED BENEFIT PLAN**

**Plan Description -**

The St. Clair County Retirement System is a single employer, defined benefit pension plan, which was established by County ordinance in 1964 to provide retirement and pension benefits for substantially all employees of St. Clair County, the St. Clair County Road Commission and St. Clair County Community Mental Health Authority (certain employees hired on or after January 1, 2009 are covered by a defined contribution plan). The system is administered, managed and operated by a Board composed of 9 trustees, the chairperson of the Board of Commissioners, or their appointee, a member of the Board of Commissioners, a member of the St. Clair County Road Commission Board, one appointed citizen, four elected employees of the retirement system and one retired member elected by the retired members. The benefit provisions are governed by Act No. 427 of the Michigan Public Acts of 1984, as amended. The plan may be amended by the County Board of Commissioners. The plan is audited within the scope of the audit of the basic financial statements. Separate audited financial statements are not issued.

## ST. CLAIR COUNTY, MICHIGAN

### NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2014

#### **NOTE 10 - RETIREMENT PLAN - (cont'd):**

The membership at December 31, 2013 was composed of 739 active participants, 668 retirees and beneficiaries, and 155 inactive but vested members. In general all employees are eligible for regular retirement as follows:

Sheriff Department - 25 years of service regardless of age. Benefits are calculated based on the total service times an annual multiple of final average compensation. Maximum benefits 75% of final average compensation.

Road Commission, Community Mental Health, and General County - when age plus service equals 80 and service is at least 25 years. Maximum benefits 75% of final average compensation, except Prosecuting Attorney, which has maximum benefits of 69.6% of final average compensation if service is 25 years or more.

Other Employees - age 55 with 25 years of service. Benefits are calculated based on the total service times 2.0% of final average compensation. Maximum benefits 64% to 75% of final average compensation.

All Employees - age 60 with 8 years of service.

In addition to the regular retirement provisions, the system allows for the following retirement provisions at regular or reduced benefits:

- Deferred Retirement - 8 or more years of service, benefits begin at 60 or at age 55 with 25 or more years of service.
- Death In-Service - 10 or more years of service.
- Duty Disability - Sheriff's Department plan members 10 or more years of service, others no age or service requirements but must be in receipt of Workers' Compensation payments.
- Non-Duty Disability - 10 or more years of service.
- Life insurance - \$3,500 policy to retirees.
- Supplemental Payments to Retirees Age 65 and Older – retirees with less than 20 years of service receive \$14 per month and those with 20 or more years of service at retirement receive \$16 per month.

#### **Summary of Significant Accounting Policies -**

##### **Basis of Accounting -**

The St. Clair County Retirement System utilizes the accrual basis of accounting and is reported within the County's reporting entity as a separate Pension Trust Fund. Contributions from employees are recognized in the period in which contributions are paid. Employer contributions are recognized when due and the employer has made a formal commitment to provide contributions. Benefits and refunds are recognized when due and payable, in accordance with the terms of the Plan.

##### **Method Used to Value Investments -**

Investments are reported at fair value. 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 that do not have an established market are reported at estimated fair value.

**ST. CLAIR COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 10 - RETIREMENT PLAN - (cont'd):**

**Contribution and Funding Policy -**

The Plan's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as a level dollar amount for General County and Road Commission employees and as a percentage of annual covered payroll for Community Mental Health are designed to accumulate sufficient assets to pay benefits when due. During the year ended December 31, 2014, contributions totaling \$9,286,052 (\$7,192,197 employer and \$2,093,855 employee) were made in accordance with contribution requirements determined by an actuarial valuation for the plan as of December 31, 2012. The required employer contributions were \$4,879,260 for General County, \$1,094,501 for the Road Commission, and 11.17% of covered payroll for Community Mental Health. Employee contributions represent 5.0% of covered payroll. (For the Road Commission, employees contributed 8.0%.) The contribution requirement of a plan member and the County are established by the St. Clair County Retirement Board and may be amended by the St. Clair County Board of Commissioners. Most administrative costs of the plan are paid with retirement assets. The defined benefit plan for the General County excluding Sheriff Deputies, along with the Road Commission, are closed to new hires.

The required contribution rate was determined as part of the December 31, 2012 actuarial valuation using the individual entry age normal cost method. The actuarial assumptions included (a) 7.5% net investment rate of return, and (b) projected salary increases of 5.5% to 11.0% per year, which includes pay inflation at 3.0%. There are no projected cost of living adjustments. The actuarial value was determined using techniques that smooth the effect of short-term volatility in the market value of investments over a five-year period. The Plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open period, with a remaining amortization period as of December 31, 2012 of 20 years for Community Mental Health and amortized as a level dollar on a closed period with a remaining amortization period, as of December 31, 2012, of 18 years for General Employees and 19 years for the Road Commission.

**Annual Pension Cost and Net Pension Asset -**

The County and its component units annual pension cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined. The ARC represents the level of funding necessary to cover the normal cost each year and the amortization of any unfunded actuarial liabilities (or funding excess) amortized over a period of 20 years for Community Mental Health, 19 years for the Road Commission, and 18 years for the General County. The annual pension cost for the year, the amount actually contributed, and changes in the net pension asset are as follows:

	<u>Primary Government</u>	<u>Component Units</u>
Annual required contributions	\$ 4,879,260	\$ 2,322,978
Interest on beginning pension asset	( 4,166)	( 25,190)
ARC adjustment	<u>5,723</u>	<u>33,725</u>
Annual pension cost	4,880,817	2,331,513
Contributions made	<u>( 4,879,260)</u>	<u>( 2,329,003)</u>
Decrease in net pension asset	1,557	2,510
Net pension asset – beginning of year	<u>( 55,545)</u>	<u>( 335,874)</u>
Net pension asset – end of year	<u>\$( 53,988)</u>	<u>\$( 333,364)</u>

Employer contributions shown above differ from supplementary information due to the different year-end of the Community Mental Health Authority.

**ST. CLAIR COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 10 - RETIREMENT PLAN - (cont'd):**

**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 Percentage of Covered Payroll (b-a)/(c)
12/31/11	\$ 179,169,959	\$ 216,285,667	\$ 37,115,708	82.8 %	\$ 43,552,768	85.2 %
12/31/12	179,949,922	221,491,359	41,541,437	81.2	40,514,547	102.5
12/31/13	196,440,280	227,858,413	31,418,133	86.2	39,542,954	79.5

**Schedule of Employer Contributions -**

**Primary Government**

Year Ended December 31,	Annual Pension Cost	Percentage Contributed	Net Pension Asset
2012	\$ 4,490,006	101.27 %	\$ 57,147
2013	5,165,716	99.97	55,545
2014	4,880,817	99.97	53,988

**Component Units**

**Road Commission -**

Year Ended December 31,	Annual Pension Cost	Percentage Contributed	Net Pension Asset
2012	\$ 703,742	148.00 %	\$ 337,644
2013	981,693	99.80	335,874
2014	1,103,036	99.80	333,364

**Community Mental Health -**

Year Ended September 30,	Annual Pension Cost	Percentage Contributed	Net Pension Asset
2012	\$ 1,166,461	100.00 %	\$ -
2013	1,201,712	100.00	-
2014	1,228,477	100.00	-

The required schedule of funding progress immediately following the notes presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability.

**ST. CLAIR COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 10 - RETIREMENT PLAN - (cont'd):**

**Net Pension Liability of the County**

The County reports pension expense based on funding requirements, as directed by GASB 27. Beginning next year, the County will adopt GASB 68 which will require the measurement of pension expense as it is earned, rather than as it is funded. The net pension liability of the County has been measured as of December 31, 2014 and is composed of the following:

The components of the net pension liability of the County at December 31, 2014, were as follows:

Total pension liability	\$ 235,897,699
Plan fiduciary net position	<u>212,716,972</u>
County's net position liability	<u>\$ 23,180,727</u>
Plan fiduciary net position as a percentage of the total pension liability	90.17 %

**Investment Policy** – The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Retirement Board by a majority vote of its members. It is the policy of the Retirement Board to pursue an investment strategy that manages risk through diversification of the portfolio across a broad selection of distinct asset classes. The following was the Board's adopted asset allocation policy as of December 31, 2014:

<u>Asset Class</u>	<u>Target Allocation</u>
Fixed Income	25.0 %
Domestic Equity	35.0
International Equity	20.0
Hedge Funds	7.5
Real Estate	12.5
Cash	0.0

**Rate of Return** – For the year ended December 31, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 5.62% percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Actuarial Assumptions** – The total pension liability was determined by an actuarial valuation as of December 31, 2013, which used updated procedures to roll forward the estimated liability to December 31, 2014. The valuation used the following actuarial assumptions, included in the measurement:

Salary increases	3.50-8.0 %
Investment rate of return	7.50 %

Mortality rates were based on RP2000 combined Healthy with generational projection using scale AA.

**Discount Rate** – The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that County contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

**ST. CLAIR COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 10 - RETIREMENT PLAN - (cont'd):**

**Projected Cash Flows** – Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return as of December 31, 2014 for each major asset class included in the pension plan’s target asset allocation, as disclosed in the investment footnote, are summarized in the following table.

<u>Asset Class</u>	<u>Long-term Expected Real Rate of Return</u>
Fixed Income	3.2%
Domestic Equity	6.0
International Equity	6.5
Hedge Funds	6.0
Real Estate	6.0
Cash	0.5

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate** – The following presents the net pension liability of the County, calculated using the discount rate of 7.50 percent, as well as what the County’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate.

	<u>1% Decrease (6.50%)</u>	<u>Current Discount Rate (7.50%)</u>	<u>1 % Increase (8.50%)</u>
Net pension liability of the County	<u>\$ 51,488,451</u>	<u>\$ 23,180,727</u>	<u>\$( 2,094,026)</u>

**DEFINED CONTRIBUTION PLAN**

**General Government**

The County offers to certain employees who have been hired on or after January 1, 2009, the option to participate in a defined contribution plan with contributions being held in accordance with Internal Revenue Code Section 457. The plan is administered by a third party administrator. Participation in the plan is voluntary to eligible full time employees. Employees opting to participate in the plan may contribute to the plan in increments of 1% up to a maximum of 8% of total wages with the County matching contributions. The plan may be amended by the County Board of Commissioners.

**ST. CLAIR COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 10 - RETIREMENT PLAN - (cont'd):**

In addition, certain eligible employees have the option to contribute to a 457 deferred compensation plan in lieu of participating in the County's Retiree Health Care Trust Fund Plan. This option requires employee contributions from 1-5% with a matching County contribution of .5-2.5% (50% of employee contribution percentage).

Employer and employee contributions for the year-ended December 31, 2014 were \$319,142 and \$387,638, respectively.

**Component Units**

The Road Commission provides pension benefits through a defined contribution plan to employees not participating in the defined benefit plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus any investment earnings. The Road Commission matches employee contributions up to 8% of total wages and is subject to forfeiture by the employee based on a 5 year vesting schedule. Employee contributions are 100% vested at the time of contribution.

For the year ended December 31, 2014, the Road Commission contributed \$54,529 and employees contributed \$59,509 to the plan.

**NOTE 11 - POSTEMPLOYMENT HEALTH CARE PLAN:**

The plan administered through St. Clair County provides postemployment benefits for substantially all employees of the County, including employees of the St. Clair County Road Commission and employees of the St. Clair County Mental Health Authority. Postemployment benefits consist of health, dental and prescription drug coverage. The plan is audited within the scope of the audit of the basic financial statements. Separate audited financial statements are not issued.

The employees covered by the postemployment benefits and memberships are the same as noted for the basic retirement plan (Note 10) with the exception of Sheriff Deputies who, after a specified time, are not eligible to join this plan. In general all employees are eligible for postemployment benefits as follows:

Some retirees age 55 and older are provided health, dental and prescription and drug coverage for recipient and dependents with 25 years of service or age 60 with 8 years of service. (Age 50 with 25 years of service for Sheriff Department or at age 60 with 8 years of service). Members of groups with "Rule of 80" are eligible if the sum of their age plus years of service are greater than or equal to 80 and their years of service equal 25 years or more.

Beneficiaries of deceased retirees and survivors of deceased employees are provided health and dental coverages for recipients and dependents of retired employees who have at least ten years of service at time of death. Surviving spouse contribution requirement follows members contribution requirements prior to their death.

**Summary of Significant Accounting Policies -**

The Basis of Accounting and Method Used to Value Investments are the same as the Retirement Plan, outlined in Note 10.

The postemployment benefits are accounted for through two trust funds; one is established under the IRS Code Section 401(h), which is combined with the basic retirement plan assets as described in Note 10. The other trust fund was established on July 1, 2006 under Michigan Public Act 149. All contributions on or after July 1, 2006 are recorded in the PA 149 Fund with all payments for "postemployment benefits" being paid from the 401(h) plan.

**ST. CLAIR COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 11 - POSTEMPLOYMENT HEALTH CARE PLAN - (cont'd):**

The investments of the 401(h) are invested with the basic retirement plan. The retirement board has established a rate of return on the 401(h) investments to be proportionate to the average net position balance for the year of the basic retirement plan assets.

Benefits and refunds are recognized when due and payable, in accordance with the terms of the plan. Certain contracts specify member contributions from employees ranging from 2.0% to 3.25%.

**Contribution and Funding Policy -**

The Plan's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. During the year ended December 31, 2014, contributions of \$3,388,729 (\$2,919,088 employer and \$469,641 employee) were made. Employer contributions were 20.1% (\$2,179,520) of covered payroll for Community Mental Health, 4% (\$156,676) for the Road Commission and 2.5% (\$564,196) for General County employees. The actuarial valuation dated December 31, 2013 determined a contribution rate of 13.87% of covered payroll for Community Mental Health, \$7,017,174 for General County, and \$2,027,960 for Road Commission employees using an assumed rate of increase of health care costs as follows:

	<u>Medical and Prescription Drug</u>	<u>Dental</u>
2014	9.0 %	5.00 %
2015	8.5	5.00
2016	8.0	5.00
2017	7.5	5.00
2018	7.0	5.00
2019 and after	5.0 - 6.5	5.00

The contribution requirement of a plan member and the County are established by the St. Clair County Retirement Board and may be amended by the St. Clair County Board of Commissioners. Most administrative costs of the plan are paid with plan assets.

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 of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The required contribution rate was determined as part of the December 31, 2013 actuarial valuation using the individual entry age normal level percent of salary cost method. The actuarial assumption included (a) 5.0% net investment rate of return, (b) projected salary increases of 3.5% to 8.0% per year, (c) an annual healthcare cost trend of 9.0% initially, reduced by decrements of 0.5% to an ultimate rate of 5% after 8 years, and (d) an annual dental cost trend rate of 5%. There are no projected cost of living adjustments. The actuarial value was determined using techniques that smooth the effect of short-term volatility in the market value of investment over a five-year period. The Plan unfunded actuarial accrued liability is being amortized as a level dollar amount for General County employees and as a level percentage of member payroll for Community Mental Health and Road Commission on a closed period, with a remaining amortization period, as of December 31, 2013, of 16 years.

**ST. CLAIR COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 11 - POSTEMPLOYMENT HEALTH CARE PLAN - (cont'd):**

**Annual OPEB Cost and Net OPEB Obligation -**

The County and its component units' annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents the level of funding necessary to cover the normal cost each year and the amortization of any unfunded actuarial liabilities (or funding excess) amortized over a period of thirty years. The annual OPEB cost for the year, the amount actually contributed, and changes in the net OPEB obligation are as follows:

	<u>Primary Government</u>	<u>Component Units</u>
Annual required contribution	\$ 7,017,174	\$ 3,403,459
Interest on net OPEB obligation	1,965,012	1,000,396
Adjustment to annual required contribution	<u>( 3,626,229)</u>	<u>( 1,684,384)</u>
Annual OPEB cost (expense)	5,355,957	2,719,471
Contributions made	<u>( 564,196)</u>	<u>( 2,336,196)</u>
Increase in net OPEB obligation	4,791,761	383,275
Net OPEB obligation – beginning of year	<u>39,300,231</u>	<u>20,007,916</u>
 Net OPEB obligation – end of year	 <u>\$ 44,091,992</u>	 <u>\$ 20,391,191</u>

Employer contributions shown above differ from supplementary information due to the different year-end of the Community Mental Health Authority and a separate Management Personal Health Care Plan. Separate information on this plan can be found in the separately issued financial statements of the Community Mental Health Authority.

**Schedule of Funding Progress -**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b)-(a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll (b-a)/(c)</u>
12/31/11	\$ 35,528,936	\$ 223,723,268	\$ 188,194,332	15.9 %	\$ 43,482,070	433 %
12/31/12*	32,831,573	116,604,115	83,772,542	28.2	40,053,245	209
12/31/13	35,159,413	125,538,349	90,378,936	28.0	37,222,197	243

\*Assumptions and plan provisions changed

The significant reduction to the actuarial accrued liability for December 31, 2012 was primarily the result of a \$135,508,591 gain due to the Medicare Advantage plan implementation. This was offset by a normal activity loss of \$2,238,397 and an increase of \$26,151,041 to the December 31, 2012 actuarial accrued liability due to changes to the mortality, turnover, retirement, health trend rates, and percentage of employees electing coverage at retirement assumptions.

**ST. CLAIR COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 11 - POSTEMPLOYMENT HEALTH CARE PLAN - (cont'd):**

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions of 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 program and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplemental information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**Schedule of Employer Contributions -**

**Primary Government**

<u>Year Ended December 31,</u>	<u>Annual OPEB Cost</u>	<u>Percentage Contributed</u>	<u>Change In Net OPEB Obligation</u>	<u>Net OPEB Obligation</u>
2012	\$ 11,758,622	8.89 %	\$ 10,712,902	\$ 34,933,692
2013	4,974,109	12.21	4,366,539	39,300,231
2014	5,355,957	10.53	4,791,761	44,091,992

**Component Units -**

**Road Commission**

<u>Year Ended December 31,</u>	<u>Annual OPEB Cost</u>	<u>Percentage Contributed</u>	<u>Change In Net OPEB Obligation</u>	<u>Net OPEB Obligation</u>
2012	\$ 1,940,490	10.41 %	\$ 1,738,550	\$ 10,287,783
2013	1,515,939	10.90	1,351,394	11,639,177
2014	1,535,973	10.20	1,379,297	13,018,474

**Community Mental Health**

<u>Year Ended September 30,</u>	<u>Annual OPEB Cost</u>	<u>Percentage Contributed</u>	<u>Change In Net OPEB Obligation</u>	<u>Net OPEB Obligation</u>
2012	\$ 2,295,907	15.95 %	\$ 1,929,620	\$ 7,922,882
2013	1,000,463	55.43	445,857	8,368,739
2014	1,183,498	184.16	( 996,022)	7,372,717

**ST. CLAIR COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 12 - CONTINGENT LIABILITIES:**

**Primary Government -**

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

There are various other legal actions pending against the County. Due to the inconclusive nature of many of the actions, it is not possible for Corporate Counsel to determine the probable outcome or a reasonable estimate of the County's potential liability, if any. Those actions, for which a reasonable estimate can be determined of the County's potential liability, if any, are considered by County Management and Legal Counsel to be immaterial.

A substantial portion of the Health Department's total patient revenues are for services provided to Medicare, Medicaid and Blue Cross and Blue Shield of Michigan patients. Payments for these services are based upon allowable costs incurred and are subject to final audit by the intermediaries.

**Component Unit - Road Commission -**

In the normal course of its operations, the St. Clair County Road Commission often becomes a party to various claims and lawsuits. In the opinion of the Road Commission's legal counsel, if any of these claims should result in an unfavorable resolution to the Road Commission, the Road Commission's liability would be limited to its deductible under insurance policies. The insurer would pay the losses, and there should be no material effect on the financial position of the Road Commission.

Also, as part of its trunkline maintenance agreement with the State of Michigan, the Road Commission's costs charged to the State are subject to audit. The amounts, if any, which may have to be paid back to the State, cannot be determined at this time, although the Road Commission expects such amounts, if any, to be immaterial.

**Component Unit - Community Mental Health Authority -**

As is common for Mental Health Authorities, the St. Clair County Community Mental Health Authority receives a significant portion of its revenues through contracts with the State of Michigan Department of Community Health, with a settlement reached at the end of each fiscal year. The settlement is based on accumulated reimbursable cost of the Authority and is subject to final audit by the Department of Community Health.

**NOTE 13 - RISK MANAGEMENT:**

**Primary Government -**

The County is self-insured for property and liability, health care, unemployment, workers' compensation, and disability. Property and liability insurance are charged to participating funds based on the County's cost allocation plan. Each participating fund of the County makes payments to the Self-Insurance Internal Service Fund equal to an established percentage of gross salaries for that fund, if deemed necessary for health care, unemployment, workers' compensation and disability. These payments are accounted for as other services and charges in the paying fund and charges for services in the receiving fund.

**ST. CLAIR COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 13 - RISK MANAGEMENT - (cont'd):**

The County is completely self-insured for unemployment compensation and short-term disability claims, and is self-insured for workers' compensation claims up to an amount of \$450,000 in individual claims for 2014.

Based on claims currently pending and past history, the County has estimated accrued claims, including an estimate for claims incurred but not reported (IBNR), of \$0, \$0 and \$125,000 for unemployment compensation, disability and workers' compensation, respectively.

In addition, the Primary Government and the Drainage Districts (component unit) are voluntary members of the Michigan Municipal Risk Management Authority established pursuant to laws of the State of Michigan which authorize local units of government to exercise jointly any power, privilege or authority which each might exercise separately.

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

The Authority administers risk management funds providing St. Clair County with loss protection for general and auto liability, and property. Under most circumstances the County's maximum loss per occurrence is limited as follows:

<u>Type of Risk</u>	<u>Maximum Retention Per Occurrence</u>
General and auto liability	\$ 250,000
Property and Crime	1,000 per occurrence, plus 10% of the next \$100,000 of loss

The County has also elected to be a member of the Stop Loss Program, which limits the County's self-insurance retention. For 2014, that Stop Loss Program limited the retention for St. Clair County to \$760,000 in aggregate claims paid during the year.

The Authority provides risk management, underwriting, reinsurance and claims services with member contributions allocated to meet these obligations.

