



COMPREHENSIVE ANNUAL FINANCIAL
REPORT

ST. CLAIR COUNTY, MICHIGAN

FOR THE YEAR ENDED DECEMBER 31, 2009

**Current members of the
BOARD OF COMMISSIONERS**

Wallace Evans, Chairperson
Pamela Wall, Vice Chairperson
Jeff Bohm
Patrick Quain
Howard Heidemann
Timothy Ward
Steven Simasko

Prepared by:
ADMINISTRATOR/CONTROLLER'S OFFICE

Shaun S. Groden, Administrator/Controller
Robert C. Kempf, Deputy Controller/Finance Director
Karry A. Hepting, CPA, Accounting Manager

ST. CLAIR COUNTY, MICHIGAN

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VISION: We are the leader in innovative, customer-centered government.

MISSION: To continually improve public services that enhance the community for citizens and future generations of St. Clair County.

June 25, 2010

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

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of St. Clair County for the fiscal year ended December 31, 2009.

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

St. Clair County's financial statements have been audited by Stewart, Beauvais & Whipple PC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of St. Clair County, for the fiscal year ended December 31, 2009, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was reasonable basis for rendering an unqualified opinion that St. Clair

County's financial statements for the fiscal year ended December 31, 2009, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of St. Clair County 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 legal requirements involving the administration of federal awards. These reports are available in St. Clair County's separately issued Single Audit Report.

This Comprehensive Annual Financial Report (CAFR) is issued pursuant to the requirements of the Governmental Accounting Standards Board (GASB). GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. St. Clair County's MD&A can be found immediately following the report of the independent auditors.

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 metropolitan 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 27% of total North American land based international trade.

The County continues to experience an influx of people from the metropolitan Detroit area, as they look for an alternative to the "big city" lifestyle. The 2000 census reported that 164,235 citizens populated the County, which is a 12.8% increase over the 1990 census, and they lived in 62,072 households. The Southeastern Michigan Council of Governments currently estimates the county population at about 166,842, living in an estimated 63,847 households. These people live in 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, Prosecutor, 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 Prosecutor 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 72nd District Court, Probate Court, and the 31st Circuit Court (including the Family Division). The 72nd 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 31st 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, and the twelve member Community Mental Health Authority Board. These boards are governed and controlled by various public acts and statues, 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 CAFR, as required by the GASB.

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 (ie. Board of Commissioners), Judicial (ie. Courts, Friend of Court, and Probation), General Government (ie. Elections, Equalization, Administration, Prosecuting Attorney, Clerk/Register of Deeds, Treasurer, Drain Commissioner, Buildings and Grounds maintenance, and Information Technology), Public Safety (ie. Sheriff, Jail, Emergency Preparedness, Animal Control), Public Works (Drains, Airport, Landfill), Health and Welfare (ie. Health Department, Veteran's Affairs, Public Guardian, Child Care), Community & Economic Development (ie. Planning) and Recreation and Culture (ie. Parks, Library).

Financial Practices

The annual budget serves as the foundation for the County's financial planning and control. For the 2009 budget the Administrator/Controller's office prepared staffing budgets for the departments that adhered to the 2008 staffing levels but were brought up to the expected costs for 2009. All other expenses for 2009 were kept at 2008 levels with the exception of various costs that are beyond our control (ie. fuel, electricity, court appointed attorneys, court witnesses). Departments were expected to do more with less. Departments of the County that wanted a budget other than what was prepared for them were required to submit requests for new employees and programs with the documentation to support their request. The Administrator/Controller took into consideration these requests, the results of the County-wide Capital Improvement Program recommendations, and projections of revenues and expenditures from our financial forecasting model software. In September 2008, the Administrator/Controller submitted a balanced proposed budget to the Board of Commissioners for their consideration. The Board then held workshops to discuss the budget, heard from Departments that did not get what they asked the Administrator/Controller for, held a public hearing, and finally adopted a balanced budget in November. State law requires the budgets be adopted prior to the start of the fiscal year.

Budgetary control is maintained at the account level (line item) while budgets are legally adopted at the activity (department) level in the General Fund or the function (e.g., public safety) level in the Special Revenue Funds. The Administrator/Controller is authorized to transfer budget amounts between accounts; however, any revisions to a total activity or function for any respective fund or activity must be approved by the Board of Commissioners. Revisions to the budget are recommended by the Administrator/Controller and adopted by the Board of Commissioners at regular meetings throughout the year. The Board of Commissioners are provided monthly reports that report budget and actual amounts by department or program.

The Administration of St. Clair County has made it our practice to annually present and recommend a balanced budget to the Board of Commissioners.

Factors Affecting Financial Condition

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

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. The State of Michigan is projecting revenue reductions in its budget that will no doubt translate to less State money available to local governments for programs and operations. In fact, in 2009 we were again the recipients of reductions in a large number of state supported programmatic revenues.