The Authority has established a reserve to pay losses incurred by members, which exceed individual retention levels and are not covered under existing reinsurance agreements. Losses incurred within the established limits are general obligations of the Authority. In the event that St. Clair County incurs a loss in excess of the resources available, the County is liable for the excess.

Based on claims currently pending and past history, the County has estimated the accrued property and liability claims, including an estimate for claims incurred but not reported (IBNR), of \$650,000, which is recorded in the Self-Insurance Fund.

**ST. CLAIR COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 13 - RISK MANAGEMENT - (cont'd):**

The County is self-insured for health care benefits with the administrative services of the program being performed on a contractual basis by a third party. The County pays claims up to \$150,000 per contract per contract year. Stop-loss insurance has been purchased to insure the County against losses in excess of these limits. Based on past history, the County has estimated the accrued health care claims, including an estimate for claims incurred but not reported (IBNR), of \$425,000 at December 31, 2014, which is recorded as current liabilities in the Self Insurance (Internal Service) Fund. Changes in the balance of claims liability during the past two years as reported in the Self-Insurance (Internal Service) Fund are as follows:

	<u>Property/Liability Insurance</u>		<u>Disability Insurance</u>		<u>Unemployment</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Unpaid claims, beginning of year	\$ 390,000	\$ 370,000	\$ -	\$ -	\$ -	\$ -
Incurred claims (including IBNR's)	547,292	122,620	370,886	327,460	69,675	197,835
Claims paid	( 287,292)	( 102,620)	( 370,886)	( 327,460)	( 69,675)	( 197,835)
Unpaid claims, end of year	650,000	390,000	-	-	-	-
Less current portion	( 150,000)	( 110,000)	-	-	-	-
Long-term Liabilities	<u>\$ 500,000</u>	<u>\$ 280,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
	<u>Worker's Compensation</u>		<u>Health Care</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Unpaid claims, beginning of year	\$ 160,000	\$ 45,000	\$ 400,000	\$ 550,000	\$ 950,000	\$ 965,000
Incurred claims (including IBNR's)	204,450	259,354	7,441,255	7,177,918	8,633,558	8,085,187
Claims paid	( 239,450)	( 144,354)	( 7,416,255)	( 7,327,918)	( 8,383,558)	( 8,100,187)
Unpaid claims, end of year	125,000	160,000	425,000	400,000	1,200,000	950,000
Less current portion	( 125,000)	( 160,000)	( 425,000)	( 400,000)	( 700,000)	( 670,000)
Long-term Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 500,000</u>	<u>\$ 280,000</u>

**Component Units -**

**Road Commission**

The Road Commission, including the Department of Public Works, is a member of the Michigan County Road Commission Self-Insurance Pool established pursuant to the laws of the State of Michigan, which authorizes contracts between municipal corporations (inter-local 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.

## ST. CLAIR COUNTY, MICHIGAN

### NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2014

#### **NOTE 13 - RISK MANAGEMENT - (cont'd):**

The Road Commission pays an annual premium to the Pool for property (buildings and grounds) coverage, automobile liability, errors and 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 a member of the County Road Commission Road Association Self-Insurance Fund for Workers' Compensation self-insurance. This Fund is a municipal self-insurance entity operating within the laws of the State of Michigan. The Fund has entered into reinsurance agreements providing for loss coverage in excess of amounts to be retained by the Fund.

The Road Commission continues to carry commercial insurance for accident insurance. The amount of settlements (claims) for the past three years has not exceeded insurance coverage.

The Road Commission is self-insured for health care benefits. The administrative services for the self-insured program are performed by a health insurance company. The Road Commission makes monthly payments, based on estimated claims and a stop-loss provision (up to \$30,000 per contract per contract year), which are adjusted quarterly.

The Road Commission has estimated accrued health care claims in excess of the last quarter payments, including an estimate for claims incurred but not reported (IBNR), of \$84,000 at December 31, 2014, which is recorded as a current liability.

#### **Community Mental Health Authority**

The Authority is exposed to various risks of loss to general and auto liability, property damage and errors and omissions. The Authority is a member in a public risk pool administered by the Michigan Municipal Risk Management Authority for risk of losses relating to its property and general liability (including auto liability and vehicle physical damage).

MMRMA is a municipal self-insurance entity operating pursuant to the State of Michigan Public Act 138 of 1982. The purpose of the MMRMA is to administer a risk management fund, which provides members with loss protection for general and property liability.

The St. Clair County Community Mental Health Authority has joined with numerous other governmental agencies in Michigan as a participant in MMRMA's "State Pool". Members of the State Pool do not have individual self-retention amounts other than \$250 deductible per occurrence of property and vehicle coverage.

State Pool members' limits of coverage (per occurrence) are \$15 million for liability and approximately \$15 million for buildings and personal property. If a loss exceeds these limits or, if for any reason, MMRMA's resources are depleted, the payment of all unpaid losses is the sole obligation of St. Clair County Community Mental Health Authority.

**ST. CLAIR COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 13 - RISK MANAGEMENT - (cont'd):**

The Authority is also self-insured for the difference in the coverage provided through a previous health insurance plan and the current plan. The self-insurance is administered by a third party administrator and any reimbursed claims are billed to the Authority periodically.

The Authority purchases workers' compensation insurance through a commercial carrier with a maximum limit of \$500,000 per occurrence.

**NOTE 14 - MAJOR TAXPAYER:**

The County is economically dependent upon the Detroit Edison Company that has real and personal property within the County with a taxable value of \$728,916,844. This represents approximately 13.4 percent of the taxable value for the County.

**NOTE 15 - DEFERRED COMPENSATION:**

The County, the St. Clair County Community Mental Health Authority, and the St. Clair County Road Commission offer their employees deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans, available to all employees, permit them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

A trust, custodial account or annuity contract exists, assets are owned or held by the trust, custodian or insurer for the exclusive benefit of participants and beneficiaries, and are not subject to the claims of public employer creditors nor can they be used by the public employer for any purpose other than the payment of benefits to those individuals participating in the plan or their designated beneficiaries.

**NOTE 16 - NET POSITION/FUND BALANCE:**

**NET INVESTMENT IN CAPITAL ASSETS -**

**Governmental Activities:**

Capital Assets		\$ 96,686,501
Less related debt -		
2007 G.O. Bonds	(	2,400,000)
2013 Refunding Bonds	(	5,260,000)
2009 G.O. Bonds	(	2,375,000)
2012 Refunding Bonds	(	23,250,000)
2012 G.O. Bonds	\$(	8,800,000)
Unspent portion of		
2012 G.O. Bonds	276,433	( 8,523,567)
Bond premiums	(	2,096,208)
Bond discounts		79,932
Deferred Charge		1,251,973
		<u>\$ 54,113,631</u>

**Business-type Activities:**

Capital Assets		\$ 24,092,075
Less related debt -		
2010 G.O. Bond	(	7,055,760)
		<u>\$ 17,036,315</u>

**ST. CLAIR COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 16 - NET POSITION/FUND BALANCE - (cont'd):**

**RESTRICTED FUND BALANCE/NET POSITION -**

The fund balances and net position the Primary Government have been restricted for the following purposes at December 31, 2014:

	<u>Enabling Legislation</u>	<u>Other</u>	<u>Total</u>
<b>Governmental Funds/Activities:</b>			
Acquisition/construction of capital assets:			
Public Improvement	\$ -	\$ 3,223,526	\$ 3,223,526
Convention Center	-	276,433	276,433 (A)
Communications Construction	-	980	<u>980</u>
			<u>3,500,939</u>
Debt Service:			
Mental Health Building Debt Fund	-	610	610
Communications Debt Fund - 2007	917,242	-	917,242
Communications Debt Fund - 2009	125	-	125
Building Authority Debt Fund	-	3,727	3,727
Convention Center	-	870,228	870,228
Jail/Juvenile Facility	-	3,504	<u>3,504</u>
			<u>1,795,436</u>
Recreation and Cultural:			
Parks and Recreation	1,947,907	-	1,947,907
Library	2,620,282	-	<u>2,620,282</u>
			<u>4,568,189</u>
Health and Welfare:			
Senior Citizens Millage	2,236,544	-	2,236,544
CDBG Housing	-	335,271	335,271
HUD Housing	-	95,311	95,311
Veterans' Trust	-	12,715	12,715
Veterans' Millage	134,785	-	<u>134,785</u>
			<u>2,814,626</u>
Public Safety:			
Drug Task Force	163,873	-	163,873
Drug Law Enforcement	-	360,859	360,859
Local Corrections and Training	-	51,323	51,323
Prosecutor's Drug Forfeiture	-	186,813	<u>186,813</u>
			<u>762,868</u>
Other Purposes:			
Friend of Court	-	276,726	276,726
Family Counseling	87,605	-	87,605
Deeds Automation	507,360	-	<u>507,360</u>
			<u>871,691</u>
Total Restricted Fund Balance - Governmental Funds			14,313,749
Unspent Bond Proceeds	-	( 276,433)	<u>( 276,433) (A)</u>
Total Restricted Net Position - Governmental Activities			<u>\$ 14,037,316</u>

**ST. CLAIR COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 16 - NET POSITION/FUND BALANCE - (cont'd):**

	<u>Enabling Legislation</u>	<u>Other</u>	<u>Total</u>
<b>Business-type Activities:</b>			
Foreclosure sales	\$ -	\$ 2,734,991	<u>\$ 2,734,991</u>

**COMMITTED FUND BALANCES -**

At December 31, 2014, the Board of Commissioners had committed the following fund balances:

Combined General Fund -			
Budget Incentive		\$ 1,364,224	
Nonmajor Funds -			
General Government -			
Convention Center		276,294	
Health and Welfare -			
Health Department		1,669,481	
Human Services		209,267	
Child Care		716,683	
Community and Economic Development -			
Brownfield Redevelopment		42,800	
Capital Outlay - Municipal Building		<u>200,676</u>	
		<u>\$ 4,479,425</u>	

**ASSIGNED FUND BALANCES -**

At December 31, 2014, the Administrator/Controller had assigned the following fund balance:

Combined General Fund -		
Development Revolving		<u>\$ 926,210</u>

**NOTE 17 - CLOSURE AND POSTCLOSURE CARE COSTS:**

State and Federal laws and regulations require that the County of St. Clair place a final cover on its landfill and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on the future closure and postclosure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of the landfill closure and postclosure care costs is based on the amount of the landfill capacity used during the year. The estimated liability for landfill closure and postclosure care costs was \$5,467,703 at December 31, 2014, which is based on the estimated percentage of capacity used to date of 30.8%.

Currently the County has 97 acres licensed, with an additional 10 acres available for licensing. It is estimated that an additional \$13,789,598 will be recognized as closure and post-closure care expense between the date of the balance sheet and the date the landfill is expected to be filled to capacity and monitored for 30 years. The estimated remaining life of the landfill is 76 years.

**ST. CLAIR COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 17 - CLOSURE AND POSTCLOSURE CARE COSTS - (cont'd):**

The estimated total current cost of the landfill closure and post-closure care cost of \$19,257,301 is based on the amount that would be paid if all equipment, facilities and services required to close, monitor, and maintain that landfill were acquired as of December 31, 2014. However, the actual cost of closure and post-closure care may be higher or lower due to inflation, changes in technology or changes in landfill laws and regulations.

In addition, as required by State regulations, the County has established the Landfill Private-Purpose Trust Fund for the accumulation of statutory fees and interest earnings to be used by the State of Michigan, if necessary, to safely maintain the landfill after its closure.

The County is also required by the State of Michigan to purchase an irrevocable line of credit in the amount of \$2,595,000 that can be drawn on by the State of Michigan to pay any necessary closure and post-closure costs. The County is in compliance with this requirement.

**NOTE 18 - PRIOR PERIOD ADJUSTMENT:**

**Primary Government -**

**Business-type Activities - Solid Waste Disposal System Fund**

In 2013, the landfill recorded depletion on certain cells using incorrect inputs as the landfill has increased its air space with a new permit with the State. Depletion for 2013 was overstated by \$878,779 and the net position of the Fund/business-type activities was understated by \$878,779.

**Discretely Presented Component Units -**

**Road Commission**

The Other Postemployment Benefits Plan was amended with the 2012 actuarial valuation; however, the previous plan was utilized for the 2013 ARC. It was determined the new valuation should have been used for the ARC, reducing the OPEB cost and the change in net position by \$1,851,942 and restating the Net OPEB Obligation to \$11,639,177. This resulted in an increase to the January 1, 2014 net position of \$1,851,942.

**Drainage Districts**

New drain special assessments not reported in 2013 were \$438,644 and the drainage district net position was understated by \$438,644 as a result.

**NOTE 19 - SPECIAL ITEM/DISCONTINUED OPERATIONS:**

**Discretely Presented Component Unit - Community Mental Health**

On January 1, 2014, Region 10 assumed the operations of the Medicaid program with the State of Michigan as the Prepaid Inpatient Health Plan (the "PIHP") for the region that includes St. Clair County. The Authority now contracts with Region 10 rather than with the MDCH directly for the Medicaid contract. As a part of this change, the Authority was required to transfer the Medicaid Risk Reserve Internal Service Fund of \$5,765,481 to Region 10.

**ST. CLAIR COUNTY, MICHIGAN**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 20 - SUBSEQUENT EVENTS:**

On February 26, 2015, the Board of Commissioners authorized the refunding of the 2007A Community Mental Health Bonds for \$7,480,000 and the 2007B Communications System Bonds for \$1,800,000 for a savings of \$584,703 over the remaining 11 years and \$67,125 over the remaining 6 years, respectively. The bonds were refunded April 15, 2015.

**REQUIRED SUPPLEMENTARY INFORMATION**

**ST. CLAIR COUNTY, MICHIGAN**

**BASIC RETIREMENT SYSTEM**

**Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/04 *	\$ 144,411,118	\$ 149,377,188	\$ 4,966,070	96.68%	\$ 39,609,752	12.54%
12/31/05 *,#	153,016,205	159,090,379	6,074,174	96.18%	42,622,922	14.25%
12/31/06 *	165,525,909	171,374,116	5,848,207	96.59%	44,015,666	13.29%
12/31/07 *	176,628,933	181,439,996	4,811,063	97.35%	44,600,186	10.79%
12/31/08 *	175,091,222	191,638,371	16,547,149	91.37%	45,511,253	36.36%
12/31/09 *	176,924,494	203,602,461	26,677,967	86.90%	46,078,581	57.90%
12/31/10 *	180,051,710	209,379,385	29,327,675	85.99%	44,623,366	65.72%
12/31/11	179,169,959	216,285,667	37,115,708	82.84%	43,552,768	85.22%
12/31/12 #	179,949,922	221,491,359	41,541,437	81.24%	40,514,547	102.53%
12/31/13	196,440,280	227,858,413	31,418,133	86.21%	39,542,954	79.45%

\* Plan amended

# Certain assumptions revised

**Schedule of Employer Contributions**

Year Ended December 31,	Annual Required Contribution	Percentage Contributed
2005	\$ 2,791,134	100.00%
2006	4,211,036	100.00%
2007	4,177,556	100.00%
2008	4,312,555	100.00%
2009	4,382,161	100.00%
2010	5,067,619	100.00%
2011	6,513,424	100.00%
2012	6,360,209	106.21%
2013	7,378,242	100.00%
2014	7,192,197	100.00%

Actuarial Cost Method	Individual Entry Age
Asset Valuation Method	5-year smoothed market value
Principal Actuarial Assumptions (last revised for the 12/31/05 valuation):	
Net Investment Return	7.50%
Projected Salary Increases	3.5%-8.0% for General County and Road Commission, 2.0% for Community Mental Health
Cost-of-Living Adjustments	None

Note: Compliance may appear to vary because requirements are computed using the end of year payroll while contributions are based upon the payrolls during the year

**ST. CLAIR COUNTY, MICHIGAN**  
**BASIC RETIREMENT SYSTEM**  
**SCHEDULE OF INVESTMENT RETURNS**  
**LAST TEN FISCAL YEARS**

	<u>2014</u>	<u>2013-2005*</u>
Annual money-weighted rate of return, net of investment expenses	5.62%	0%

\* GASB 67 was implemented for fiscal year ended December 31, 2014 and does not require retroactive implementation.

**ST. CLAIR COUNTY, MICHIGAN**

**BASIC RETIREMENT SYSTEM  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
LAST TEN FISCAL YEARS**

	<u>2014</u>	<u>2013*</u>	<u>2012-2005*</u>
<b>Total Pension Liability</b>			
Service Cost	\$ 4,781,202	\$ -	\$ -
Interest	16,948,045	-	-
Differences between expected and actual experience	( 358,590)		
Benefit payments, including refunds	<u>( 13,331,371)</u>	<u>-</u>	<u>-</u>
Change in total pension liability	8,039,286	-	-
Total pension liability, beginning of year	<u>227,858,413</u>	<u>-</u>	<u>-</u>
Total pension liability, end of year	<u><u>\$ 235,897,699</u></u>	<u><u>\$ 227,858,413</u></u>	<u><u>\$ -</u></u>
<b>Plan Fiduciary Net Position</b>			
Contributions - Employer	\$ 7,192,197	\$ -	\$ -
Contributions - Member	2,093,855	-	-
Net investment income	11,448,618	-	-
Benefit payments, including refunds	( 13,331,371)	-	-
Administrative expenses	( 113,781)	-	-
Other	<u>( 40,983)</u>	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	7,248,535	-	-
Plan fiduciary net position, beginning of year	<u>205,468,437</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position, end of year	<u><u>\$ 212,716,972</u></u>	<u><u>\$ 205,468,437</u></u>	<u><u>\$ -</u></u>
<b>County's Net Pension Liability - Ending</b>	<u><u>\$ 23,180,727</u></u>	<u><u>\$ 22,389,976</u></u>	<u><u>\$ -</u></u>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	90.17%	90.17%	0.00%
<b>Covered Employee Payroll</b>	\$ 39,542,954	\$ 40,514,547	
<b>County's Net Pension Liability as a Percentage of Covered Employee Payroll</b>	58.6%	55.3%	0.00%

\* GASB 67 was implemented for fiscal year ended December 31, 2014 and does not require retroactive implementation.

**ST. CLAIR COUNTY, MICHIGAN**

**BASIC RETIREMENT SYSTEM  
SCHEDULE OF COUNTY CONTRIBUTIONS  
LAST TEN FISCAL YEARS**

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Actuarially determined contributions	\$ 7,192,197	\$ 7,378,242	\$ 6,360,209	\$ 6,513,424	\$ 5,067,619
Contributions in relation to the actuarially determined contribution	<u>7,192,197</u>	<u>7,378,242</u>	<u>6,755,000</u>	<u>6,513,424</u>	<u>5,067,619</u>
<b>Contribution Deficiency (Excess)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ ( 394,791)</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Covered Payroll</b>	\$ 42,461,824	\$ 42,911,460	\$ 44,165,160	\$ 46,217,020	\$ 45,859,200
<b>Contributions as a Percentage of Covered Employee Payroll</b>	16.94%	17.19%	15.29%	14.09%	11.05%

**Valuation Date** December 31 of the second previous fiscal year

**Methods and assumptions used to determine contribution rates:**

Actuarial cost method	Individual Entry Age
Amortization method	Level dollar for General and Road Commission, level percent of pay for Community Mental Health
Remaining amortization period	16 years for General (closed), 18 years for Road Commission (closed), and 20 years for Community Mental Health (open)
Asset valuation method	5-year smoothed market value
Salary increases	3.5- 8.0% for General and Road Commission, 2.0% for Community Mental Health
Investment rate of return	7.50%
Retirement age	Earliest age participant becomes eligible for normal retirement
Mortality	RP2000 Combined Healthy with generational projection using Scale AA

<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
\$ 4,382,161	\$ 4,312,555	\$ 4,177,556	\$ 4,211,036	\$ 2,791,134
<u>4,382,161</u>	<u>4,312,555</u>	<u>4,177,556</u>	<u>4,211,036</u>	<u>2,791,134</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 47,125,760	\$ 47,841,420	\$ 46,017,580	\$ 44,930,640	\$ 42,978,640
9.30%	9.01%	9.08%	9.37%	6.49%

# ST. CLAIR COUNTY, MICHIGAN

## RETIREE HEALTH BENEFITS

### Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/04	\$ 35,576,190	\$ 120,502,047	\$ 84,925,857	29.52%	\$ 39,609,752	214.41%
12/31/05 #	37,605,130	122,105,333	84,500,203	30.80%	42,622,922	198.25%
12/31/06 #	38,429,172	193,221,993	154,792,821	19.89%	44,015,666	351.68%
12/31/07 **	39,332,611	214,700,277	175,367,666	18.32%	44,600,186	393.20%
12/31/08 **	38,496,962	214,789,128	176,292,166	17.92%	45,511,253	387.36%
12/31/09 **	37,213,548	249,961,670	212,748,122	14.89%	46,078,581	461.71%
12/31/10 **	36,105,532	244,063,636	207,958,104	14.79%	44,623,366	466.03%
12/31/11	35,528,936	223,723,268	188,194,332	15.88%	43,482,070	432.81%
12/31/12 #,@	32,831,573	116,604,115	83,772,542	28.16%	40,053,245	209.15%
12/31/13	35,159,413	125,538,349	90,378,936	28.01%	37,222,197	242.81%

# Certain assumptions revised

\*\* Amortization period changed

@ Plan provisions changed

### Schedule of Employer Contributions

Year Ended December 31,	Annual Required Contribution	Percentage Contributed
2005	\$ 8,051,186	32.90%
2006	8,221,747	19.62%
2007	7,363,357	24.84%
2008	11,000,584	24.20%
2009	12,277,448	21.52%
2010	11,513,436	26.88%
2011	17,395,598	24.73%
2012	16,580,583	9.73%
2013	11,211,597	11.83%
2014	10,420,633	27.83%

Actuarial Cost Method	Individual Entry Age Normal Cost
Asset Valuation Method	Market Value with 5 year Smoothing of Gains and Losses
Principal Actuarial Assumptions -	
Net Investment Return	5.00%
Projected Salary Increases	5.0% pay inflation plus merit and longevity
Cost-of-Living Adjustments	None
Rate of Increase of Healthcare Costs	
Medical and Prescription	5.0% to 9.0%
Dental	5.0%

Note: Compliance may appear to vary because requirements are computed using the end of year payroll while contributions are based upon the payrolls during the year.

**ST. CLAIR COUNTY, MICHIGAN**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 28,656,401	\$ 29,124,414	\$ 29,069,797	\$( 54,617)
Licenses and permits	521,000	531,000	552,170	21,170
Intergovernmental	11,605,313	12,255,235	12,434,946	179,711
Charges for services	8,349,558	7,900,427	7,578,857	( 321,570)
Fines and forfeits	360,000	360,000	412,189	52,189
Interest and rent	1,035,693	960,693	923,506	( 37,187)
Other	1,795,570	2,078,688	2,128,029	49,341
Total Revenues	<u>52,323,535</u>	<u>53,210,457</u>	<u>53,099,494</u>	<u>( 110,963)</u>
<b>Expenditures:</b>				
Legislative -				
Board of Commissioners	205,467	205,467	201,947	3,520
Other Legislative Activities	1,392,580	1,592,580	1,441,462	151,118
	<u>1,598,047</u>	<u>1,798,047</u>	<u>1,643,409</u>	<u>154,638</u>
Judicial -				
Circuit Court	1,783,087	1,745,587	1,670,888	74,699
District Court	2,355,852	2,345,147	2,299,260	45,887
Courthouse Security	442,838	442,838	449,920	( 7,082)
Friend of the Court	2,701,854	2,526,799	2,509,865	16,934
Probate Court	1,069,293	1,002,950	944,994	57,956
Family Division - Circuit Court	1,601,417	1,555,706	1,562,581	( 6,875)
Probation	11,000	9,500	4,623	4,877
District Court Probation	691,522	689,677	658,780	30,897
	<u>10,656,863</u>	<u>10,318,204</u>	<u>10,100,911</u>	<u>217,293</u>
General Government -				
Administrator/Controller	436,770	454,176	451,313	2,863
Elections	180,450	180,450	211,971	( 31,521)
Accounting	324,727	323,933	314,306	9,627
Clerk	879,070	837,050	759,718	77,332
Equalization	848,820	811,459	781,713	29,746
Human Resources	304,355	358,429	332,269	26,160
Prosecuting Attorney	2,623,067	2,623,708	2,499,060	124,648
Victims Rights	10,800	10,800	3,358	7,442
Purchasing	148,762	80,968	70,730	10,238
Register of Deeds	94,649	92,814	98,307	( 5,493)
Treasurer	451,560	431,699	404,569	27,130
Cooperative Extension	197,005	199,649	192,300	7,349
Information Technology	2,178,005	2,171,921	2,132,789	39,132
Building and Grounds	2,297,833	2,297,833	2,230,695	67,138
Drain Commissioner	384,124	343,284	282,704	60,580
Motor Pool	19,500	19,500	12,333	7,167
	<u>11,379,497</u>	<u>11,237,673</u>	<u>10,778,135</u>	<u>459,538</u>

Continued

**ST. CLAIR COUNTY, MICHIGAN**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL  
GENERAL FUND**

**FOR THE YEAR ENDED DECEMBER 31, 2014**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
Public Safety -				
Sheriff	\$ 7,332,229	\$ 8,006,063	\$ 7,976,581	\$ 29,482
Training	14,000	21,000	22,820	( 1,820)
Communications/Radio	1,643,794	1,642,936	1,686,544	( 43,608)
Marine Law Enforcement	179,040	226,040	230,006	( 3,966)
Dive Team	27,376	29,376	28,869	507
Corrections / Jail	10,750,924	10,487,976	10,690,773	( 202,797)
Other Corrections Activities	331,684	231,684	193,671	38,013
Emergency Preparedness	912,202	841,891	1,028,895	( 187,004)
Hazardous Material Handling	16,688	23,688	30,175	( 6,487)
Animal Shelter/Dog Warden	363,803	368,756	367,836	920
	<u>21,571,740</u>	<u>21,879,410</u>	<u>22,256,170</u>	<u>( 376,760)</u>
Public Works -				
Road Commission	900,000	900,000	900,000	-
Drains	500,000	178,563	207,060	( 28,497)
	<u>1,400,000</u>	<u>1,078,563</u>	<u>1,107,060</u>	<u>( 28,497)</u>
Health and Welfare -				
Medical Examiner	311,446	322,546	330,002	( 7,456)
Mental Health	955,672	955,672	955,672	-
Public Guardian	277,681	300,380	303,765	( 3,385)
Veterans' Burial	10,000	18,000	18,600	( 600)
Veterans' Counselor	14,800	14,800	8,268	6,532
	<u>1,569,599</u>	<u>1,611,398</u>	<u>1,616,307</u>	<u>( 4,909)</u>
Community and Economic Development -				
Planning Commission	530,940	575,740	550,115	25,625
Transportation Planning	13,250	19,250	17,557	1,693
	<u>544,190</u>	<u>594,990</u>	<u>567,672</u>	<u>27,318</u>
Other	101,630	-	-	-
Debt Service -				
Principal	-	320,607	320,607	-
Interest	-	116,831	116,831	-
	<u>-</u>	<u>437,438</u>	<u>437,438</u>	<u>-</u>
Total Expenditures	<u>48,821,566</u>	<u>48,955,723</u>	<u>48,507,102</u>	<u>448,621</u>
Revenues over expenditures	<u>3,501,969</u>	<u>4,254,734</u>	<u>4,592,392</u>	<u>337,658</u>

Continued

**ST. CLAIR COUNTY, MICHIGAN**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	Variance with Amended Budget Positive (Negative)
<b>Other Financing Sources (Uses):</b>				
Issuance of debt	\$ -	\$ 107,361	\$ 107,361	\$ -
Transfers from other funds	2,055,300	2,247,695	2,283,182	35,487
Transfers to other funds	<u>( 5,557,269)</u>	<u>( 6,525,306)</u>	<u>( 6,933,707)</u>	<u>( 408,401)</u>
Total Other Financing Sources (Uses)	<u>( 3,501,969)</u>	<u>( 4,170,250)</u>	<u>( 4,543,164)</u>	<u>( 372,914)</u>
Net Change in Fund Balance	-	84,484	49,228	( 35,256)
Fund Balance at beginning of year	<u>9,438,206</u>	<u>9,438,206</u>	<u>9,438,206</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 9,438,206</u></u>	<u><u>\$ 9,522,690</u></u>	<u><u>\$ 9,487,434</u></u>	<u><u>\$( 35,256)</u></u>

**Reconciliation of Budget-Basis to GAAP-Basis Reporting:**

Net Change in General Fund Fund Balance (Budgetary Basis)	\$ 49,228
Perspective difference -	
Other Budgeted Funds Net Change Allocated to the General Fund for GAAP-basis reporting	
Budget Incentive	271,184
Development Revolving	<u>( 650,791)</u>
Net Change in Combined General Fund Fund Balance (GAAP-Basis)	<u><u>\$( 330,379)</u></u>

Concluded

**ST. CLAIR COUNTY, MICHIGAN**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL - SPECIAL REVENUE FUND  
PARKS AND RECREATION  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	Variance with Amended Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 2,745,400	\$ 2,688,300	\$ 2,686,455	\$( 1,845)
Intergovernmental	1,039,500	185,000	138,372	( 46,628)
Charges for services	97,000	95,800	108,196	12,396
Interest and rent	3,500	5,000	12,864	7,864
Other	<u>1,200</u>	<u>14,400</u>	<u>15,734</u>	<u>1,334</u>
Total Revenues	3,886,600	2,988,500	2,961,621	( 26,879)
 <b>Expenditures:</b>				
Recreation and Cultural	<u>4,062,100</u>	<u>3,175,600</u>	<u>2,858,295</u>	<u>317,305</u>
Revenues over (under) expenditures	( 175,500)	( 187,100)	103,326	290,426
 <b>Other Financing Uses:</b>				
Transfers to other funds	<u>-</u>	<u>-</u>	<u>( 31,856)</u>	<u>( 31,856)</u>
Net Change in Fund Balance	( 175,500)	( 187,100)	71,470	258,570
Fund Balance at beginning of year	<u>1,876,437</u>	<u>1,876,437</u>	<u>1,876,437</u>	<u>-</u>
Fund Balance at end of year	<u>\$ 1,700,937</u>	<u>\$ 1,689,337</u>	<u>\$ 1,947,907</u>	<u>\$ 258,570</u>

**ST. CLAIR COUNTY, MICHIGAN**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL - SPECIAL REVENUE FUND  
LIBRARY  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	Variance with Amended Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 3,864,504	\$ 3,864,504	\$ 3,796,373	\$( 68,131)
Intergovernmental	124,975	124,975	143,848	18,873
Charges for services	87,000	87,000	90,570	3,570
Fines and forfeits	795,000	795,000	804,227	9,227
Interest and rent	60,000	60,000	59,979	( 21)
Other	13,950	13,950	15,620	1,670
Total Revenues	<u>4,945,429</u>	<u>4,945,429</u>	<u>4,910,617</u>	<u>( 34,812)</u>
 <b>Expenditures:</b>				
Recreation and Cultural	<u>5,078,940</u>	<u>5,078,940</u>	<u>4,713,421</u>	<u>365,519</u>
Net Change in Fund Balance	( 133,511)	( 133,511)	197,196	330,707
Fund Balance at beginning of year	<u>2,423,086</u>	<u>2,423,086</u>	<u>2,423,086</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 2,289,575</u></u>	<u><u>\$ 2,289,575</u></u>	<u><u>\$ 2,620,282</u></u>	<u><u>\$ 330,707</u></u>

**ST. CLAIR COUNTY, MICHIGAN**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL - SPECIAL REVENUE FUND  
SENIOR CITIZENS MILLAGE  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 4,357,684	\$ 4,342,320	\$ 4,339,221	\$( 3,099)
Interest and rent	3,000	4,500	5,663	1,163
Total Revenues	<u>4,360,684</u>	<u>4,346,820</u>	<u>4,344,884</u>	<u>( 1,936)</u>
<b>Expenditures:</b>				
Health and Welfare	<u>3,507,618</u>	<u>3,642,824</u>	<u>3,568,702</u>	<u>74,122</u>
Net Change in Fund Balance	853,066	703,996	776,182	72,186
Fund Balance at beginning of year	<u>1,460,362</u>	<u>1,460,362</u>	<u>1,460,362</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 2,313,428</u></u>	<u><u>\$ 2,164,358</u></u>	<u><u>\$ 2,236,544</u></u>	<u><u>\$ 72,186</u></u>

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

1. The General Fund budgetary comparison schedule (non-GAAP budgetary basis) is presented on the same basis of accounting as that used in preparing the adopted budget. The County budgets the activities of the Budget Incentive Fund separately from the General Fund as well as the Development Revolving Fund which is not budgeted. For the GAAP-basis basic financial statements, however, the activities of the above mentioned funds are combined with the General Fund.
2. The Major Special Revenue Funds budgets shown in the required supplementary information were prepared on a basis consistent with accounting principles generally accepted in the United States of America and on the same modified accrual basis used to reflect actual results.

## **SUPPLEMENTARY INFORMATION**

**ST. CLAIR COUNTY, MICHIGAN**

**COMBINING BALANCE SHEET  
COMBINED GENERAL FUND  
DECEMBER 31, 2014**

	<u>General</u>	<u>Budget Incentive</u>	<u>Development Revolving</u>	<u>Combined General</u>
<b>Assets:</b>				
Cash and cash equivalents	\$ 50,043	\$ 1,364,224	\$ 46,747	\$ 1,461,014
Investments	7,000,000	-	-	7,000,000
Receivables, net of allowance -				
Property taxes	1,903,118	-	-	1,903,118
Interest and accounts	188,748	-	-	188,748
Due from other governmental units	2,410,707	-	879,463	3,290,170
Due from other funds	262,716	-	-	262,716
Long-term notes receivable	5,371,410	-	-	5,371,410
Advances to component units	50,000	-	-	50,000
Prepayments and deposits	30,345	-	-	30,345
	<u>\$ 17,267,087</u>	<u>\$ 1,364,224</u>	<u>\$ 926,210</u>	<u>\$ 19,557,521</u>
Total Assets				
<b>Liabilities:</b>				
Accounts payable	\$ 1,109,762	\$ -	\$ -	\$ 1,109,762
Accrued liabilities	1,270,456	-	-	1,270,456
Due to other governmental units	309,461	-	-	309,461
Due to other funds	4,600,000	-	-	4,600,000
Unearned revenue	80,000	-	-	80,000
	<u>7,369,679</u>	<u>-</u>	<u>-</u>	<u>7,369,679</u>
Total Liabilities				
<b>Deferred Inflows of Resources:</b>				
Unavailable revenue -				
Property taxes	109,068	-	-	109,068
Grants/fees	300,906	-	-	300,906
	<u>409,974</u>	<u>-</u>	<u>-</u>	<u>409,974</u>
Total Deferred Inflows of Resources				
<b>Fund Balances:</b>				
Nonspendable -				
Long-term notes receivable/advances	5,421,410	-	-	5,421,410
Prepayments	30,345	-	-	30,345
Committed	-	1,364,224	-	1,364,224
Assigned	-	-	926,210	926,210
Unassigned	4,035,679	-	-	4,035,679
	<u>9,487,434</u>	<u>1,364,224</u>	<u>926,210</u>	<u>11,777,868</u>
Total Fund Balances				
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 17,267,087</u>	<u>\$ 1,364,224</u>	<u>\$ 926,210</u>	<u>\$ 19,557,521</u>

**ST. CLAIR COUNTY, MICHIGAN**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
COMBINED GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>General</u>	<u>Budget Incentive</u>	<u>Development Revolving</u>	<u>Eliminations</u>	<u>Combined General</u>
<b>Revenues:</b>					
Taxes	\$ 29,069,797	\$ -	\$ -	\$ -	\$ 29,069,797
Licenses and permits	552,170	-	-	-	552,170
Intergovernmental	12,434,946	-	-	-	12,434,946
Charges for services	7,578,857	-	-	-	7,578,857
Fines and forfeits	412,189	-	-	-	412,189
Interest and rent	923,506	-	-	-	923,506
Other	2,128,029	-	-	-	2,128,029
Total Revenues	<u>53,099,494</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>53,099,494</u>
<b>Expenditures:</b>					
Current -					
Legislative	1,643,409	-	-	-	1,643,409
Judicial	10,100,911	-	-	-	10,100,911
General Government	10,778,135	-	31,403	-	10,809,538
Public Safety	22,256,170	-	-	-	22,256,170
Public Works	1,107,060	-	-	-	1,107,060
Health and Welfare	1,616,307	-	-	-	1,616,307
Community and Economic Development	567,672	-	-	-	567,672
Debt Service -					
Principal	320,607	-	-	-	320,607
Interest	116,831	-	-	-	116,831
Total Expenditures	<u>48,507,102</u>	<u>-</u>	<u>31,403</u>	<u>-</u>	<u>48,538,505</u>
Revenues over (under) expenditures	<u>4,592,392</u>	<u>-</u>	<u>( 31,403)</u>	<u>-</u>	<u>4,560,989</u>
<b>Other Financing Sources (Uses):</b>					
Issuance of debt	107,361	-	-	-	107,361
Transfers from other funds	2,283,182	351,551	-	( 431,918)	2,202,815
Transfers to other funds	<u>( 6,933,707)</u>	<u>( 80,367)</u>	<u>( 619,388)</u>	<u>431,918</u>	<u>( 7,201,544)</u>
Total Other Financing Sources (Uses)	<u>( 4,543,164)</u>	<u>271,184</u>	<u>( 619,388)</u>	<u>-</u>	<u>( 4,891,368)</u>
Net Change in Fund Balance	49,228	271,184	( 650,791)	-	( 330,379)
Fund Balance at beginning of year	<u>9,438,206</u>	<u>1,093,040</u>	<u>1,577,001</u>	<u>-</u>	<u>12,108,247</u>
Fund Balance at end of year	<u>\$ 9,487,434</u>	<u>\$ 1,364,224</u>	<u>\$ 926,210</u>	<u>\$ -</u>	<u>\$ 11,777,868</u>

**ST. CLAIR COUNTY, MICHIGAN**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL  
BUDGET INCENTIVE  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Amended Budget</u>	<u>Actual</u>	Variance with Amended Budget Positive (Negative)
<b>Other Financing Sources:</b>			
Transfers from other funds	\$ 390,000	\$ 351,551	\$( 38,449)
Transfers to other funds	<u>( 37,367)</u>	<u>( 80,367)</u>	<u>( 43,000)</u>
Net Change in Fund Balance	352,633	271,184	( 81,449)
Fund Balance at beginning of year	<u>1,093,040</u>	<u>1,093,040</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 1,445,673</u></u>	<u><u>\$ 1,364,224</u></u>	<u><u>\$( 81,449)</u></u>

## NON-MAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts, debt service, or capital projects) that are restricted or committed to expenditures for specified purposes. The Nonmajor Special Revenue Funds of the County are as follows:

**Friend of Court** – is used to account for the revenues and expenditures of the Friend of the Court office required in 1982 Public Acts 294 through 298.

**Drug Task Force** – is used to account for a County special millage and seized property used for the enhancement of the law enforcement effort pertaining to controlled substances. It also includes funding for drug prevention programs from state and federal sources.

**Brownfield Redevelopment** – is used to account for earmarked funds set aside under Public Act 381 for the St. Clair County Brownfield Redevelopment Authority as well as federal and state grants received by this authority. These funds are used to encourage redevelopment, including tax increment financing revolving loan funds and tax credits.

**Convention Center** – is used to account for the proceeds from and operations of the convention center.

**Drug Law Enforcement** – is used to account for revenues derived from the sale of assets seized by the Drug Task Force in drug cases and expenditures made in accordance with state drug forfeiture laws.

**Health Department Fund** – is used to account for the operations of providing health protection and health services. Financing is provided by state and federal grants, charges for services and General Fund appropriations.

**HUD Housing** – is used to account for federal grant money received prior to 1987 for renovations made to qualified housing. It is also used to account for the loans resulting from these renovation projects. The interest from the loans, and the repayments, supplement funding to future grants.

**CDBG Housing** – is used to account for federal grant money received after 1987 for renovations made to qualified housing. It is also used to account for the loans resulting from these renovation projects.

**Human Services** – is used to account for the cost of providing financial assistance to County residents who cannot meet basic requirements for personal needs, shelter and medical care. Financing is provided by the Michigan Family Independence Agency and General Fund appropriations.

**Child Care** – is used to account for court-ordered expenses for the health and welfare of minor children, and community based residential treatment program for emotionally impaired children and their families. Financing is provided by General Fund appropriations and state matching of certain eligible costs.

**Veterans' Trust** – is used to account for earmarked revenue for aid to veterans. This fund is required by state law and is financed by state grants.

**Veterans' Millage** – is used to account for a County special millage to be used for Veterans' aid.

**Emergency 911 (E-911)** – is used to account for revenues and expenditures of purchasing and providing Emergency 911 services.

**Deeds Automation** – is used to account for the revenues and expenditures set aside for the updating and streamlining the records system in the deeds office.

**Local Corrections and Training** – is used to account for the County’s portion of booking fees collected in the Jail and used for corrections officer education and training and/or inmate substance abuse/mental health programs.

**Family Counseling** – is used to account for the portion of marriage license fees set aside for providing family counseling to individuals who have domestic related actions pending before the Circuit Court.

**Prosecutor’s Drug Forfeitures** – is used to account for the prosecuting attorney’s proceeds for vehicle and drug forfeitures.

### **DEBT SERVICE FUNDS**

Debt Service Funds are used to account for restricted resources for the payment of general long-term debt principal, interest, and related costs. The Debt Service Funds of the County are as follows:

**Communications Series 2007B** – is used to account for the debt service requirements related to the 2007 communications system.

**Communications Series 2009** – is used to account for the debt service requirements related to the 2009 communications system.

**Building Authority** – is used to account for the accumulation of rents paid by the County departments for payment of separate debt service requirements on revenue bonds sold to defray the cost of construction and improvements to various County buildings. It also accounts for the payment of Debt Service requirements on revenue bonds sold to construct the new administrative facility.

**Convention Center** – is used to account for the debt service requirements related to the Blue Water Area Convention Center.

**Jail/Juvenile Facility** – is used to account for the accumulation of resources and payment of debt for the Jail/Juvenile facility.

### **CAPITAL PROJECTS FUNDS**

Capital Projects Funds are used to account for restricted financial resources to be used for the acquisition or construction of capital assets (other than those financed by Proprietary and Trust Funds). The Capital Projects Funds of the County are as follows:

**Public Improvement** – is used to account for the funds earmarked for improvements in County facilities or equipment. Financing is provided by General Fund appropriations.

**Municipal Building** – is used to account for local revenues used for major improvements to existing County buildings.

**Convention Center** – is used to account for the construction of the Blue Water Area Convention Center.

**Communications Construction** – is used to account for the bond proceeds and local participation revenues, and the construction costs of the communications system.

**ST. CLAIR COUNTY, MICHIGAN**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2014**

	<u>Friend of Court</u>	<u>Drug Task Force</u>	<u>Brownfield Redevelopment</u>	<u>Convention Center</u>	<u>Drug Law Enforcement</u>
<b>Assets:</b>					
Cash and cash equivalents	\$ 95,062	\$ 335,136	\$ 13,682	\$ 391,380	\$ 388,343
Investments	142,473	-	-	-	-
Receivables, net of allowance -					
Property taxes	-	1,423,995	-	-	-
Interest and accounts	678	-	-	-	11,900
Due from other governmental units	43,196	1,737	46,051	-	-
	<u>\$ 281,409</u>	<u>\$ 1,760,868</u>	<u>\$ 59,733</u>	<u>\$ 391,380</u>	<u>\$ 400,243</u>
<b>Liabilities:</b>					
Accounts payable	\$ 1,248	\$ 22,453	\$ 16,933	\$ 115,086	\$ 39,384
Accrued liabilities	3,435	37,150	-	-	-
Advances and deposits	-	-	-	-	-
Due to other governmental units	-	-	-	-	-
Due to other funds	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Total Liabilities	<u>4,683</u>	<u>59,603</u>	<u>16,933</u>	<u>115,086</u>	<u>39,384</u>
<b>Deferred Inflows of Resources:</b>					
Unavailable revenue -					
Delinquent property taxes	-	5,673	-	-	-
Lease contract/revolving loans	-	-	-	-	-
Grants/fees	-	-	-	-	-
Taxes levied for a subsequent period	-	1,531,719	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>1,537,392</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances:</b>					
Restricted	276,726	163,873	-	-	360,859
Committed	-	-	42,800	276,294	-
Total Fund Balances	<u>276,726</u>	<u>163,873</u>	<u>42,800</u>	<u>276,294</u>	<u>360,859</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 281,409</u>	<u>\$ 1,760,868</u>	<u>\$ 59,733</u>	<u>\$ 391,380</u>	<u>\$ 400,243</u>

Special Revenue Funds

Health Department	HUD Housing	CDBG Housing	Human Services	Child Care	Veterans' Trust	Veterans' Millage	E - 911
\$ 1,670,811	\$ 95,311	\$ 266,586	\$ 185,726	\$ 753,191	\$ 13,312	\$ 188,660	\$ 262,716
-	-	-	-	-	-	-	-
-	-	-	-	-	-	515,105	-
31,324	208,381	588,065	3,488	393	-	-	-
359,249	-	76,096	34,110	292,723	-	-	-
<u>\$ 2,061,384</u>	<u>\$ 303,692</u>	<u>\$ 930,747</u>	<u>\$ 223,324</u>	<u>\$ 1,046,307</u>	<u>\$ 13,312</u>	<u>\$ 703,765</u>	<u>\$ 262,716</u>
\$ 141,694	\$ -	\$ 7,411	\$ 869	\$ 172,256	\$ 597	\$ 4,207	\$ -
138,969	-	-	168	73,984	-	7,616	-
64,422	-	-	-	-	-	-	-
36,841	-	86,595	279	-	-	-	-
-	-	-	-	-	-	-	262,716
7,939	-	-	-	-	-	-	-
<u>389,865</u>	<u>-</u>	<u>94,006</u>	<u>1,316</u>	<u>246,240</u>	<u>597</u>	<u>11,823</u>	<u>262,716</u>
-	-	-	-	-	-	1,721	-
-	208,381	501,470	-	-	-	-	-
2,038	-	-	12,741	83,384	-	-	-
-	-	-	-	-	-	555,436	-
<u>2,038</u>	<u>208,381</u>	<u>501,470</u>	<u>12,741</u>	<u>83,384</u>	<u>-</u>	<u>557,157</u>	<u>-</u>
-	95,311	335,271	-	-	12,715	134,785	-
1,669,481	-	-	209,267	716,683	-	-	-
<u>1,669,481</u>	<u>95,311</u>	<u>335,271</u>	<u>209,267</u>	<u>716,683</u>	<u>12,715</u>	<u>134,785</u>	<u>-</u>
<u>\$ 2,061,384</u>	<u>\$ 303,692</u>	<u>\$ 930,747</u>	<u>\$ 223,324</u>	<u>\$ 1,046,307</u>	<u>\$ 13,312</u>	<u>\$ 703,765</u>	<u>\$ 262,716</u>

Continued

**ST. CLAIR COUNTY, MICHIGAN**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2014**

	Special Revenue Funds				Debt Service Funds	
	Deeds Automation	Local	Family Counseling	Prosecutor's	Communications	
		Corrections and Training		Drug Forfeitures	Series 2007 B	Series 2009
<b>Assets:</b>						
Cash and cash equivalents	\$ 509,575	\$ 51,323	\$ 92,510	\$ 185,211	\$ 911,498	\$ 125
Investments	-	-	-	-	-	-
Receivables, net of allowance -						
Property taxes	-	-	-	-	-	-
Interest and accounts	105	-	864	1,960	-	-
Due from other governmental units	-	-	-	512	5,744	-
<b>Total Assets</b>	<b>\$ 509,680</b>	<b>\$ 51,323</b>	<b>\$ 93,374</b>	<b>\$ 187,683</b>	<b>\$ 917,242</b>	<b>\$ 125</b>
<b>Liabilities:</b>						
Accounts payable	\$ -	\$ -	\$ 5,769	\$ 870	\$ -	\$ -
Accrued liabilities	2,320	-	-	-	-	-
Advances and deposits	-	-	-	-	-	-
Due to other governmental units	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>2,320</b>	<b>-</b>	<b>5,769</b>	<b>870</b>	<b>-</b>	<b>-</b>
<b>Deferred Inflows of Resources:</b>						
Unavailable revenue -						
Delinquent property taxes	-	-	-	-	-	-
Lease contract/revolving loans	-	-	-	-	-	-
Grants/fees	-	-	-	-	-	-
Taxes levied for subsequent period	-	-	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>						
Restricted	507,360	51,323	87,605	186,813	917,242	125
Committed	-	-	-	-	-	-
<b>Total Fund Balances</b>	<b>507,360</b>	<b>51,323</b>	<b>87,605</b>	<b>186,813</b>	<b>917,242</b>	<b>125</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 509,680</b>	<b>\$ 51,323</b>	<b>\$ 93,374</b>	<b>\$ 187,683</b>	<b>\$ 917,242</b>	<b>\$ 125</b>

Debt Service Funds			Capital Projects Funds				Total
Building Authority	Convention Center	Jail/Juvenile Facility	Public Improvement	Municipal Building	Convention Center	Communications Construction	
\$ 3,727	\$ 848,982	\$ 3,504	\$ 3,225,981	\$ 212,655	\$ 1,876,150	\$ 980	\$ 12,582,137
-	-	-	-	-	-	-	142,473
-	-	-	-	-	-	-	1,939,100
-	21,246	-	401	83	36,795	-	905,683
-	-	-	-	-	-	-	859,418
<u>\$ 3,727</u>	<u>\$ 870,228</u>	<u>\$ 3,504</u>	<u>\$ 3,226,382</u>	<u>\$ 212,738</u>	<u>\$ 1,912,945</u>	<u>\$ 980</u>	<u>\$ 16,428,811</u>
\$ -	\$ -	\$ -	\$ 2,856	\$ 12,062	\$ 1,636,512	\$ -	\$ 2,180,207
-	-	-	-	-	-	-	263,642
-	-	-	-	-	-	-	64,422
-	-	-	-	-	-	-	123,715
-	-	-	-	-	-	-	262,716
-	-	-	-	-	-	-	7,939
-	-	-	2,856	12,062	1,636,512	-	2,902,641
-	-	-	-	-	-	-	7,394
-	-	-	-	-	-	-	709,851
-	-	-	-	-	-	-	98,163
-	-	-	-	-	-	-	2,087,155
-	-	-	-	-	-	-	2,902,563
3,727	870,228	3,504	3,223,526	-	276,433	980	7,508,406
-	-	-	-	200,676	-	-	3,115,201
<u>3,727</u>	<u>870,228</u>	<u>3,504</u>	<u>3,223,526</u>	<u>200,676</u>	<u>276,433</u>	<u>980</u>	<u>10,623,607</u>
<u>\$ 3,727</u>	<u>\$ 870,228</u>	<u>\$ 3,504</u>	<u>\$ 3,226,382</u>	<u>\$ 212,738</u>	<u>\$ 1,912,945</u>	<u>\$ 980</u>	<u>\$ 16,428,811</u>

Concluded

**ST. CLAIR COUNTY, MICHIGAN**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Friend of Court</u>	<u>Drug Task Force</u>	<u>Brownfield Redevelopment</u>	<u>Convention Center</u>	<u>Drug Law Enforcement</u>
<b>Revenues:</b>					
Taxes	\$ -	\$ 1,519,842	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	214,036	-	431,615	-	67,396
Charges for services	57,449	-	-	-	337
Fines and forfeits	-	-	-	-	96,693
Interest and rent	760	248	-	-	-
Other	-	4,975	-	-	45,215
Total Revenues	<u>272,245</u>	<u>1,525,065</u>	<u>431,615</u>	<u>-</u>	<u>209,641</u>
<b>Expenditures:</b>					
Current -					
Judicial	256,030	-	-	-	-
General Government	-	-	-	-	-
Public Safety	-	1,365,608	-	-	260,794
Health and Welfare	-	-	-	-	-
Community and Economic Development	-	-	431,615	-	-
Recreation and Cultural	-	-	-	123,706	-
Capital Outlay	-	-	-	-	-
Debit Service -					
Principal	-	-	-	-	-
Interest and charges	-	-	-	-	-
Total Expenditures	<u>256,030</u>	<u>1,365,608</u>	<u>431,615</u>	<u>123,706</u>	<u>260,794</u>
Revenues over (under) expenditures	<u>16,215</u>	<u>159,457</u>	<u>-</u>	<u>( 123,706)</u>	<u>( 51,153)</u>
<b>Other Financing Sources (Uses):</b>					
Transfers from other funds	-	-	-	300,000	-
Transfers to other funds	-	( 205,633)	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>( 205,633)</u>	<u>-</u>	<u>300,000</u>	<u>-</u>
Net Change in Fund Balances	16,215	( 46,176)	-	176,294	( 51,153)
Fund Balances at beginning of year	<u>260,511</u>	<u>210,049</u>	<u>42,800</u>	<u>100,000</u>	<u>412,012</u>
Fund Balances at end of year	<u>\$ 276,726</u>	<u>\$ 163,873</u>	<u>\$ 42,800</u>	<u>\$ 276,294</u>	<u>\$ 360,859</u>

Special Revenue Funds

Health Department	HUD Housing	CDBG Housing	Human Services	Child Care	Veterans' Trust	Veterans' Millage	E - 911
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 554,324	\$ -
205,405	-	-	-	-	-	-	-
2,885,357	-	330,582	198,223	2,728,818	34,828	-	-
2,129,311	-	188,864	-	142,766	-	2,220	1,065,326
-	-	-	-	-	-	-	-
-	-	107	16	-	-	61	-
388,838	-	9,527	8,629	17,140	-	3,518	-
<u>5,608,911</u>	<u>-</u>	<u>529,080</u>	<u>206,868</u>	<u>2,888,724</u>	<u>34,828</u>	<u>560,123</u>	<u>1,065,326</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
6,288,432	-	502,536	394,833	6,368,028	30,141	560,538	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>6,288,432</u>	<u>-</u>	<u>502,536</u>	<u>394,833</u>	<u>6,368,028</u>	<u>30,141</u>	<u>560,538</u>	<u>-</u>
<u>( 679,521)</u>	<u>-</u>	<u>26,544</u>	<u>( 187,965)</u>	<u>( 3,479,304)</u>	<u>4,687</u>	<u>( 415)</u>	<u>1,065,326</u>
1,520,000	-	10,000	218,501	3,098,053	-	-	-
-	-	-	-	-	-	-	( 1,065,326)
<u>1,520,000</u>	<u>-</u>	<u>10,000</u>	<u>218,501</u>	<u>3,098,053</u>	<u>-</u>	<u>-</u>	<u>( 1,065,326)</u>
840,479	-	36,544	30,536	( 381,251)	4,687	( 415)	-
829,002	95,311	298,727	178,731	1,097,934	8,028	135,200	-
<u>\$ 1,669,481</u>	<u>\$ 95,311</u>	<u>\$ 335,271</u>	<u>\$ 209,267</u>	<u>\$ 716,683</u>	<u>\$ 12,715</u>	<u>\$ 134,785</u>	<u>\$ -</u>

Continued

**ST. CLAIR COUNTY, MICHIGAN**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Special Revenue Funds				Debt Service Funds	
	Deeds	Local	Family	Prosecutor's	Communications	
	Automation	Corrections And Training	Counseling	Drug Forfeitures	Series 2007 B	Series 2009
<b>Revenues:</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	130,435	27,418	15,224	27,079	303,990	-
Fines and forfeits	-	-	-	15,994	-	-
Interest and rent	253	-	-	-	-	-
Other	-	-	-	7,890	-	-
Total Revenues	<u>130,688</u>	<u>27,418</u>	<u>15,224</u>	<u>50,963</u>	<u>303,990</u>	<u>-</u>
<b>Expenditures:</b>						
Current -						
Judicial	-	-	26,171	-	-	-
General Government	148,123	-	-	-	-	-
Public Safety	-	1,375	-	33,689	-	-
Health and Welfare	-	-	-	-	-	-
Community and Economic Development	-	-	-	-	-	-
Recreation and Cultural	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-
Debt Service -						
Principal	-	-	-	-	250,000	150,000
Interest and charges	-	-	-	-	102,888	96,956
Total Expenditures	<u>148,123</u>	<u>1,375</u>	<u>26,171</u>	<u>33,689</u>	<u>352,888</u>	<u>246,956</u>
Revenues over (under) expenditures	<u>( 17,435)</u>	<u>26,043</u>	<u>( 10,947)</u>	<u>17,274</u>	<u>( 48,898)</u>	<u>( 246,956)</u>
<b>Other Financing Sources (Uses):</b>						
Transfers from other funds	-	-	-	-	-	247,006
Transfers to other funds	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>247,006</u>
Net Change in Fund Balances	<u>( 17,435)</u>	<u>26,043</u>	<u>( 10,947)</u>	<u>17,274</u>	<u>( 48,898)</u>	<u>50</u>
Fund Balances at beginning of year	<u>524,795</u>	<u>25,280</u>	<u>98,552</u>	<u>169,539</u>	<u>966,140</u>	<u>75</u>
Fund Balances at end of year	<u>\$ 507,360</u>	<u>\$ 51,323</u>	<u>\$ 87,605</u>	<u>\$ 186,813</u>	<u>\$ 917,242</u>	<u>\$ 125</u>

Debt Service Funds			Capital Projects Funds				
Building Authority	Convention Center	Jail/Juvenile Facility	Public Improvement	Municipal Building	Convention Center	Communications Construction	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,074,166
-	-	-	-	-	-	-	205,405
-	95,270	-	-	-	-	-	6,986,125
-	-	-	-	-	-	-	4,090,419
-	-	-	-	26,996	-	-	139,683
-	-	-	-	-	2,209	-	3,654
-	137,800	-	25,360	-	36,795	-	685,687
-	233,070	-	25,360	26,996	39,004	-	14,185,139
-	-	-	-	-	-	-	282,201
-	-	-	-	-	-	-	148,123
-	-	-	-	-	-	-	1,661,466
-	-	-	-	-	-	-	14,144,508
-	-	-	-	-	-	-	431,615
-	-	-	-	-	-	-	123,706
-	-	-	1,205,251	15,196	5,049,971	-	6,270,418
730,000	200,000	1,115,000	-	-	-	-	2,445,000
95,633	308,619	1,026,925	-	-	-	-	1,631,021
825,633	508,619	2,141,925	1,205,251	15,196	5,049,971	-	27,138,058
( 825,633)	( 275,549)	( 2,141,925)	( 1,179,891)	11,800	( 5,010,967)	-	( 12,952,919)
825,683	369,388	2,141,925	612,913	-	-	-	9,343,469
-	-	-	-	-	-	-	( 1,270,959)
825,683	369,388	2,141,925	612,913	-	-	-	8,072,510
50	93,839	-	( 566,978)	11,800	( 5,010,967)	-	( 4,880,409)
3,677	776,389	3,504	3,790,504	188,876	5,287,400	980	15,504,016
\$ 3,727	\$ 870,228	\$ 3,504	\$ 3,223,526	\$ 200,676	\$ 276,433	\$ 980	\$ 10,623,607

Concluded

**ST. CLAIR COUNTY, MICHIGAN**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>FRIEND OF COURT</b>			
<b>Revenues:</b>			
Intergovernmental	\$ 298,359	\$ 214,036	\$( 84,323)
Charges for services	-	57,449	57,449
Interest and rent	-	760	760
Total Revenues	<u>298,359</u>	<u>272,245</u>	<u>( 26,114)</u>
<b>Expenditures:</b>			
Judicial	<u>298,359</u>	<u>256,030</u>	<u>42,329</u>
Net Change in Fund Balance	-	16,215	16,215
Fund Balance at beginning of year	<u>260,511</u>	<u>260,511</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 260,511</u></u>	<u><u>\$ 276,726</u></u>	<u><u>\$ 16,215</u></u>
<b>DRUG TASK FORCE</b>			
<b>Revenues:</b>			
Taxes	\$ 1,520,352	\$ 1,519,842	\$( 510)
Interest and rent	1,000	248	( 752)
Other	-	4,975	4,975
Total Revenues	<u>1,521,352</u>	<u>1,525,065</u>	<u>3,713</u>
<b>Expenditures:</b>			
Public Safety	<u>1,295,724</u>	<u>1,365,608</u>	<u>( 69,884)</u>
Revenues over expenditures	<u>225,628</u>	<u>159,457</u>	<u>( 66,171)</u>
<b>Other Financing Sources (Uses):</b>			
Transfers from other funds	50,000	-	( 50,000)
Transfers to other funds	<u>( 275,628)</u>	<u>( 205,633)</u>	<u>69,995</u>
Total Other Financing Sources (Uses)	<u>( 225,628)</u>	<u>( 205,633)</u>	<u>19,995</u>
Net Change in Fund Balance	-	( 46,176)	( 46,176)
Fund Balance at beginning of year	<u>210,049</u>	<u>210,049</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 210,049</u></u>	<u><u>\$ 163,873</u></u>	<u><u>\$( 46,176)</u></u>

Continued

**ST. CLAIR COUNTY, MICHIGAN**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>BROWNFIELD REDEVELOPMENT</b>			
<b>Revenues:</b>			
Intergovernmental	\$ 500,000	\$ 431,615	\$( 68,385)
<b>Expenditures:</b>			
Community and Economic Development	<u>500,000</u>	<u>431,615</u>	<u>68,385</u>
Net Change in Fund Balance	-	-	-
Fund Balance at beginning of year	<u>42,800</u>	<u>42,800</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 42,800</u></u>	<u><u>\$ 42,800</u></u>	<u><u>\$ -</u></u>
<b>CONVENTION CENTER</b>			
<b>Expenditures:</b>			
Recreation and Cultural	127,804	123,706	4,098
<b>Other Financing Sources:</b>			
Transfers from other funds	<u>250,000</u>	<u>300,000</u>	<u>50,000</u>
Net Change in Fund Balance	122,196	176,294	54,098
Fund Balance at beginning of year	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 222,196</u></u>	<u><u>\$ 276,294</u></u>	<u><u>\$ 54,098</u></u>
<b>DRUG LAW ENFORCEMENT</b>			
<b>Revenues:</b>			
Intergovernmental	\$ -	\$ 67,396	\$ 67,396
Charges for services	-	337	337
Fines and forfeits	175,000	96,693	( 78,307)
Other	-	45,215	45,215
Total Revenues	<u>175,000</u>	<u>209,641</u>	<u>34,641</u>
<b>Expenditures:</b>			
Public Safety	<u>200,000</u>	<u>260,794</u>	<u>( 60,794)</u>
Revenues under expenditures	( 25,000)	( 51,153)	( 26,153)
<b>Other Financing Uses:</b>			
Transfers to other funds	<u>( 50,000)</u>	<u>-</u>	<u>50,000</u>
Net Change in Fund Balance	( 75,000)	( 51,153)	23,847
Fund Balance at beginning of year	<u>412,012</u>	<u>412,012</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 337,012</u></u>	<u><u>\$ 360,859</u></u>	<u><u>\$ 23,847</u></u>

Continued

**ST. CLAIR COUNTY, MICHIGAN**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>HEALTH DEPARTMENT</b>			
<b>Revenues:</b>			
Licenses and permits	\$ -	\$ 205,405	\$ 205,405
Intergovernmental	3,212,058	2,885,357	( 326,701)
Charges for services	1,504,105	2,129,311	625,206
Other	<u>-</u>	<u>388,838</u>	<u>388,838</u>
Total Revenues	4,716,163	5,608,911	892,748
<b>Expenditures:</b>			
Health and Welfare	<u>6,236,163</u>	<u>6,288,432</u>	<u>( 52,269)</u>
Revenues under expenditures	( 1,520,000)	( 679,521)	840,479
<b>Other Financing Sources:</b>			
Transfers from other funds	<u>1,520,000</u>	<u>1,520,000</u>	<u>-</u>
Net Change in Fund Balance	-	840,479	840,479
Fund Balance at beginning of year	<u>829,002</u>	<u>829,002</u>	<u>-</u>
Fund Balance at end of year	<u>\$ 829,002</u>	<u>\$ 1,669,481</u>	<u>\$ 840,479</u>
<b>HUD HOUSING</b>			
Net Change in Fund Balance	\$ -	\$ -	\$ -
Fund Balance at beginning of year	<u>95,311</u>	<u>95,311</u>	<u>-</u>
Fund Balance at end of year	<u>\$ 95,311</u>	<u>\$ 95,311</u>	<u>\$ -</u>

Continued

**ST. CLAIR COUNTY, MICHIGAN**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>CDBG HOUSING</b>			
<b>Revenues:</b>			
Intergovernmental	\$ 367,835	\$ 330,582	\$( 37,253)
Charges for services	-	188,864	188,864
Interest	-	107	107
Other	<u>150,000</u>	<u>9,527</u>	<u>( 140,473)</u>
Total Revenues	517,835	529,080	11,245
<b>Expenditures:</b>			
Health and Welfare	<u>527,835</u>	<u>502,536</u>	<u>25,299</u>
Revenues over (under) expenditures	( 10,000)	26,544	36,544
<b>Other Financing Sources:</b>			
Transfers from other funds	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Net Change in Fund Balance	-	36,544	36,544
Fund Balance at beginning of year	<u>298,727</u>	<u>298,727</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 298,727</u></u>	<u><u>\$ 335,271</u></u>	<u><u>\$ 36,544</u></u>
<b>HUMAN SERVICES</b>			
<b>Revenues:</b>			
Intergovernmental	\$ 187,500	\$ 198,223	\$ 10,723
Interest	-	16	16
Other	-	8,629	8,629
Total Revenues	<u>187,500</u>	<u>206,868</u>	<u>19,368</u>
<b>Expenditures:</b>			
Health and Welfare	<u>406,001</u>	<u>394,833</u>	<u>11,168</u>
Revenues under expenditures	( 218,501)	( 187,965)	30,536
<b>Other Financing Sources:</b>			
Transfers from other funds	<u>218,501</u>	<u>218,501</u>	<u>-</u>
Net Change in Fund Balance	-	30,536	30,536
Fund Balance at beginning of year	<u>178,731</u>	<u>178,731</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 178,731</u></u>	<u><u>\$ 209,267</u></u>	<u><u>\$ 30,536</u></u>

Continued

**ST. CLAIR COUNTY, MICHIGAN**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>CHILD CARE</b>			
<b>Revenues:</b>			
Intergovernmental	\$ 2,601,200	\$ 2,728,818	\$ 127,618
Charges for services	160,000	142,766	( 17,234)
Other	<u>18,000</u>	<u>17,140</u>	<u>( 860)</u>
Total Revenues	<u>2,779,200</u>	<u>2,888,724</u>	<u>109,524</u>
<b>Expenditures:</b>			
Health and Welfare	<u>5,866,479</u>	<u>6,368,028</u>	<u>( 501,549)</u>
Revenues under expenditures	( 3,087,279)	( 3,479,304)	( 392,025)
<b>Other Financing Sources:</b>			
Transfers from other funds	<u>3,087,279</u>	<u>3,098,053</u>	<u>10,774</u>
Net Change in Fund Balance	-	( 381,251)	( 381,251)
Fund Balance at beginning of year	<u>1,097,934</u>	<u>1,097,934</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 1,097,934</u></u>	<u><u>\$ 716,683</u></u>	<u><u>\$( 381,251)</u></u>
<b>VETERANS' TRUST</b>			
<b>Revenues:</b>			
Intergovernmental	\$ 36,000	\$ 34,828	\$( 1,172)
<b>Expenditures:</b>			
Health and Welfare	<u>36,000</u>	<u>30,141</u>	<u>5,859</u>
Net Change in Fund Balance	-	4,687	4,687
Fund Balance at beginning of year	<u>8,028</u>	<u>8,028</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 8,028</u></u>	<u><u>\$ 12,715</u></u>	<u><u>\$ 4,687</u></u>

Continued

**ST. CLAIR COUNTY, MICHIGAN**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>VETERANS' MILLAGE</b>			
<b>Revenues:</b>			
Taxes	\$ 550,000	\$ 554,324	\$ 4,324
Charges for services	-	2,220	2,220
Interest and rent	-	61	61
Other	-	3,518	3,518
Total Revenues	<u>550,000</u>	<u>560,123</u>	<u>10,123</u>
<b>Expenditures:</b>			
Health and Welfare	<u>550,000</u>	<u>560,538</u>	<u>( 10,538)</u>
Net Change in Fund Balance	-	( 415)	( 415)
Fund Balance at beginning of year	<u>135,200</u>	<u>135,200</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 135,200</u></u>	<u><u>\$ 134,785</u></u>	<u><u>\$( 415)</u></u>

**E - 911**

<b>Revenues:</b>			
Charges for services	\$ 1,072,116	\$ 1,065,326	\$( 6,790)
<b>Other Financing Uses:</b>			
Transfers to other funds	<u>( 1,072,116)</u>	<u>( 1,065,326)</u>	<u>6,790</u>
Net Change in Fund Balance	-	-	-
Fund Balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**DEEDS AUTOMATION**

<b>Revenues:</b>			
Charges for services	\$ 153,530	\$ 130,435	\$( 23,095)
Interest	-	253	253
Total Revenues	<u>153,530</u>	<u>130,688</u>	<u>( 22,842)</u>
<b>Expenditures:</b>			
General Government	<u>153,530</u>	<u>148,123</u>	<u>5,407</u>
Net Change in Fund Balance	-	( 17,435)	( 17,435)
Fund Balance at beginning of year	<u>524,795</u>	<u>524,795</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 524,795</u></u>	<u><u>\$ 507,360</u></u>	<u><u>\$( 17,435)</u></u>

Continued

**ST. CLAIR COUNTY, MICHIGAN**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>LOCAL CORRECTIONS AND TRAINING</b>			
<b>Revenues:</b>			
Charges for services	\$ 27,500	\$ 27,418	\$( 82)
<b>Expenditures:</b>			
Public Safety	<u>27,500</u>	<u>1,375</u>	<u>26,125</u>
Net Change in Fund Balance	-	26,043	26,043
Fund Balance at beginning of year	<u>25,280</u>	<u>25,280</u>	-
Fund Balance at end of year	<u><u>\$ 25,280</u></u>	<u><u>\$ 51,323</u></u>	<u><u>\$ 26,043</u></u>

<b>FAMILY COUNSELING</b>			
<b>Revenues:</b>			
Charges for services	\$ 20,000	\$ 15,224	\$( 4,776)
<b>Expenditures:</b>			
Judicial	<u>20,000</u>	<u>26,171</u>	<u>( 6,171)</u>
Net Change in Fund Balance	-	( 10,947)	( 10,947)
Fund Balance at beginning of year	<u>98,552</u>	<u>98,552</u>	-
Fund Balance at end of year	<u><u>\$ 98,552</u></u>	<u><u>\$ 87,605</u></u>	<u><u>\$( 10,947)</u></u>

<b>PROSECUTOR'S DRUG FORFEITURES</b>			
<b>Revenues:</b>			
Charges for services	\$ 20,000	\$ 27,079	\$ 7,079
Fines and forfeits	30,000	15,994	( 14,006)
Other	-	7,890	7,890
Total Revenues	<u>50,000</u>	<u>50,963</u>	<u>963</u>
<b>Expenditures:</b>			
Public Safety	<u>25,000</u>	<u>33,689</u>	<u>( 8,689)</u>
Revenues over expenditures	25,000	17,274	( 7,726)
<b>Other Financing Sources:</b>			
Transfers from other funds	<u>( 25,000)</u>	<u>-</u>	<u>25,000</u>
Net Change in Fund Balance	-	17,274	17,274
Fund Balance at beginning of year	<u>169,539</u>	<u>169,539</u>	-
Fund Balance at end of year	<u><u>\$ 169,539</u></u>	<u><u>\$ 186,813</u></u>	<u><u>\$ 17,274</u></u>

Concluded

## NON-MAJOR ENTERPRISE FUNDS

### ENTERPRISE FUNDS

Enterprise Funds are used to report operations that provide services, which are financed primarily by user charges, or activities where periodic measurement of net income is appropriate for capital maintenance, public policy, management control or other purposes. The Nonmajor Enterprise Funds of the County are as follows:

**Airport Commission** – is used to account for the operation of the County-owned airport which sells gasoline, rents hangers, etc.

**Sheriff's Concession** – is used to account for the concession operations in the County Jail complex, which sells various items to the jail inmates.

**Homestead Exemption Audits** – is used to account for the operations of administering audits of County residents claiming homestead exemption on their property.

**School Tax Collection** – is used to account for the administrative fees charged to school districts for the collection of their taxes.

**ST. CLAIR COUNTY, MICHIGAN**

**COMBINING STATEMENT OF NET POSITION  
NONMAJOR ENTERPRISE FUNDS  
DECEMBER 31, 2014**

	<u>Airport Commission</u>	<u>Sheriff's Concession</u>	<u>Homestead Exemption Audits</u>	<u>School Tax Collection</u>	<u>Total</u>
<b>Assets:</b>					
Current Assets:					
Cash and cash equivalents	\$ 319,471	\$ 235,160	\$ 46,288	\$ 114,625	\$ 715,544
Interest and accounts receivable, net of allowance	9,667	55,827	-	-	65,494
Inventories	33,986	-	-	-	33,986
Prepaid expenses and deposits	975	-	-	-	975
Total Current Assets	<u>364,099</u>	<u>290,987</u>	<u>46,288</u>	<u>114,625</u>	<u>815,999</u>
Noncurrent Assets:					
Capital assets	12,806,837	-	-	-	12,806,837
Less - accumulated depreciation	<u>( 9,070,187)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>( 9,070,187)</u>
Total Noncurrent Assets	<u>3,736,650</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,736,650</u>
Total Assets	<u>4,100,749</u>	<u>290,987</u>	<u>46,288</u>	<u>114,625</u>	<u>4,552,649</u>
<b>Liabilities:</b>					
Current Liabilities:					
Accounts payable	11,794	26,165	-	-	37,959
Accrued expenses	3,892	2,851	-	-	6,743
Unearned revenue	25,348	-	-	-	25,348
Total Current Liabilities	<u>41,034</u>	<u>29,016</u>	<u>-</u>	<u>-</u>	<u>70,050</u>
Long-Term Liabilities:					
Accrued vacation and sick (less current portion)	9,599	-	-	-	9,599
Net OPEB obligation	100,615	-	-	-	100,615
Total Long-Term Liabilities	<u>110,214</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>110,214</u>
Total Liabilities	<u>151,248</u>	<u>29,016</u>	<u>-</u>	<u>-</u>	<u>180,264</u>
<b>Net Position:</b>					
Net investment in capital assets	3,736,650	-	-	-	3,736,650
Unrestricted	212,851	261,971	46,288	114,625	635,735
Total Net Position	<u>\$ 3,949,501</u>	<u>\$ 261,971</u>	<u>\$ 46,288</u>	<u>\$ 114,625</u>	<u>\$ 4,372,385</u>

**ST. CLAIR COUNTY, MICHIGAN**

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
NONMAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Airport Commission</u>	<u>Sheriff's Concession</u>	<u>Homestead Exemption Audits</u>	<u>School Tax Collection</u>	<u>Total</u>
<b>Operating Revenues:</b>					
Intergovernmental	\$ 35,644	\$ -	\$ -	\$ -	\$ 35,644
Charges for services	502,952	648,634	-	-	1,151,586
Interest and rents	165,403	-	4,032	-	169,435
Other	906	-	-	-	906
Total Operating Revenues	<u>704,905</u>	<u>648,634</u>	<u>4,032</u>	<u>-</u>	<u>1,357,571</u>
<b>Operating Expenses:</b>					
Personal services	170,540	104,376	-	-	274,916
Supplies	415,160	6,096	-	-	421,256
Other services	308,813	509,785	-	2	818,600
Depreciation	230,857	-	-	-	230,857
Total Operating Expenses	<u>1,125,370</u>	<u>620,257</u>	<u>-</u>	<u>2</u>	<u>1,745,629</u>
Operating Income (Loss)	( 420,465)	28,377	4,032	( 2)	( 388,058)
<b>Capital Contributions</b>	<u>27,073</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,073</u>
Net Income (Loss) Before Transfers	( 393,392)	28,377	4,032	( 2)	( 360,985)
<b>Transfers:</b>					
Transfers from other funds	<u>210,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>210,000</u>
Change in Net Position	( 183,392)	28,377	4,032	( 2)	( 150,985)
Net Position at beginning of year	<u>4,132,893</u>	<u>233,594</u>	<u>42,256</u>	<u>114,627</u>	<u>4,523,370</u>
Net Position at end of year	<u>\$ 3,949,501</u>	<u>\$ 261,971</u>	<u>\$ 46,288</u>	<u>\$ 114,625</u>	<u>\$ 4,372,385</u>

**ST. CLAIR COUNTY, MICHIGAN**

**COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Airport Commission</u>	<u>Sheriff's Concession</u>	<u>Homestead Exemption Audits</u>	<u>School Tax Collection</u>	<u>Total</u>
<b>Cash Flows From Operating Activities:</b>					
Cash receipts from customers	\$ 728,602	\$ 640,487	\$ 4,032	\$ -	\$ 1,373,121
Cash payments to suppliers	( 785,029)	( 524,208)	-	( 2)	( 1,309,239)
Cash payments to employees	( 141,654)	( 90,549)	-	-	( 232,203)
Cash payments for interfund services	( 16,573)	( 14,355)	-	-	( 30,928)
Net Cash Provided by (Used for)					
Operating Activities	( 214,654)	11,375	4,032	( 2)	( 199,249)
<b>Cash Flows From Noncapital Financing Activities:</b>					
Transfers from other funds	210,000	-	-	-	210,000
<b>Cash Flows From Capital and Related Financing Activities:</b>					
Acquisition/construction of capital assets	( 17,138)	-	-	-	( 17,138)
Net Increase (Decrease) in Cash and Cash Equivalents	( 21,792)	11,375	4,032	( 2)	( 6,387)
Cash and Cash Equivalents at Beginning of Year	<u>341,263</u>	<u>223,785</u>	<u>42,256</u>	<u>114,627</u>	<u>721,931</u>
Cash and Cash Equivalents at End of Year	<u>\$ 319,471</u>	<u>\$ 235,160</u>	<u>\$ 46,288</u>	<u>\$ 114,625</u>	<u>\$ 715,544</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for)</b>					
<b>Operating Activities:</b>					
Operating income (loss)	\$( 420,465)	\$ 28,377	\$ 4,032	\$( 2)	\$( 388,058)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities -					
Depreciation	230,857	-	-	-	230,857
Change in assets and liabilities:					
Accounts receivable	9,993	( 8,147)	-	-	1,846
Inventory	14,763	-	-	-	14,763
Prepays and deposits	1,974	-	-	-	1,974
Accounts payable	( 77,793)	( 8,327)	-	-	( 86,120)
Accrued expenses	12,313	( 528)	-	-	11,785
Unearned revenue	13,704	-	-	-	13,704
Net Cash Provided by (Used for)					
Operating Activities	<u>\$( 214,654)</u>	<u>\$ 11,375</u>	<u>\$ 4,032</u>	<u>\$( 2)</u>	<u>\$( 199,249)</u>
<b>Non-Cash Capital and Related Financing Activities:</b>					
Capital contributions	<u>\$ 27,073</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,073</u>

## FIDUCIARY FUNDS

Fiduciary Funds are used to account for assets held by the County for the other parties (either as a trustee or as an agent) that cannot be used to finance the County's own operating programs.

### **Pension and Other Employee Benefit Trust Funds –**

**Basic Retirement System** – is used to account for employer and employee pension contributions, investment income, accumulated assets and payments to beneficiaries including retiree health care.

### **Other Postemployment Benefits –**

**401h Health Care Fund** – is an account within the pension trust fund established to account for employer and employee contributions, investment income, accumulated assets and payment for past employment benefits other than pensions. Starting on July 1, 2006 no new contributions are being recorded in this fund; however, benefit payments will continue to be paid from this fund until all the assets are used.

**PA 149 Health Care Fund** – was established on July 1, 2006 to account for employer and employee contributions, investment income, accumulated assets and payment for post-employment benefits other than pension.

The Pension and Other Employee Benefit Trust Funds are accounted for in essentially the same manner as Proprietary Funds, but with an important expanded emphasis on net position restricted for pension and other post-employment benefits.

### **Agency Funds –**

**Trust and Agency** – is used to account for assets held by the County as an agent for individuals, private organizations, other governments and other funds.

**Library Penal Fines** – is used to account for the portion of fines that are collected by the 72<sup>nd</sup> District Court and distributed to the St. Clair County Public Library and County Law Library.

**Payroll** – is used to account for payroll activities to County employees.

**ST. CLAIR COUNTY, MICHIGAN**

**STATEMENT OF FIDUCIARY NET POSITION  
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS  
DECEMBER 31, 2014**

	Basic Retirement System	Other Postemployment Benefits	Total
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Assets:</b>			
Cash and cash equivalents	\$ 6,579,081	\$ 1,963,370	\$ 8,542,451
Investments, at fair value -			
U.S. Government/Agencies	2,382,571	-	2,382,571
Corporate Debt	31,192,152	4,244,050	35,436,202
Hedge Funds	9,259,530	-	9,259,530
Stocks	97,289,957	11,868,250	109,158,207
Foreign Bonds	18,345,232	-	18,345,232
Mutual Funds	392,880	9,843,621	10,236,501
Partnerships	58,082,247	-	58,082,247
Municipal Bonds	-	204,872	204,872
Invested securities lending collateral	5,000,000	-	5,000,000
Receivables -			
Interest and dividends	1,104,160	71,114	1,175,274
Other	546,794	2,010,486	2,557,280
Due from other funds	199,258	9,555,948	9,755,206
	<u>230,373,862</u>	<u>39,761,711</u>	<u>270,135,573</u>
<b>Liabilities:</b>			
Accounts payable	402,718	7,268	409,986
Accrued liabilities	96,099	-	96,099
Securities lending collateral	5,000,000	-	5,000,000
Derivative instrument - interest rate future	2,602,125	-	2,602,125
Due to other funds	9,555,948	199,258	9,755,206
	<u>17,656,890</u>	<u>206,526</u>	<u>17,863,416</u>
<b>Net Position:</b>			
Restricted for pension benefits	212,716,972	-	212,716,972
Restricted for other postemployment benefits	-	39,555,185	39,555,185
	<u>\$ 212,716,972</u>	<u>\$ 39,555,185</u>	<u>\$ 252,272,157</u>

**ST. CLAIR COUNTY, MICHIGAN**

**COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION  
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Basic Retirement System			
	<u>Member Contributions</u>	<u>Employer Contributions</u>	<u>Pension Payments</u>	<u>Total</u>
<b>Additions:</b>				
Contributions				
Member contributions	\$ 2,093,855	\$ -	\$ -	\$ 2,093,855
Employer contributions	<u>-</u>	<u>7,192,197</u>	<u>-</u>	<u>7,192,197</u>
Total contributions	<u>2,093,855</u>	<u>7,192,197</u>	<u>-</u>	<u>9,286,052</u>
Investment income				
Net appreciation (depreciation) in fair value of investments	-	7,184,663	-	7,184,663
Interest/Dividends	-	5,190,835	-	5,190,835
Less investment expense	<u>-</u>	<u>( 926,880)</u>	<u>-</u>	<u>( 926,880)</u>
Net investment income	<u>-</u>	<u>11,448,618</u>	<u>-</u>	<u>11,448,618</u>
Other				
Medicare Part D reimbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Additions	<u>2,093,855</u>	<u>18,640,815</u>	<u>-</u>	<u>20,734,670</u>
<b>Deductions:</b>				
Retirement payroll	-	-	13,038,086	13,038,086
Health/dental insurance	-	-	-	-
Death benefits	-	-	42,000	42,000
Employee refunds	251,285	-	-	251,285
Administration	-	113,781	-	113,781
Professional fees	<u>-</u>	<u>40,983</u>	<u>-</u>	<u>40,983</u>
Total Deductions	<u>251,285</u>	<u>154,764</u>	<u>13,080,086</u>	<u>13,486,135</u>
Net Increase (Decrease) Before Transfers	1,842,570	18,486,051	( 13,080,086)	7,248,535
<b>Interfund Transfers In (Out):</b>				
Retirees obligation	( 1,686,053)	( 1,630,729)	3,316,782	-
Interest	<u>580,663</u>	<u>( 8,509,020)</u>	<u>7,928,357</u>	<u>-</u>
Net Increase (Decrease)	737,180	8,346,302	( 1,834,947)	7,248,535
<b>Net position restricted for pension benefits and other postemployment benefits:</b>				
Beginning of year	<u>28,801,795</u>	<u>44,492,781</u>	<u>132,173,861</u>	<u>205,468,437</u>
End of year	<u>\$ 29,538,975</u>	<u>\$ 52,839,083</u>	<u>\$ 130,338,914</u>	<u>\$ 212,716,972</u>

Other Postemployment Benefits

401H Health Care	Act 149 Health Care	Total	Total
\$ -	\$ 469,641	\$ 469,641	\$ 2,563,496
-	2,919,088	2,919,088	10,111,285
-	3,388,729	3,388,729	12,674,781
609,970	912,661	1,522,631	8,707,294
-	672,174	672,174	5,863,009
-	( 84,669)	( 84,669)	( 1,011,549)
609,970	1,500,166	2,110,136	13,558,754
44,178	-	44,178	44,178
654,148	4,888,895	5,543,043	26,277,713
-	-	-	13,038,086
3,744,608	-	3,744,608	3,744,608
-	-	-	42,000
78,125	-	78,125	329,410
-	-	-	113,781
-	-	-	40,983
3,822,733	-	3,822,733	17,308,868
( 3,168,585)	4,888,895	1,720,310	8,968,845
-	-	-	-
-	-	-	-
( 3,168,585)	4,888,895	1,720,310	8,968,845
12,724,533	25,110,342	37,834,875	243,303,312
\$ 9,555,948	\$ 29,999,237	\$ 39,555,185	\$ 252,272,157

**ST. CLAIR COUNTY, MICHIGAN**

**COMBINING STATEMENT OF FIDUCIARY NET POSITION  
AGENCY FUNDS  
DECEMBER 31, 2014**

	<u>Trust and Agency</u>	<u>Library Penal Fines</u>	<u>Payroll</u>	<u>Total</u>
<b>Assets:</b>				
Cash and cash equivalents	\$ 1,738,880	\$ 9,107	\$ 102,552	\$ 1,850,539
Investments	86,484	-	-	86,484
Receivables	13,136,763	3,181	-	13,139,944
Due from individuals	<u>-</u>	<u>-</u>	<u>9,078</u>	<u>9,078</u>
 Total Assets	 <u>\$ 14,962,127</u>	 <u>\$ 12,288</u>	 <u>\$ 111,630</u>	 <u>\$ 15,086,045</u>
 <b>Liabilities:</b>				
Due to individuals and agencies	\$ 14,200,077	\$ -	\$ -	\$ 14,200,077
Due to other governmental units	<u>762,050</u>	<u>12,288</u>	<u>111,630</u>	<u>885,968</u>
 Total Liabilities	 <u>\$ 14,962,127</u>	 <u>\$ 12,288</u>	 <u>\$ 111,630</u>	 <u>\$ 15,086,045</u>

**ST. CLAIR COUNTY, MICHIGAN**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Balance January 1, 2014	Additions	Reductions	Balance December 31, 2014
<b>TOTAL ALL AGENCY FUNDS</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 2,693,290	\$ 199,927,526	\$ 200,770,277	\$ 1,850,539
Investments	383,622	87,419	384,557	86,484
Receivables	12,804,214	930,168	594,438	13,139,944
Due from individuals	7,652	40,255,210	40,253,784	9,078
	<u>7,652</u>	<u>40,255,210</u>	<u>40,253,784</u>	<u>9,078</u>
Total Assets	<u>\$ 15,888,778</u>	<u>\$ 241,200,323</u>	<u>\$ 242,003,056</u>	<u>\$ 15,086,045</u>
<b>Liabilities:</b>				
Due to -				
Individuals and agencies	\$ 14,782,150	\$ 81,772,501	\$ 82,354,574	\$ 14,200,077
Other governmental units	1,106,628	157,243,013	157,463,673	885,968
	<u>1,106,628</u>	<u>157,243,013</u>	<u>157,463,673</u>	<u>885,968</u>
Total Liabilities	<u>\$ 15,888,778</u>	<u>\$ 239,015,514</u>	<u>\$ 239,818,247</u>	<u>\$ 15,086,045</u>
<b>TRUST AND AGENCY</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 2,579,403	\$ 135,054,571	\$ 135,895,094	\$ 1,738,880
Investments	383,622	87,419	384,557	86,484
Receivables	12,803,135	926,987	593,359	13,136,763
	<u>12,803,135</u>	<u>926,987</u>	<u>593,359</u>	<u>13,136,763</u>
Total Assets	<u>\$ 15,766,160</u>	<u>\$ 136,068,977</u>	<u>\$ 136,873,010</u>	<u>\$ 14,962,127</u>
<b>Liabilities:</b>				
Due to -				
Individuals and agencies	\$ 14,782,150	\$ 81,772,501	\$ 82,354,574	\$ 14,200,077
Other governmental units	984,010	105,672,584	105,894,544	762,050
	<u>984,010</u>	<u>105,672,584</u>	<u>105,894,544</u>	<u>762,050</u>
Total Liabilities	<u>\$ 15,766,160</u>	<u>\$ 187,445,085</u>	<u>\$ 188,249,118</u>	<u>\$ 14,962,127</u>
<b>LIBRARY PENAL FINES</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 9,039	\$ 755,030	\$ 754,962	\$ 9,107
Accounts receivable	1,079	3,181	1,079	3,181
	<u>1,079</u>	<u>3,181</u>	<u>1,079</u>	<u>3,181</u>
Total Assets	<u>\$ 10,118</u>	<u>\$ 758,211</u>	<u>\$ 756,041</u>	<u>\$ 12,288</u>
<b>Liabilities:</b>				
Due to other governmental units	<u>\$ 10,118</u>	<u>\$ 764,817</u>	<u>\$ 762,647</u>	<u>\$ 12,288</u>

Continued

**ST. CLAIR COUNTY, MICHIGAN**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Balance January 1, 2014	Additions	Reductions	Balance December 31, 2014
<b>PAYROLL FUND</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 104,848	\$ 64,117,925	\$ 64,120,221	\$ 102,552
Due from individuals	7,652	40,255,210	40,253,784	9,078
	<u>112,500</u>	<u>104,373,135</u>	<u>104,374,005</u>	<u>111,630</u>
Total Assets	<u>\$ 112,500</u>	<u>\$ 104,373,135</u>	<u>\$ 104,374,005</u>	<u>\$ 111,630</u>
<b>Liabilities:</b>				
Due to other governmental units	\$ 112,500	\$ 50,805,612	\$ 50,806,482	\$ 111,630
	<u>112,500</u>	<u>50,805,612</u>	<u>50,806,482</u>	<u>111,630</u>

Concluded

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**

**ST. CLAIR COUNTY, MICHIGAN**

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
SCHEDULE OF CHANGES IN CAPITAL ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Balance January 1, 2014	Additions	Disposals/ Adjustments	Balance December 31, 2014
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>General County:</b>				
Land	\$ 11,941,538	\$ 546,502	\$ -	\$ 12,488,040
Land improvements	7,351,633	166,933	-	7,518,566
Buildings	90,079,923	1,172,005	45,498	91,206,430
Equipment -				
Machinery	17,093,104	429,554	668,451	16,854,207
Marine	1,442,477	224,482	102,315	1,564,644
Vehicles	2,731,644	308,983	342,852	2,697,775
Books	7,967,808	333,172	1,083,260	7,217,720
	<u>138,608,127</u>	<u>3,181,631</u>	<u>2,242,376</u>	<u>139,547,382</u>
Less - Accumulated depreciation	<u>( 47,688,320)</u>	<u>( 4,723,506)</u>	<u>( 2,113,758)</u>	<u>( 50,298,068)</u>
	90,919,807	<u>( 1,541,875)</u>	128,618	89,249,314
Construction in progress	<u>2,712,056</u>	<u>5,328,291</u>	<u>678,422</u>	<u>7,361,925</u>
Total Capital Assets, Net	<u>\$ 93,631,863</u>	<u>\$ 3,786,416</u>	<u>\$ 807,040</u>	<u>\$ 96,611,239</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal services fund are excluded from the above amounts. The capital assets of the internal services fund are included as governmental activities in the statement of net position.

**ST. CLAIR COUNTY, MICHIGAN**

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
SCHEDULE OF CAPITAL ASSETS BY FUNCTION AND ACTIVITY  
DECEMBER 31, 2014**

	<u>Total</u>	<u>Land and Improvements</u>	<u>Buildings</u>	<u>Equipment</u>
<b>Judicial:</b>				
Circuit Court	\$ 5,890	\$ -	\$ -	\$ 5,890
District Court	535,810	50,051	348,643	137,116
Friend of Court	227,464	-	8,449	219,015
Courthouse Security	6,600	-	-	6,600
Public Improvement	409,690	5,900	91,994	311,796
	<u>1,185,454</u>	<u>55,951</u>	<u>449,086</u>	<u>680,417</u>
<b>General Government:</b>				
Administrator/Controller	1,325,802	959,264	366,538	-
Communications	549,616	-	-	549,616
Information Technology	105,664	-	-	105,664
Clerk	18,478	-	-	18,478
Register of Deeds	86,399	-	14,700	71,699
Equalization	46,225	-	-	46,225
Prosecuting Attorney	15,000	-	-	15,000
Human Resources	6,715	-	-	6,715
Property Description	16,341	-	-	16,341
County Treasurer	7,500	-	7,500	-
Buildings and Grounds	153,579	-	72,017	81,562
Public Improvement	2,965,119	663,035	972,777	1,329,307
Motor Pool	20,840	-	-	20,840
Drain Commissioner	362,771	25,000	20,000	317,771
	<u>5,680,049</u>	<u>1,647,299</u>	<u>1,453,532</u>	<u>2,579,218</u>
<b>Public Safety:</b>				
Sheriff and Patrol	1,427,815	-	-	1,427,815
Marine Law Enforcement	1,457,141	-	-	1,457,141
Jail	45,935,735	103,335	45,636,761	195,639
Juvenile Center	23,611	-	-	23,611
Radio/Communications	11,120,067	-	376,202	10,743,865
Secondary Road Patrol	19,294	-	-	19,294
Energy Efficiency	465,696	-	465,696	-
Emergency Services	1,166,545	9,142	345,106	812,297
Hazardous Materials Handling	990,187	60,895	477,340	451,952
Animal Shelter	300,746	19,200	262,546	19,000
Drug Task Force	564,148	-	99,543	464,605
Public Improvement	636,048	8,700	157,911	469,437
Planning Commission	23,200	-	-	23,200
	<u>64,130,233</u>	<u>201,272</u>	<u>47,821,105</u>	<u>16,107,856</u>

Continued

**ST. CLAIR COUNTY, MICHIGAN**

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
SCHEDULE OF CAPITAL ASSETS BY FUNCTION AND ACTIVITY  
DECEMBER 31, 2014**

	<u>Total</u>	<u>Land and Improvements</u>	<u>Buildings</u>	<u>Equipment</u>
<b>Health and Welfare:</b>				
Veterans Counselor	\$ 8,323	\$ -	\$ 8,323	\$ -
Medical Examiner	50,845	-	19,500	31,345
Day Treatment/Night Watch	1,845,853	141,581	1,548,944	155,328
Health Department	1,647,758	81,920	1,301,470	264,368
Public Improvement	<u>513,450</u>	<u>32,800</u>	<u>297,342</u>	<u>183,308</u>
	<u>4,066,229</u>	<u>256,301</u>	<u>3,175,579</u>	<u>634,349</u>
<b>Recreation and Cultural:</b>				
Parks and Recreation	23,369,277	15,586,250	6,911,547	871,480
Public Library	8,428,699	111,759	864,383	7,452,557
Public Improvement	<u>31,032</u>	<u>-</u>	<u>22,563</u>	<u>8,469</u>
	<u>31,829,008</u>	<u>15,698,009</u>	<u>7,798,493</u>	<u>8,332,506</u>
<b>General:</b>				
Land and improvements	2,147,774	2,147,774	-	-
Buildings	<u>30,508,635</u>	<u>-</u>	<u>30,508,635</u>	<u>-</u>
	<u>32,656,409</u>	<u>2,147,774</u>	<u>30,508,635</u>	<u>-</u>
Total General Capital Assets	139,547,382	20,006,606	91,206,430	28,334,346
Less: Accumulated depreciation	<u>( 50,298,068)</u>	<u>( 3,539,002)</u>	<u>( 29,313,478)</u>	<u>( 17,445,588)</u>
	89,249,314	16,467,604	61,892,952	10,888,758
Construction in progress	<u>7,361,925</u>	<u>145,309</u>	<u>7,090,105</u>	<u>126,511</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>\$ 96,611,239</u>	<u>\$ 16,612,913</u>	<u>\$ 68,983,057</u>	<u>\$ 11,015,269</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal services fund are excluded from the above amounts. The capital assets of the internal services fund are included as governmental activities in the statement of net position.

Concluded

**ST. CLAIR COUNTY, MICHIGAN**

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
SCHEDULE OF CHANGES IN CAPITAL ASSETS - BY FUNCTION AND ACTIVITY  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Balance January 1, 2014	Additions	Disposals/ Adjustments	Balance December 31, 2014
<b>Judicial:</b>				
Circuit Court	\$ 5,890	\$ -	\$ -	\$ 5,890
District Court	524,117	11,693	-	535,810
Friend of Court	252,915	-	( 25,451)	227,464
Courthouse Security	6,600	-	-	6,600
Public Improvement	422,345	15,611	( 28,266)	409,690
Total Judicial	<u>1,211,867</u>	<u>27,304</u>	<u>( 53,717)</u>	<u>1,185,454</u>
<b>General Government:</b>				
Administrator/Controller	872,050	453,752	-	1,325,802
Communications	549,616	-	-	549,616
Information Technology	418,430	-	( 312,766)	105,664
Clerk/Register	18,478	-	-	18,478
Register of Deeds	125,427	-	( 39,028)	86,399
Equalization	46,225	-	-	46,225
Prosecuting Attorney	15,000	-	-	15,000
Human Resources	6,715	-	-	6,715
Property Description	31,777	-	( 15,436)	16,341
County Treasurer	7,500	-	-	7,500
Buildings and Grounds	134,591	18,988	-	153,579
Public Improvement	2,276,381	694,421	( 5,683)	2,965,119
Motor Pool	20,840	-	-	20,840
Drain Commissioner	362,771	-	-	362,771
Total General Government	<u>4,885,801</u>	<u>1,167,161</u>	<u>( 372,913)</u>	<u>5,680,049</u>
<b>Public Safety:</b>				
Sheriff and Patrol	1,673,943	50,711	( 296,839)	1,427,815
Marine Law Enforcement	1,323,659	224,482	( 91,000)	1,457,141
Jail	45,955,298	-	( 19,563)	45,935,735
Juvenile Center	53,501	-	( 29,890)	23,611
Radio/Communications	11,120,067	-	-	11,120,067
Secondary Road Patrol	19,294	-	-	19,294
Energy Efficiency	465,696	-	-	465,696
Emergency Preparedness	1,192,422	65,415	( 91,292)	1,166,545
Hazardous Materials Handling	990,187	-	-	990,187
Animal Shelter	295,866	-	4,880	300,746
Drug Task Force	434,649	166,340	( 36,841)	564,148
Public Improvement	573,832	83,251	( 21,035)	636,048
Planning Commission	23,200	-	-	23,200
Total Public Safety	<u>64,121,614</u>	<u>590,199</u>	<u>( 581,580)</u>	<u>64,130,233</u>

Continued

**ST. CLAIR COUNTY, MICHIGAN**

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
SCHEDULE OF CHANGES IN CAPITAL ASSETS - BY FUNCTION AND ACTIVITY  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Balance January 1, 2014	Additions	Disposals/ Adjustments	Balance December 31, 2014
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Health and Welfare:</b>				
Veterans Counselor	\$ 8,323	\$ -	\$ -	\$ 8,323
Medical Examiner	50,845	-	-	50,845
Day Treatment/Night Watch	1,825,524	45,433	( 25,104)	1,845,853
Health Department	1,665,398	27,292	( 44,932)	1,647,758
Public Improvement	361,834	151,616	-	513,450
Total Health and Welfare	<u>3,911,924</u>	<u>224,341</u>	<u>( 70,036)</u>	<u>4,066,229</u>
<b>Recreation and Cultural:</b>				
Parks and Recreation	22,554,714	823,133	( 8,570)	23,369,277
Public Library	9,198,344	333,172	( 1,102,817)	8,428,699
Public Improvement	14,711	16,321	-	31,032
Total Recreation and Cultural	<u>31,767,769</u>	<u>1,172,626</u>	<u>( 1,111,387)</u>	<u>31,829,008</u>
<b>General:</b>				
Land and improvements	2,147,774	-	-	2,147,774
Buildings	30,527,535	-	( 18,900)	30,508,635
Equipment	33,843	-	( 33,843)	-
Total General	<u>32,709,152</u>	<u>-</u>	<u>( 52,743)</u>	<u>32,656,409</u>
Construction in progress	<u>2,712,056</u>	<u>5,328,291</u>	<u>( 678,422)</u>	<u>7,361,925</u>
 Total Capital Assets	 <u>\$ 141,320,183</u>	 <u>\$ 8,509,922</u>	 <u>\$( 2,920,798)</u>	 <u>\$ 146,909,307</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal services fund are excluded from the above amounts. The capital assets of the internal services fund are included as governmental activities in the statement of net position.

Concluded

**DRAIN COMMISSIONER**

**ST. CLAIR COUNTY, MICHIGAN**

**BALANCE SHEET/STATEMENT OF NET POSITION  
DRAIN FUNDS  
DECEMBER 31, 2014**

	<u>County Drain</u>	<u>Drain Revolving</u>	<u>Special Services</u>	<u>Drain Debt</u>
<b>Assets:</b>				
Cash and cash equivalents	\$ 1,772,664	\$ 212,149	\$ 5,124	\$ 1,348,929
Investment	-	-	-	-
Special assessments receivable	462,928	-	-	14,116,519
Due from other governmental units	426,785	-	-	-
Prepaid expenses	-	-	-	-
Capital assets (net of accumulated depreciation) -				
Assets not being depreciated	-	-	-	-
Assets being depreciated	-	-	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Assets	<u><u>\$ 2,662,377</u></u>	<u><u>\$ 212,149</u></u>	<u><u>\$ 5,124</u></u>	<u><u>\$ 15,465,448</u></u>
<b>Liabilities:</b>				
Accounts payable	\$ 838,415	\$ -	\$ -	\$ -
Accrued interest	8,510	-	-	-
Escrow deposit	210,916	-	-	-
Advances from primary government	-	50,000	-	-
Non-current liabilities				
Due within one year	-	-	-	-
Due in more than one year	-	-	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Liabilities	<u><u>1,057,841</u></u>	<u><u>50,000</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenue -				
Grants	41,351	-	-	-
Special Assessments	462,928	-	-	14,116,519
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
	<u><u>504,279</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>14,116,519</u></u>
<b>Fund Balances:</b>				
Restricted	1,100,257	-	-	1,348,929
Committed	-	162,149	5,124	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
	<u><u>1,100,257</u></u>	<u><u>162,149</u></u>	<u><u>5,124</u></u>	<u><u>1,348,929</u></u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u><u>\$ 2,662,377</u></u>	<u><u>\$ 212,149</u></u>	<u><u>\$ 5,124</u></u>	<u><u>\$ 15,465,448</u></u>
<b>Net Position:</b>				
Net investment in capital assets				
Restricted				
Unrestricted				
Total Net Position				

Mill Creek Debt	Equipment	Total	GASB 34 Adjustments	Statement of Net Position
\$ 113,046	\$ 137,913	\$ 3,589,825	\$ -	\$ 3,589,825
24,511	-	24,511	-	24,511
486,433	-	15,065,880	-	15,065,880
3,045	-	429,830	-	429,830
-	-	-	727	727
-	-	-	5,649,208	5,649,208
-	-	-	30,510,469	30,510,469
<u>\$ 627,035</u>	<u>\$ 137,913</u>	<u>\$ 19,110,046</u>	<u>36,160,404</u>	<u>55,270,450</u>
\$ 17,965	\$ 882	\$ 857,262	-	857,262
-	-	8,510	132,036	140,546
-	-	210,916	-	210,916
-	-	50,000	-	50,000
-	-	-	5,528,276	5,528,276
-	-	-	14,796,833	14,796,833
<u>17,965</u>	<u>882</u>	<u>1,126,688</u>	<u>20,457,145</u>	<u>21,583,833</u>
-	-	41,351	( 41,351)	-
<u>486,433</u>	<u>-</u>	<u>15,065,880</u>	<u>( 15,065,880)</u>	<u>-</u>
<u>486,433</u>	<u>-</u>	<u>15,107,231</u>	<u>( 15,107,231)</u>	<u>-</u>
122,637	-	2,571,823	( 2,571,823)	-
-	137,031	304,304	( 304,304)	-
<u>122,637</u>	<u>137,031</u>	<u>2,876,127</u>	<u>( 2,876,127)</u>	<u>-</u>
<u>\$ 627,035</u>	<u>\$ 137,913</u>	<u>\$ 19,110,046</u>		
			15,834,568	15,834,568
			17,506,394	17,506,394
			<u>345,655</u>	<u>345,655</u>
			<u>\$ 33,686,617</u>	<u>\$ 33,686,617</u>

**ST. CLAIR COUNTY, MICHIGAN**

**RECONCILIATION OF THE BALANCE SHEET FOR DRAIN FUNDS  
TO THE STATEMENT OF NET POSITION OF DRAIN ACTIVITIES  
DECEMBER 31, 2014**

Fund Balances - Drain Funds		\$ 2,876,127
Amounts reported for governmental activities in the statement of net position are different because:		
Expenses recorded in the funds on the purchase method		727
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		
Capital assets		43,441,925
Accumulated depreciation		( 7,282,248)
Other long term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds		
Grants		41,351
Special assessments		15,065,880
Discounts and premiums on bonds are reported as other financing sources or uses in the governmental funds, whereas they are capitalized and amortized from net position (netted against long-term debt)		
Bond premium		( 29,338)
Bond discount		99,635
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds		
Notes payable	\$( 6,437,710)	
Bonds payable	( 10,300,696)	
Clean water revolving loans	( 3,657,000)	
Accrued interest on bonds/notes payable	( 132,036)	( 20,527,442)
Net Position of Drainage Districts		<u>\$ 33,686,617</u>

**ST. CLAIR COUNTY, MICHIGAN**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES/STATEMENT OF ACTIVITIES  
DRAIN FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>County Drain</u>	<u>Drain Revolving</u>	<u>Special Services</u>	<u>Drain Debt</u>
<b>Revenues:</b>				
Intergovernmental	\$ 385,808	\$ -	\$ -	\$ -
Charges for services	1,085,581	-	3,200	2,009,432
Interest and rent	2,192	-	-	-
Other	39,876	-	-	-
Total Revenues	<u>1,513,457</u>	<u>-</u>	<u>3,200</u>	<u>2,009,432</u>
<b>Expenditures/Expenses:</b>				
Public Works	3,084,710	-	218	-
Debt Service	-	-	-	1,995,916
Total Expenditures/Expenses	<u>3,084,710</u>	<u>-</u>	<u>218</u>	<u>1,995,916</u>
Revenues over (under) expenditures	<u>( 1,571,253)</u>	<u>-</u>	<u>2,982</u>	<u>13,516</u>
<b>Other Financing Sources (Uses):</b>				
Issuance of debt	1,825,000	-	-	-
Transfer from other funds	229,051	-	-	509,367
Transfer to other funds	( 509,367)	( 191,051)	-	( 38,000)
Total Other Financing Sources (Uses)	<u>1,544,684</u>	<u>( 191,051)</u>	<u>-</u>	<u>471,367</u>
Net Change in Fund Balance/Net Position	( 26,569)	( 191,051)	2,982	484,883
Fund Balances/Net Position at beginning of year as restated	<u>1,126,826</u>	<u>353,200</u>	<u>2,142</u>	<u>864,046</u>
Fund Balances/Net Position at end of year	<u>\$ 1,100,257</u>	<u>\$ 162,149</u>	<u>\$ 5,124</u>	<u>\$ 1,348,929</u>

<u>Mill Creek Debt</u>	<u>Equipment</u>	<u>Total</u>	<u>GASB 34 Adjustments</u>	<u>Statement of Activities</u>
\$ -	\$ -	\$ 385,808	\$ 41,351	\$ 427,159
190,267	-	3,288,480	( 979,849)	2,308,631
-	-	2,192	-	2,192
-	22,375	62,251	-	62,251
<u>190,267</u>	<u>22,375</u>	<u>3,738,731</u>	<u>( 938,498)</u>	<u>2,800,233</u>
-	39,283	3,124,211	( 2,169,118)	955,093
239,278	-	2,235,194	( 1,594,838)	640,356
<u>239,278</u>	<u>39,283</u>	<u>5,359,405</u>	<u>( 3,763,956)</u>	<u>1,595,449</u>
<u>( 49,011)</u>	<u>( 16,908)</u>	<u>( 1,620,674)</u>	<u>2,825,458</u>	<u>1,204,784</u>
-	-	1,825,000	( 1,825,000)	-
-	-	738,418	( 738,418)	-
-	-	( 738,418)	738,418	-
<u>-</u>	<u>-</u>	<u>1,825,000</u>	<u>( 1,825,000)</u>	<u>-</u>
( 49,011)	( 16,908)	204,326	1,000,458	1,204,784
<u>171,648</u>	<u>153,939</u>	<u>2,671,801</u>	<u>29,810,032</u>	<u>32,481,833</u>
<u>\$ 122,637</u>	<u>\$ 137,031</u>	<u>\$ 2,876,127</u>	<u>\$ 30,810,490</u>	<u>\$ 33,686,617</u>

**ST. CLAIR COUNTY, MICHIGAN**

**RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF DRAIN FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

Net change in fund balances - Drain Fund	\$	204,326
Change in prepaid expenses recorded in the funds on the purchase method	(	297)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay		2,737,438
Depreciation expense	(	568,023)
Revenue in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(	938,498)
The issuance of long-term debt (e.g. bonds and notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources to governmental funds. Neither transaction, however, has any effect on net position.		
Principal payments on long term liabilities		1,579,285
Note proceeds	(	1,825,000)
Accrued interest expense on bonds and the amortization of bond issuance costs, discounts, and premiums are not recorded by governmental funds, but are reported under interest and fiscal charges for the purpose of net position.		
Decrease in accrued interest payable		9,762
Amortization of bond premium		12,908
Amortization of bond discount	(	7,117)
Change in net position of Drainage Districts	\$	<u>1,204,784</u>

## **STATISTICAL SECTION**

**STATISTICAL SECTION  
(Unaudited)**

This part of St. Clair County, Michigan's comprehensive annual financial report presents detailed information as a context for understanding what the information says about the government's overall financial health.

**Contents**

**Page**

Financial Trends

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

S - 1 to S - 6

Revenue Capacity

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

S - 7 to S - 10

Debt Capacity

*These schedules present the 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.*

S - 11 to S - 14

Demographic and Economic Information

*These schedules offer demographic indicators to help the reader understand the environment within which the government's financial activities take place.*

S - 15 to S - 16

Operating Information

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

S - 17 to S - 20

Source: Unless otherwise noted, the information in these schedules is derived from the comprehensive financial reports for the relevant year.

**ST. CLAIR COUNTY, MICHIGAN**

SCHEDULE 1

**NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS - UNAUDITED**

**(accrual basis of accounting)  
(amounts expressed in thousands)**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b>Governmental Activities</b>										
Net investment in capital assets	\$ 45,828	\$ 47,087	\$ 50,693	\$ 50,828	\$ 49,646	\$ 52,622	\$ 53,410	\$ 54,475	\$ 53,667	\$ 54,114
Restricted	24,711	32,161	30,141	28,469	28,607	24,480	21,420	12,905	13,540	14,037
Unrestricted	11,786	13,764	15,253	7,022	1,374	(4,253)	(14,232)	(23,262)	(27,904)	(33,040)
<b>Total Governmental Activities Net Position</b>	<u>\$ 82,325</u>	<u>\$ 93,012</u>	<u>\$ 96,087</u>	<u>\$ 86,319</u>	<u>\$ 79,627</u>	<u>\$ 72,849</u>	<u>\$ 60,598</u>	<u>\$ 44,118</u>	<u>\$ 39,303</u>	<u>\$ 35,111</u>
<b>Business-Type Activities</b>										
Net investment in capital assets	\$ 12,804	\$ 12,514	\$ 15,424	\$ 15,145	\$ 15,991	\$ 18,264	\$ 17,804	\$ 14,988	\$ 14,836	\$ 17,036
Restricted	85	316	535	935	1,272	1,518	1,822	2,078	2,417	2,735
Unrestricted	29,523	28,239	25,257	29,816	27,923	29,711	28,573	28,096	31,005	31,640
<b>Total Business-Type Activities Net Position</b>	<u>\$ 42,412</u>	<u>\$ 41,069</u>	<u>\$ 41,216</u>	<u>\$ 45,896</u>	<u>\$ 45,186</u>	<u>\$ 49,493</u>	<u>\$ 48,199</u>	<u>\$ 45,162</u>	<u>\$ 48,258</u>	<u>\$ 51,411</u>
<b>Primary Government</b>										
Net investment in capital assets	\$ 58,632	\$ 59,601	\$ 66,117	\$ 65,973	\$ 65,637	\$ 70,886	\$ 71,214	\$ 69,463	\$ 68,503	\$ 71,150
Restricted	24,796	32,477	30,676	29,404	29,879	25,998	23,242	14,983	15,957	16,772
Unrestricted	41,309	42,003	40,510	36,838	29,297	25,458	14,341	4,834	3,101	(1,400)
<b>Total Primary Government Net Position</b>	<u>\$ 124,737</u>	<u>\$ 134,081</u>	<u>\$ 137,303</u>	<u>\$ 132,215</u>	<u>\$ 124,813</u>	<u>\$ 122,342</u>	<u>\$ 108,797</u>	<u>\$ 89,280</u>	<u>\$ 87,561</u>	<u>\$ 86,522</u>

\* The Change of the balances between 2007 and 2008 for the Net Position of the Business-Type Activities differs from the amount shown on Schedule 2 due to the prior period adjustment for a change in methodology of calculating the closure/post-closure liability.

ST. CLAIR COUNTY, MICHIGAN

SCHEDULE 2

CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS - UNAUDITED  
(accrual basis of accounting)  
(amounts expressed in thousands)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Expenses</b>										
Governmental Activities:										
Legislative	\$ 1,000	\$ 1,349	\$ 786	\$ 648	\$ 606	\$ 759	\$ 3,021	\$ 1,086	\$ 1,847	\$ 1,653
Judicial	11,074	11,850	12,240	12,813	12,834	11,985	13,053	13,140	11,213	11,302
General Government	13,432	14,519	14,798	17,057	15,610	15,197	15,569	13,832	12,685	13,734
Public Safety	20,780	22,012	23,708	25,937	28,314	27,820	29,256	34,740	29,208	28,362
Public Works	607	737	551	1,134	1,520	2,340	2,046	1,247	1,008	1,111
Health and Welfare	19,140	20,301	22,473	22,970	20,861	21,595	21,411	20,888	20,709	20,135
Community and Economic Development	-	633	693	652	819	678	972	844	788	1,015
Recreation and Culture	6,056	6,672	7,340	8,217	8,321	8,087	8,534	8,567	8,802	7,802
Other Activities	800	-	-	-	-	-	-	-	-	-
Interest on Long Term Debt	1,797	1,751	2,165	2,300	2,254	2,342	2,342	2,710	2,318	2,065
Total Governmental Activities Expenses	<u>74,686</u>	<u>79,824</u>	<u>84,754</u>	<u>91,728</u>	<u>91,139</u>	<u>90,803</u>	<u>96,204</u>	<u>97,054</u>	<u>88,577</u>	<u>87,179</u>
Business-Type Activities:										
Delinquent Revolving Tax	76	231	239	316	400	487	462	557	534	461
Airport Commission	688	510	474	569	683	583	592	490	1,063	1,125
Sheriff Concession	163	354	350	380	424	430	451	509	631	620
School Tax Collection	-	-	4	6	9	14	-	-	-	-
Homestead Exemption Audits	-	-	-	-	2	1	1	-	-	-
Solid Waste Disposal System	4,935	5,504	4,631	4,842	4,530	5,260	5,221	5,103	1,348	4,647
Total Business-Type Activities Expenses	<u>5,862</u>	<u>6,599</u>	<u>5,698</u>	<u>6,113</u>	<u>6,048</u>	<u>6,775</u>	<u>6,727</u>	<u>6,659</u>	<u>3,576</u>	<u>6,853</u>
Total Primary Government Expenses	<u>\$ 80,548</u>	<u>\$ 86,423</u>	<u>\$ 90,452</u>	<u>\$ 97,841</u>	<u>\$ 97,187</u>	<u>\$ 97,578</u>	<u>\$ 102,931</u>	<u>\$ 103,713</u>	<u>\$ 92,153</u>	<u>\$ 94,032</u>
<b>Program Revenues</b>										
Governmental Activities:										
Charges for Services:										
Legislative	\$ 7	\$ -	\$ -	\$ -	\$ 2	\$ -	\$ -	\$ -	\$ 1	\$ -
Judicial	3,227	3,077	3,113	2,809	2,581	2,436	2,330	2,404	2,440	2,240
General Government	4,429	4,635	4,305	4,927	5,175	4,866	4,552	4,871	5,215	4,359
Public Safety	3,561	4,472	5,353	4,484	4,801	6,279	8,033	7,446	6,828	6,133
Health and Welfare	1,760	1,929	2,487	2,103	2,534	2,737	2,761	1,663	3,076	3,211
Community and Economic Development	-	51	37	36	10	47	81	73	76	69
Recreation and Culture	1,113	1,051	983	895	842	882	988	1,026	1,078	1,034
Interest on Long Term Debt	-	-	370	731	757	414	404	394	695	676
Operating Grants and Contributions	14,807	14,549	13,973	16,538	15,777	16,531	15,855	15,558	14,809	13,987
Capital Grants and Contributions	3,597	1,580	4,146	934	1,236	1,398	323	1,042	1,770	2,132
Total Governmental Activities Program Revenues	<u>32,501</u>	<u>31,344</u>	<u>34,767</u>	<u>33,457</u>	<u>33,715</u>	<u>35,590</u>	<u>35,327</u>	<u>34,477</u>	<u>35,988</u>	<u>33,841</u>

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Business-Type Activities:</b>										
Charges for Services:										
Delinquent Revolving Tax	\$ 570	\$ 897	\$ 995	\$ 1,415	\$ 1,226	\$ 1,271	\$ 1,288	\$ 1,219	\$ 1,310	\$ 1,175
Airport Commission	298	197	74	150	130	124	122	128	527	669
Sheriff Concession	151	357	361	389	400	408	517	578	643	649
School Tax Collection	-	32	48	58	5	-	-	-	-	-
Homestead Exemption Audits	-	-	-	1	-	-	-	-	-	-
Solid Waste Disposal System	5,130	4,468	4,950	4,355	3,785	3,996	4,384	4,692	4,933	5,598
Operating Grants and Contributions	403	133	143	134	168	84	77	159	335	137
Capital Grants and Contributions	702	342	46	-	122	5,576	42	24	224	3,309
<b>Total Business-Type Activities Program Revenues</b>	<b>7,254</b>	<b>6,426</b>	<b>6,617</b>	<b>6,502</b>	<b>5,836</b>	<b>11,459</b>	<b>6,430</b>	<b>6,800</b>	<b>7,972</b>	<b>11,537</b>
<b>Total Primary Government Program Revenues</b>	<b>\$ 39,755</b>	<b>\$ 37,770</b>	<b>\$ 41,384</b>	<b>\$ 39,959</b>	<b>\$ 39,551</b>	<b>\$ 47,049</b>	<b>\$ 41,757</b>	<b>\$ 41,277</b>	<b>\$ 43,960</b>	<b>\$ 45,378</b>
Net (expense)/revenue										
Governmental Activities	\$ (42,185)	\$ (48,480)	\$ (49,987)	\$ (58,271)	\$ (57,424)	\$ (55,213)	\$ (60,877)	\$ (62,577)	\$ (52,589)	\$ (53,338)
Business-Type Activities	1,392	(173)	919	389	(212)	4,684	(297)	141	4,396	4,684
<b>Total Primary Government Net Expense</b>	<b>\$ (40,793)</b>	<b>\$ (48,653)</b>	<b>\$ (49,068)</b>	<b>\$ (57,882)</b>	<b>\$ (57,636)</b>	<b>\$ (50,529)</b>	<b>\$ (61,174)</b>	<b>\$ (62,436)</b>	<b>\$ (48,193)</b>	<b>\$ (48,654)</b>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Property Taxes	\$ 49,590	\$ 52,637	\$ 46,895	\$ 46,594	\$ 47,200	\$ 44,677	\$ 42,495	\$ 41,670	\$ 42,145	\$ 41,955
Unrestricted Grants and Contributions	378	393	46	386	387	382	385	660	2,779	3,909
Unrestricted Investment Income	2,026	3,119	3,626	1,880	509	414	411	263	176	234
Interest and Penalties on Delinquent Taxes	21	29	17	21	2	28	13	10	9	6
Gain (Loss) on Disposal/Sale of Capital Assets	-	-	-	-	-	-	-	-	-	-
Transfers	7,323	2,989	2,478	3,779	2,634	2,934	3,105	3,495	2,666	3,042
Special Item - Tribunal Settlement	-	-	-	(4,157)	-	-	1,700	-	-	-
<b>Total Governmental Activities</b>	<b>59,338</b>	<b>59,167</b>	<b>53,062</b>	<b>48,503</b>	<b>50,732</b>	<b>48,435</b>	<b>48,109</b>	<b>46,098</b>	<b>47,774</b>	<b>49,146</b>
Business-Type Activities										
Unrestricted Investment Income	728	1,819	1,137	551	20	84	78	56	24	32
Interest and Penalties on Delinquent Taxes	856	-	1,110	1,455	2,116	2,052	2,029	2,185	1,342	1,479
Gain on Sale of Capital Assets	30	-	59	-	-	-	-	-	-	-
Other/Road Commission	-	-	(600)	-	-	-	-	-	-	-
Transfers	(7,323)	(2,989)	(2,478)	(3,779)	(2,634)	(2,934)	(3,104)	(3,495)	(2,666)	(3,042)
Special Item - Return of contribution	-	-	-	-	-	420	-	-	-	-
<b>Total Business-Type Activities</b>	<b>(5,709)</b>	<b>(1,170)</b>	<b>(772)</b>	<b>(1,773)</b>	<b>(498)</b>	<b>(378)</b>	<b>(997)</b>	<b>(1,254)</b>	<b>(1,300)</b>	<b>(1,531)</b>
<b>Total Primary Government</b>	<b>\$ 53,629</b>	<b>\$ 57,997</b>	<b>\$ 52,290</b>	<b>\$ 46,730</b>	<b>\$ 50,234</b>	<b>\$ 48,057</b>	<b>\$ 47,112</b>	<b>\$ 44,844</b>	<b>\$ 46,474</b>	<b>\$ 47,615</b>
<b>Change in Net Position</b>										
Governmental Activities	\$ 17,153	\$ 10,687	\$ 3,075	\$ (9,768)	\$ (6,692)	\$ (6,778)	\$ (12,768)	\$ (16,479)	\$ (4,815)	\$ (4,192)
Business-Type Activities	(4,317)	(1,343)	147	(1,384)	(710)	4,306	(1,294)	(1,113)	3,096	3,153
<b>Total Primary Government</b>	<b>\$ 12,836</b>	<b>\$ 9,344</b>	<b>\$ 3,222</b>	<b>\$ (11,152)</b>	<b>\$ (7,402)</b>	<b>\$ (2,472)</b>	<b>\$ (14,062)</b>	<b>\$ (17,592)</b>	<b>\$ (1,719)</b>	<b>\$ (1,039)</b>

ST. CLAIR COUNTY, MICHIGAN

SCHEDULE 3

FUND BALANCES OF GOVERNMENTAL FUNDS  
 LAST TEN FISCAL YEARS - UNAUDITED  
 (modified accrual basis of accounting)  
 (amounts expressed in thousands)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Reserved	\$ 92	\$ 92	\$ 65	\$ 66	\$ 2,785	\$ 3,055	\$ -	\$ -	\$ -	\$ -
Unreserved	7,880	7,842	8,082	8,406	5,919	5,894	-	-	-	-
Nonspendable	-	-	-	-	-	-	4,076	4,408	4,736	5,452
Restricted	-	-	-	-	-	-	45	-	-	-
Committed	-	-	-	-	-	-	-	686	1,093	1,364
Assigned	-	-	-	-	-	-	-	2,928	1,577	926
Unassigned	-	-	-	-	-	-	5,152	4,917	4,702	4,036
Total General Fund	<u>\$ 7,972</u>	<u>\$ 7,934</u>	<u>\$ 8,147</u>	<u>\$ 8,472</u>	<u>\$ 8,704</u>	<u>\$ 8,949</u>	<u>\$ 9,273</u>	<u>\$ 12,939</u>	<u>\$ 12,108</u>	<u>\$ 11,778</u>
All other Governmental Funds										
Reserved	\$ 644	\$ 715	\$ 8,440	\$ 2,309	\$ 5,961	\$ 3,267	\$ -	\$ -	\$ -	\$ -
Unrestricted, reported in:										
Special Revenue Funds	26,818	31,284	33,936	29,311	26,301	25,100	-	-	-	-
Debt Service Funds	135	418	-	-	-	-	-	-	-	-
Capital Project Funds	-	-	-	-	-	-	-	-	-	-
Nonspendable	-	-	-	-	-	-	389	-	-	-
Restricted	-	-	-	-	-	-	20,986	19,720	18,827	14,314
Committed	-	-	-	-	-	-	-	2,402	2,437	3,115
Assigned	-	-	-	-	-	-	2,482	-	-	-
Total all other Governmental Funds	<u>\$ 27,597</u>	<u>\$ 32,417</u>	<u>\$ 42,376</u>	<u>\$ 31,620</u>	<u>\$ 32,262</u>	<u>\$ 28,367</u>	<u>\$ 23,857</u>	<u>\$ 22,122</u>	<u>\$ 21,264</u>	<u>\$ 17,429</u>

NOTE: In 2011, the County implemented GASB statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

**ST. CLAIR COUNTY, MICHIGAN**

**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS - UNAUDITED  
(modified accrual basis of accounting)  
(amounts expressed in thousands)**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b>Revenues:</b>					
Taxes	\$ 49,609	\$ 52,700	\$ 46,969	\$ 46,539	\$ 47,172
Licenses and Permits	536	737	746	780	776
Intergovernmental	19,473	18,872	22,015	17,749	18,386
Charges for Services	7,835	7,742	8,059	9,671	10,705
Fines and Forfeits	1,534	1,417	1,431	1,280	1,243
Interest and Rent	2,908	4,162	4,683	2,750	1,350
Other	2,149	2,157	1,834	3,299	2,524
Total Revenues	<u>84,044</u>	<u>87,787</u>	<u>85,737</u>	<u>82,068</u>	<u>82,156</u>
<b>Expenditures:</b>					
Legislative	1,016	1,362	788	625	582
Judicial	11,289	12,088	12,083	11,715	11,730
General Government	12,828	13,448	13,329	13,569	12,689
Public Safety	20,463	20,401	21,573	21,666	23,485
Public Works	628	755	68	677	1,521
Health and Welfare	19,327	20,436	22,596	22,354	20,597
Community and Economic Development	-	633	630	640	831
Recreation and Cultural	9,810	8,603	10,232	8,474	9,784
Other Activities	800	650	802	450	700
Capital Outlay	11,528	4,724	6,646	8,076	1,804
Debt Service					
Principal	1,008	1,208	1,327	1,634	1,840
Interest/Issuance Costs	1,751	1,708	1,959	2,242	2,220
Total Expenditures	<u>90,448</u>	<u>86,016</u>	<u>92,033</u>	<u>92,122</u>	<u>87,783</u>
Revenues over (under) expenditures	<u>(6,404)</u>	<u>1,771</u>	<u>(6,296)</u>	<u>(10,054)</u>	<u>(5,627)</u>
<b>Other Financing Sources (Uses):</b>					
Transfers In	19,672	16,775	18,268	21,805	20,163
Transfers Out	(12,348)	(13,787)	(15,790)	(18,026)	(17,529)
Issuance of debt	-	23	13,990	-	3,867
Issuance of Refunding Bonds	-	-	-	-	-
Premium on Debt	-	-	-	-	-
Payment to Refunding Bond Escrow Agent	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>7,324</u>	<u>3,011</u>	<u>16,468</u>	<u>3,779</u>	<u>6,501</u>
Special Item - Tribunal Settlement	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,157)</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ 920</u>	<u>\$ 4,782</u>	<u>\$ 10,172</u>	<u>\$ (10,432)</u>	<u>\$ 874</u>
Debt Service as a Percentage of Noncapital Expenditures	<u>3.64%</u>	<u>3.74%</u>	<u>3.86%</u>	<u>4.35%</u>	<u>4.88%</u>

SCHEDULE 4

	2010	2011	2012	2013	2014
\$	44,746	\$ 42,472	\$ 41,637	\$ 42,153	\$ 41,966
	792	765	717	749	758
	18,806	16,917	16,816	19,370	19,703
	11,707	13,444	12,299	12,365	11,868
	1,102	1,082	1,366	1,530	1,356
	1,390	1,243	1,079	1,648	1,681
	2,957	2,822	3,033	3,220	2,845
	<u>81,500</u>	<u>78,745</u>	<u>76,947</u>	<u>81,035</u>	<u>80,177</u>
	2,002	2,996	1,054	1,839	1,643
	11,144	11,153	11,262	10,462	10,383
	11,903	11,613	11,957	11,145	10,958
	24,297	23,913	25,227	25,063	23,918
	2,340	2,046	1,248	1,004	1,107
	20,909	19,822	19,321	19,967	19,330
	678	961	791	790	999
	8,044	8,187	9,150	7,986	7,695
	-	-	-	-	-
	3,950	1,957	3,501	2,180	6,270
	2,014	2,242	2,364	2,622	3,066
	2,289	2,286	2,369	2,453	2,123
	<u>89,570</u>	<u>87,176</u>	<u>88,244</u>	<u>85,511</u>	<u>87,492</u>
	<u>(8,070)</u>	<u>(8,431)</u>	<u>(11,297)</u>	<u>(4,476)</u>	<u>(7,315)</u>
	16,662	15,871	15,665	15,557	11,546
	(13,728)	(12,767)	(12,170)	(12,891)	(8,504)
	1,486	1,141	9,622	-	107
	-	-	24,365	5,380	-
	-	-	2,620	-	-
	-	-	(26,874)	(5,259)	-
	<u>4,420</u>	<u>4,245</u>	<u>13,228</u>	<u>2,787</u>	<u>3,149</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$	<u>(3,650)</u>	<u>(4,186)</u>	<u>1,931</u>	<u>(1,689)</u>	<u>(4,166)</u>
	<u>5.12%</u>	<u>5.42%</u>	<u>5.78%</u>	<u>6.18%</u>	<u>6.50%</u>

**ST. CLAIR COUNTY, MICHIGAN**

SCHEDULE 5

**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN FISCAL YEARS - UNAUDITED**

<b>Fiscal Year Ended 12/31/</b>	<b>Real Property</b>				<b>Total Personal Property</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>	<b>Estimated Actual Taxable Value</b>	<b>Assessed Value as a Percentage of Actual Value</b>
	<b>Residential Property</b>	<b>Commercial Property</b>	<b>Industrial Property</b>	<b>Other Property</b>					
2005	4,748,425,166	647,424,324	1,324,052,903	560,127,617	565,327,870	7,845,357,880	7.1018	15,785,539,048	49.70%
2006	5,053,480,633	670,202,027	1,362,439,979	549,748,926	545,477,448	8,181,349,013	7.3022	16,418,998,179	49.83%
2007	5,248,267,837	697,916,720	1,371,541,451	585,605,328	558,278,662	8,461,609,998	7.3022	17,048,618,161	49.63%
2008	5,231,341,989	711,841,017	1,380,728,677	589,786,748	577,689,370	8,491,387,801	7.3022	17,123,796,731	49.59%
2009	4,758,585,316	711,281,355	1,389,976,448	562,192,556	581,871,212	8,003,906,887	7.3022	16,106,193,867	49.69%
2010	3,971,598,924	703,012,594	749,672,675	469,173,055	578,004,195	6,471,461,443	7.3022	13,015,713,760	49.72%
2011	3,750,886,322	653,641,431	717,718,570	434,665,345	580,347,808	6,137,259,476	7.4022	12,363,112,485	49.64%
2012	3,538,223,638	610,977,218	698,943,058	401,257,193	595,313,942	5,844,715,049	7.9522	11,753,145,749	49.73%
2013	3,544,001,864	567,319,100	701,020,790	399,395,970	607,263,019	5,819,000,743	7.9522	11,700,887,497	49.73%
2014	3,647,452,119	514,049,239	704,585,720	477,832,025	629,706,602	5,973,625,705	7.9522	12,020,528,102	49.70%

Source: County Equalization Department

**ST. CLAIR COUNTY, MICHIGAN**

SCHEDULE 6

**PROPERTY TAX RATES  
DIRECT AND OVERLAPPING GOVERNMENTS  
LAST TEN FISCAL YEARS - UNAUDITED**

(Per \$1,000 of Assessed Value)

Fiscal Year	Townships**	Cities and Villages**	County								Community College	Intermediate School	Local Schools**	Total
			Operating	Senior Citizens	Drug Task Force	Library	Parks	Roads	Veterans	Total				
2005	2.52	15.51	5.3265	0.5000	0.2803	0.5000	0.4954	0.0000	0.0000	7.1022	1.89	3.45	28.18	58.65
2006	2.36	15.38	5.3265	0.5000	0.2803	0.7000	0.4954	0.0000	0.0000	7.3022	1.89	3.43	28.13	58.49
2007	2.50	15.87	5.3265	0.5000	0.2803	0.7000	0.4954	0.0000	0.0000	7.3022	1.89	3.43	23.25	54.24
2008	2.55	15.39	5.3265	0.5000	0.2803	0.7000	0.4954	0.0000	0.0000	7.3022	1.89	3.43	26.90	57.46
2009	2.30	15.30	5.3265	0.5000	0.2803	0.7000	0.4954	0.0000	0.0000	7.3022	1.89	3.43	28.90	59.12
2010	2.36	15.34	5.3265	0.5000	0.2803	0.7000	0.4954	0.0000	0.0000	7.3022	1.89	3.43	29.48	59.80
2011	2.32	14.46	5.3265	0.5000	0.2803	0.7000	0.4954	0.0000	0.1000	7.4022	1.89	3.43	29.62	59.12
2012	2.55	15.06	5.3265	0.8000	0.2803	0.7000	0.4954	0.2500	0.1000	7.9522	1.89	3.43	29.78	60.66
2013	2.50	15.80	5.3265	0.8000	0.2803	0.7000	0.4954	0.2500	0.1000	7.9522	1.89	3.43	29.80	61.37
2014	2.66	16.28	5.3265	0.8000	0.2803	0.7000	0.4954	0.2500	0.1000	7.9522	1.89	3.43	30.23	62.44

Note: All tax rates rounded to two (2) decimal places, except the County rates.

\*\* Average from Townships, Cities and Villages, and Local Schools are presented as these units have varying rates.

Source: Equalization Department

ST. CLAIR COUNTY, MICHIGAN

SCHEDULE 7

PRINCIPAL PROPERTY TAXPAYERS  
CURRENT YEAR AND NINE YEARS AGO - UNAUDITED

		2014			2005		
		Taxable	Rank	Percentage	Taxable	Rank	Percentage
		Valuation		of Total	Valuation		of Total
				Taxable Value			Taxable Value
Detroit Edison	Electrical Utility	\$ 728,916,844	1	13.35%	\$ 826,437,367	1	14.83%
ITC Transmission	Electrical Transmission	58,203,544	2	1.07%	N/A	-	N/A
Blue Water Gas Storage	Gas Production	24,148,953	3	0.44%	N/A	-	N/A
Consumers Energy	Natural Gas Co	19,792,462	4	0.36%	N/A	-	N/A
Acheson Ventures LLC	Community Development	12,514,481	5	0.23%	13,991,561	10	0.25%
Domtar Ind	Paper Production	11,594,700	6	0.21%	N/A	-	N/A
Consumers Energy	Natural Gas Co	11,356,291	7	0.21%	15,753,232	8	0.28%
Mueller Brass Company	Brass Rod Manufacturing	11,217,800	8	0.21%	20,683,083	4	0.37%
Cargill Salt Inc	Salt Production	10,989,757	9	0.20%	N/A	-	N/A
Birchwood Mall LTD	Retail	10,955,245	10	0.20%	13,992,638	9	0.25%
Semco Energy & Affiliates	Gas Utility	N/A	-	N/A	30,998,056	2	0.56%
E.B. Eddy	Paper Manufacturing	N/A	-	N/A	19,512,282	5	0.35%
Michigan Consolidated Gas Co.	Natural Gas and Pipeline	N/A	-	N/A	30,482,588	3	0.55%
Daimler Chrysler	Automotive Parts Storage	N/A	-	N/A	19,511,501	6	0.35%
ANR Pipeline Co.	Natural Gas Storage and Pipeline	N/A	-	N/A	15,977,481	7	0.29%
		<u>\$ 899,690,077</u>		16.49%	<u>\$ 1,007,339,789</u>		18.08%

Source: Equalization Department

**ST. CLAIR COUNTY, MICHIGAN**

SCHEDULE 8

**PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS - UNAUDITED**

<u>Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections to March 1</u>	<u>Percentage of Levy Collected</u>	<u>Delinquent Tax Collections to December 31</u>	<u>Total Tax Collections</u>	<u>Percentage of Total Tax Collections to Tax Levy</u>	<u>Outstanding Delinquent Taxes **</u>	<u>Percentage of Delinquent Taxes to Tax Levy</u>
2005	41,162,593	38,683,746	94.0%	2,402,738	41,086,484	99.8%	76,109	0.2%
2006	45,433,336	41,803,246	92.0%	3,552,794	45,356,040	99.8%	77,296	0.2%
2007	47,496,559	43,688,419	92.0%	3,728,541	47,416,960	99.8%	79,599	0.2%
2008	48,647,762	44,401,581	91.3%	3,938,715	48,340,296	99.4%	307,466	0.6%
2009	47,259,128	44,346,907	93.8%	2,554,609	46,901,516	99.2%	357,612	0.8%
2010	43,598,158	40,993,146	94.0%	2,379,194	43,372,340	99.5%	225,818	0.5%
2011	42,634,713	40,385,017	94.7%	2,031,428	42,416,445	99.5%	218,268	0.5%
2012	44,247,974	42,158,910	95.3%	1,894,263	44,053,173	99.6%	194,801	0.4%
2013	44,024,180	41,340,361	93.9%	2,491,636	43,831,996	99.6%	192,184	0.4%
2014	44,138,950	41,649,782	94.4%	2,305,638	43,955,420	99.6%	183,530	0.4%

\*\* Represents Delinquent Personal Property Taxes and Chargebacks

Note: The Delinquent Tax Revolving Fund purchases the delinquent real taxes of each unit in March of each year.  
Taxes levied are for County general operations and six extra-voted millages (Senior Citizens, Drug Task Force, Library, Veterans, Roads, and Parks).

Source: County Treasurer's Office

**ST. CLAIR COUNTY, MICHIGAN**

SCHEDULE 9

**RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS - UNAUDITED**

Fiscal Year	Governmental Activities				Business-Type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Drain Districts	Capital Leases	Premiums, Discounts & Adjustments	General Obligation Bonds	Capital Leases			
2005	42,775,000	-	-	(604,979)	-	162,335	42,332,356	0.83%	257.75
2006	41,575,000	-	14,523	(563,713)	-	121,751	41,147,561	0.80%	250.54
2007	54,315,000	414,379	6,551	(654,201)	-	121,751	54,203,480	1.01%	330.04
2008	52,775,000	772,882	-	(605,391)	-	40,584	52,983,075	0.98%	322.61
2009	54,060,000	1,514,539	-	(558,130)	-	-	55,016,409	1.04%	334.99
2010	52,185,000	2,862,168	-	(509,207)	4,830,496	-	59,368,457	1.14%	364.13
2011	50,185,000	3,244,497	-	(460,285)	6,184,811	-	59,154,023	1.09%	362.82
2012	55,665,000	3,588,472	-	1,076,697	6,623,535	-	66,953,704	1.18%	410.66
2013	53,680,000	3,311,730	-	801,008	7,041,911	-	64,834,649	1.12%	397.66
2014	50,935,000	3,098,484	-	764,303	7,055,760	-	61,853,547	1.07%	379.38

Note: Details regarding the county's outstanding debt can be found in the notes to the financial statements.

ST. CLAIR COUNTY, MICHIGAN

SCHEDULE 10

**RATIOS OF GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS - UNAUDITED**

<u>Fiscal Year</u>	<u>Population *</u>	<u>Assessed Value (000)</u>	<u>Bonded Debt</u>	<u>Less: Amounts Available in Debt Service Funds</u>	<u>Total</u>	<u>Ratio of Net Bonded Debt to Estimated Actual Taxable Value</u>	<u>Per Capita</u>
2005	164,235	7,845,357	42,170,021	134,898	42,035,123	0.27	255.94
2006	164,235	8,181,349	41,011,287	417,854	40,593,433	0.25	247.17
2007	164,235	8,461,610	53,660,799	616,976	53,043,823	0.31	322.98
2008	164,235	8,491,388	52,169,609	708,847	51,460,762	0.30	313.34
2009	164,235	8,003,907	53,501,870	807,732	52,694,138	0.33	320.85
2010	163,040	6,471,461	56,506,289	883,296	55,622,993	0.43	341.16
2011	163,040	6,137,259	55,909,526	939,005	54,970,521	0.44	337.16
2012	163,040	5,844,715	63,365,232	973,741	62,391,491	0.53	382.68
2013	163,040	5,819,001	61,522,919	1,750,395	59,772,524	0.51	366.61
2014	163,040	5,973,626	57,990,760	1,795,436	56,195,324	0.47	344.67

\* U.S. Census

Note: Net Bonded Debt represents the Building Authority Debt, less debt service money available.

**ST. CLAIR COUNTY, MICHIGAN**

SCHEDULE 11

**COMPUTATION OF DIRECT AND OVERLAPPING DEBT  
DECEMBER 31, 2014 - UNAUDITED**

**Direct Debt:**

Building Authority	\$ 5,260,000
Communication System - General Obligation Bonds	2,400,000
Comm. Mental Health - General Obligation Bonds	8,850,000
Communication System - General Obligation Bonds	2,375,000
Jail Refunding Bonds	23,250,000
Convention Center - General Obligation Bonds	8,800,000
Drain Districts	<u>3,098,484</u>
	54,033,484
 Premiums, Discounts & Adjustments:	 764,303
 <b>Net Direct Debt</b>	 <u><u>54,797,787</u></u>

**Overlapping Debt:**

Cities	\$ 88,008,406	
Townships	20,006,802	
Villages	367,675	
School Districts	244,378,548	
Intermediate School District	2,114,985	
Community College	<u>2,746,425</u>	<u>357,622,841</u>

**Net Direct and Overlapping Debt** \$ 412,420,628

Source: Debt information provided by Municipal Advisory Council of Michigan and Bendzinski and Co., Detroit, Michigan

Note: Percentage of overlap based on assessed property values.

**ST. CLAIR COUNTY, MICHIGAN**

SCHEDULE 12

**LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS - UNAUDITED**

<u>Fiscal Year</u>	<u>Debt Limit</u>	<u>Total Net Debt Applicable to Limit</u>	<u>Legal Debt Margin</u>
2005	784,535,788	42,170,021	742,365,767
2006	817,931,908	41,011,287	776,920,621
2007	845,645,189	54,075,178	791,570,011
2008	849,227,458	52,942,491	796,284,967
2009	800,388,624	55,016,409	745,372,215
2010	647,034,586	54,537,961	592,496,625
2011	613,544,334	52,969,212	560,575,122
2012	584,459,452	60,330,169	524,129,283
2013	581,900,074	57,792,738	524,107,336
2014	597,362,571	54,797,787	542,564,784

**Legal Debt Margin Calculation for Fiscal Year 2014**

State Equalized Value	<u><u>\$ 5,973,625,705</u></u>
Legal Debt Limit (10% of State Equalized Value)	\$ 597,362,571
Less: Total Long-Term Debt	<u>54,797,787</u>
Legal Debt Margin	<u><u>\$ 542,564,784</u></u>

Note: Total Long-Term Debt does not include accumulated vacation, sick and compensatory time, net OPEB obligation, accrued insurance liability claims, and Landfill closure and post-closure costs.

ST. CLAIR COUNTY, MICHIGAN

SCHEDULE 13

DEMOGRAPHIC AND ECONOMICAL STATISTICS  
LAST TEN FISCAL YEARS - UNAUDITED

Fiscal Year	Population *	U. S. Census	Personal Income **	Per Capita Income **	K - 12 School Enrollment ***	Unemployment Rate ****
2005	172,546	164,235	5,119,100	29,922	28,235	7.6
2006	172,866	164,235	5,171,399	30,845	27,692	8.4
2007	174,954	164,235	5,358,337	30,942	26,890	9.1
2008	171,017	164,235	5,419,462	31,956	26,132	10.4
2009	166,842	164,235	5,290,584	31,574	25,477	17.5
2010	163,040	163,040	5,200,174	31,956	25,005	14.9
2011	162,569	163,040	5,408,369	33,459	24,408	13.1
2012	160,182	163,040	5,696,181	35,458	23,523	12.2
2013	160,327	163,040	5,802,172	36,158	22,849	10.6
2014	160,506	163,040	<b>5,802,172</b>	<b>36,158</b>	22,619	9.9

Sources

- \* Southeast Michigan Council of Governments
- \*\* U.S. Department of Commerce - Bureau of Economic Analysis. Numbers are in thousands.
- \*\*\* St. Clair County Regional Educational Service Agency
- \*\*\*\* Michigan Department of Labor and Economic Growth

**Bold** Data was not available at the time of publication, so the previous year data was used.

ST. CLAIR COUNTY, MICHIGAN

SCHEDULE 14

PRINCIPAL EMPLOYERS  
CURRENT YEAR AND EIGHT YEARS AGO - UNAUDITED

Employer	Product/Service	2014			2006		
		Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Port Huron Hospital	Health Care Services	1,500	1	2.23%	1,057	2	1.87%
Port Huron School District	Public Education	1,065	2	1.58%	1,462	1	2.58%
St. Clair County	Municipal Government	872	3	1.29%	832	5	1.47%
DTE Energy	Public Utility	850	4	1.26%	1,044	3	1.84%
St. Joseph Mercy Hospital	Health Care Services	802	5	1.19%	693	8	1.22%
Meijer	Grocery/Retail	630	6	0.94%	N/A	N/A	N/A
East China Public Schools	Public Education	550	7	0.82%	594	10	1.05%
SMR	Manufacturer	502	8	0.75%	N/A	N/A	N/A
Engineered Plastic Components	Manufacturer	485	9	0.72%	N/A	N/A	N/A
IAC	Manufacturer	461	10	0.68%	N/A	N/A	N/A
Schefenacker Vision Systems	Rearview Mirrors	N/A	N/A	N/A	832	6	1.47%
Collins & Ackman Products, Co	Automotive Products	N/A	N/A	N/A	700	7	1.24%
Bundy Corporation	Motor Vehicle Parts	N/A	N/A	N/A	620	9	1.10%
K-Mart Corporation	Grocery/Retail	N/A	N/A	N/A	850	4	1.50%
		<u>7,717</u>		<u>11.46%</u>	<u>8,684</u>		<u>15.34%</u>

Source: St. Clair County Metropolitan Planning, Bendzinski & Co., Economic Development Alliance of St. Clair County, and U.S. Bureau of Economic Analysis

\* Information for 2005 (nine years prior) not available and eight year information is presented.

ST. CLAIR COUNTY, MICHIGAN

SCHEDULE 15

FULL - TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION  
LAST TEN FISCAL YEARS - UNAUDITED

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Legislative										
Board of Commissioners	7	7	7	7	7	7	7	7	7	7
Judicial										
Circuit Court	14	14	14	13	13	13	13	13	13	13
District Court	29	28	28	30	30	27	27	27	27	28
Courthouse Security	7	7	7	7	7	7	7	7	5	5
Friend of the Court	40	41	40	40	40	40	35	35	32	32
Probate Court - Adult	7	10	10	9	9	9	9	9	9	9
Probate Court - Juvenile	28	23	23	23	23	21	19	19	17	17
Probation - Adult	7	8	8	8	8	8	8	8	8	8
General Government										
Administrator/Controller	4	4	4	3	3	3	3	3	3	3
Elections	1	1	1	1	1	1	1	1	1	0
Accounting	5	5	4	4	4	4	4	4	4	4
Purchasing	0	2	3	3	2	2	2	2	2	2
Clerk	11	11	11	11	11	10	10	10	10	9
Equalization	9	11	11	11	11	10	10	10	9	8
Human Resources	8	8	5	6	6	6	4	4	5	5
Staff Resource Pool	6	0	0	0	0	0	0	0	0	0
Prosecuting Attorney	26	26	26	25	25	24	25	25	24	24
Register of Deeds	6	6	6	4	4	3	2	2	2	2
Treasurer	7	8	8	7	7	7	7	7	7	7
Cooperative Extension	5	5	5	4	4	3	2	2	2	2
Information Technology	11	16	16	14	14	13	12	14	14	15
Buildings and Grounds	27	25	27	23	23	21	20	20	19	20
Drain Commissioner	9	9	9	8	8	8	8	8	8	7
Public Safety										
Sheriff Department	80	85	86	76	76	77	77	79	86	85
Communications	15	15	15	23	23	23	23	26	23	21
Marine Patrol	1	1	1	1	1	1	1	1	1	1
Jail	94	94	94	97	97	96	96	96	95	100
Emergency Services	4	5	5	4	4	3	3	3	3	3
Animal Control	5	4	4	3	3	1	1	3	3	3
Metropolitan Planning	7	7	7	7	7	7	7	5	5	5

(Continued)

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Health and Welfare										
Medical Examiner	0	0	1	1	1	1	1	2	2	2
Veterans Counselor	3	4	4	3	2	2	2	4	4	4
Public Guardian	3	4	3	3	3	3	3	3	3	3
Health Department	93	93	93	79	79	79	75	75	68	61
Child Care	34	45	47	50	50	48	48	48	48	42
Recreation and Culture										
Parks and Recreation	7	7	7	9	9	9	10	10	10	11
Library	35	37	37	37	37	37	37	37	37	36
Proprietary Activities										
Landfill	3	3	3	3	3	3	4	5	5	4
Airport	4	3	3	2	2	2	1	1	1	1

(Concluded)

Source: Accounting Department, Annual Budget by Department Sheets and Annual Budget book.

ST. CLAIR COUNTY, MICHIGAN

SCHEDULE 16

OPERATING INDICATORS BY FUNCTION  
LAST TEN FISCAL YEARS - UNAUDITED

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Judicial</b>										
Circuit Court Cases Filed	4,232	4,337	4,359	4,293	4,138	3,793	3,795	3,764	3,843	3,616
Circuit Court Cases Dispositions	4,423	4,327	4,647	4,429	4,295	3,952	3,851	3,952	4,099	3,797
<b>General Government</b>										
Marriage licenses	1,108	1,124	945	946	880	842	957	937	937	964
Births Certificates	1,891	1,860	1,798	1,746	1,705	1,536	1,605	1,496	1,462	1,501
Divorces Filed	635	687	625	638	621	715	635	743	787	780
Death Certificates	1,454	1,445	1,487	1,535	1,517	1,569	1,551	1,472	1,633	1,608
<b>Public Safety</b>										
Inmate bookings	5,652	5,960	6,052	6,165	5,908	5,789	5,451	5,794	5,935	5,646
Dispatch Calls	56,061	58,623	66,814	88,680	106,349	109,642	118,511	123,958	122,499	119,743
Dog Licenses Issued	23,550	24,996	26,000	24,198	22,196	22,389	25,816	27,023	25,719	25,600
<b>Airport</b>										
Take-offs and Landings (1)	50,000	50,000	30,000	36,000	27,000	20,000	32,000	18,775	27,500	25,689
<b>Landfill</b>										
Tons of Waste Collected	241,074	207,483	245,662	219,362	190,680	188,541	238,254	171,072	176,671	221,912

Source: Various County Departments

(1) These numbers were estimates

ST. CLAIR COUNTY, MICHIGAN

SCHEDULE 17

CAPITAL ASSET STATISTICS BY FUNCTION  
LAST TEN FISCAL YEARS - UNAUDITED

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Judicial										
Buildings	1	1	1	1	1	1	1	1	1	1
Vehicles	1	1	1	1	1	1	1	3	2	0
General Government										
Buildings	3	3	3	3	3	3	2	2	3	3
Vehicles	11	11	12	11	11	10	10	20	26	28
Public Safety										
Buildings	5	5	5	5	5	5	3	3	4	5
Jail Beds Available	400	400	400	450	450	478	491	491	491	491
Vehicles										
Patrol	50	49	47	44	46	45	41	43	41	35
Other	19	20	20	19	20	22	28	30	33	34
Health & Welfare										
Buildings	2	2	2	2	2	3	2	2	2	2
Vehicles	2	2	2	5	5	6	6	6	8	8
Recreation & Cultural										
Buildings	36	37	37	37	37	37	37	43	43	47
Vehicles	6	8	8	8	9	10	10	10	10	10
Park Acreage	137	232	523	559	559	559	562	562	565	566
Airport										
Buildings	6	6	6	6	6	6	6	6	7	7
Vehicles	2	3	2	2	2	2	2	2	3	2
Landfill										
Buildings	1	1	1	1	1	1	2	3	3	6
Vehicles	0	0	0	0	1	1	2	3	3	3

Source: Accounting Department