Despite the above noted roadblocks to growth: new national and regional retail businesses continue to move to St. Clair County, our population is increasing, the County general operating millage rate is at lower than authorized levels (due to Headlee overrides), the County bond rating continues to be strong and has been recently upgraded, 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 manufacturing growth:

- The DaimlerChrysler Corporation is on schedule to open their new 750,000 square foot St. Clair Township plant to produce axles and drive train components for 2010 model vehicles. The plant has been leased to ZF Group, the 9th largest auto supplier in the world. They will produce axles and drive train components in the most modern axle plant in North America for various automobile manufacturers. The plant opened in the fall of 2009 for pre-production, with production expected to start in the summer of 2010, employing several hundred people.
- Keihin Corporation opened their new \$25,000,000 plant in the Village of Capac to produce intake manifold assemblies and HVAC systems for Honda Motors. The plant now employs about 260 people, and plans are being made for expansion.
- Energy Components Group has announced plans to open an alternative energy manufacturing plant in the City of St. Clair. The company will invest about \$21,000,000 and create 250 jobs over the next several years. They are suppliers to the solar and wind power industries.
- Rockford Carving Company has moved from Rockford, Illinois to St. Clair County and has opened their new 52,000 square foot manufacturing facility in Marine City, with plans for an additional site. They produce guitar components for well known

companies such as Gibson, Fender, CF Martin, etc., and produce over 4,000 different products. Their multi-million dollar investment has resulted in approximately 20 new jobs.

Because of what was noted earlier, we have experienced a net negative impact in our total taxable property values of \$487,480,914 (5.7%) from 2008 to 2009. A slight increase in industrial property of \$9,247,771 (0.7%) and personal property of \$4,181,842 (0.7%) was accompanied by decreases in residential property of \$472,756,673 (9.0%), commercial property of \$559,662 (less than .1%), and other property of \$27,594,192 (4.7%).

Although we are currently seeing decreases in total taxable values in the County, it is apparent the decreases are being driven by a decline in housing sales, a housing market that is currently declining and an increase in mortgage foreclosures caused, partially, by higher than normal unemployment. Residential property represents about 63% of our total taxable property values.

Long-term Financial Planning. The County has implemented the conversion of our landfill cell space to new technology that will enable it to become a “perpetual landfill”. Using a new, patented process we will inject septage into the new cells at the landfill to promote the aggressive decomposition of garbage. After decomposition the cell will be re-filled with garbage, 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 decomposition at the landfill to produce electric power. This revenue stream will continue for the life of the landfill.

To enhance the public safety system of the county the Board of Commissioner’s sold bonds in the amount of \$3,000,000 to build two towers in the central and western portions of the county to improve reception for our 911 communications system. The balance of the \$3.75 million project will come from federal and state grants already received. Construction started in late summer of 2009 and will be completed in late summer of 2010.

The County also utilizes a software product for financial forecasting. The model takes a look 6 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.

The County is looking for a long-term solution to what we expect will be ongoing reductions to state program revenues fostered by state budget woes. We are also 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.

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 an Unreserved Fund Balance with a minimum amount of 10% and a maximum of 15% of the most currently approved General Fund budget. All Special Revenue Funds will maintain an Unreserved 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, will be reverted back to the General Fund. If the General Fund is at its maximum of 15% the excess funds will be transferred to the Budget Stabilization Fund, the Public Improvement Fund or be retained in the General Fund and be designated for future budget stabilization.

Major Initiatives.

St. Clair County is in the process of redefining our participation in the economic development initiative in the County. The current makeup and mission of the Economic Development Alliance, of which the County is a member, is being reengineered to ensure that St. Clair County will be actively seeking to lure business and industry to our County in an effort to promote job creation and tax base growth.

In 2009 the County entered into a contract to build a new Day Treatment/Night Watch program facility adjacent to the current Sheriff/Jail/Juvenile facility in Port Huron Township, at a total project cost of approximately \$1,700,000. This facility is a chartered school whose mission is to educate juveniles who have been placed there by the court. Hopefully, they will be diverted from the life course they were on. The new building, set to open in late summer 2010, replaces the 100 year old facility they have been utilizing for the last several years.

In 2010 the County will take possession of the 181 year old lighthouse, built in 1829, and former Coast Guard station buildings located at the mouth of the St. Clair River in the City of Port Huron. This lighthouse, as the oldest in Michigan and the second oldest on the Great Lakes, is of significant historical value to our area. Our Parks & Recreation Commission will restore the structures with grants and donations, and then maintain the structures and use the grounds as our newest county park.

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, 2008. This was our seventh consecutive award and our seventeenth 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.

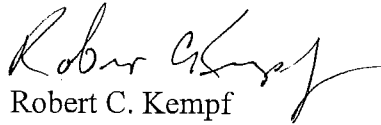
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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,



Shaun S. Groden
Administrator/Controller



Robert C. Kempf
Deputy Controller/Finance Director

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

Elected Officials

Board of Commissioners

Wallace R. Evans	Chairperson
Pamela Wall	Vice-Chairperson
Jeff Bohm	Member
Howard Heidemann	Member
Timothy Ward	Member
Patrick W. Quain	Member
Steven L. Simasko	Member

31st Circuit Court

Daniel J. Kelly	Chief Circuit Judge
James P. Adair	Circuit Judge
Peter E. Deegan	Circuit Judge

72nd District Court

John D. Monaghan	Chief District Judge
Richard A. Cooley, Jr.	District Judge
Cynthia S. Platzer	District Judge

Probate Court

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

Other Elected Officials

Marilyn Dunn	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

Shaun S. Groden	Administrator/Controller
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Certificate of Achievement for Excellence in Financial Reporting

Presented to

St. Clair County
Michigan

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2008

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



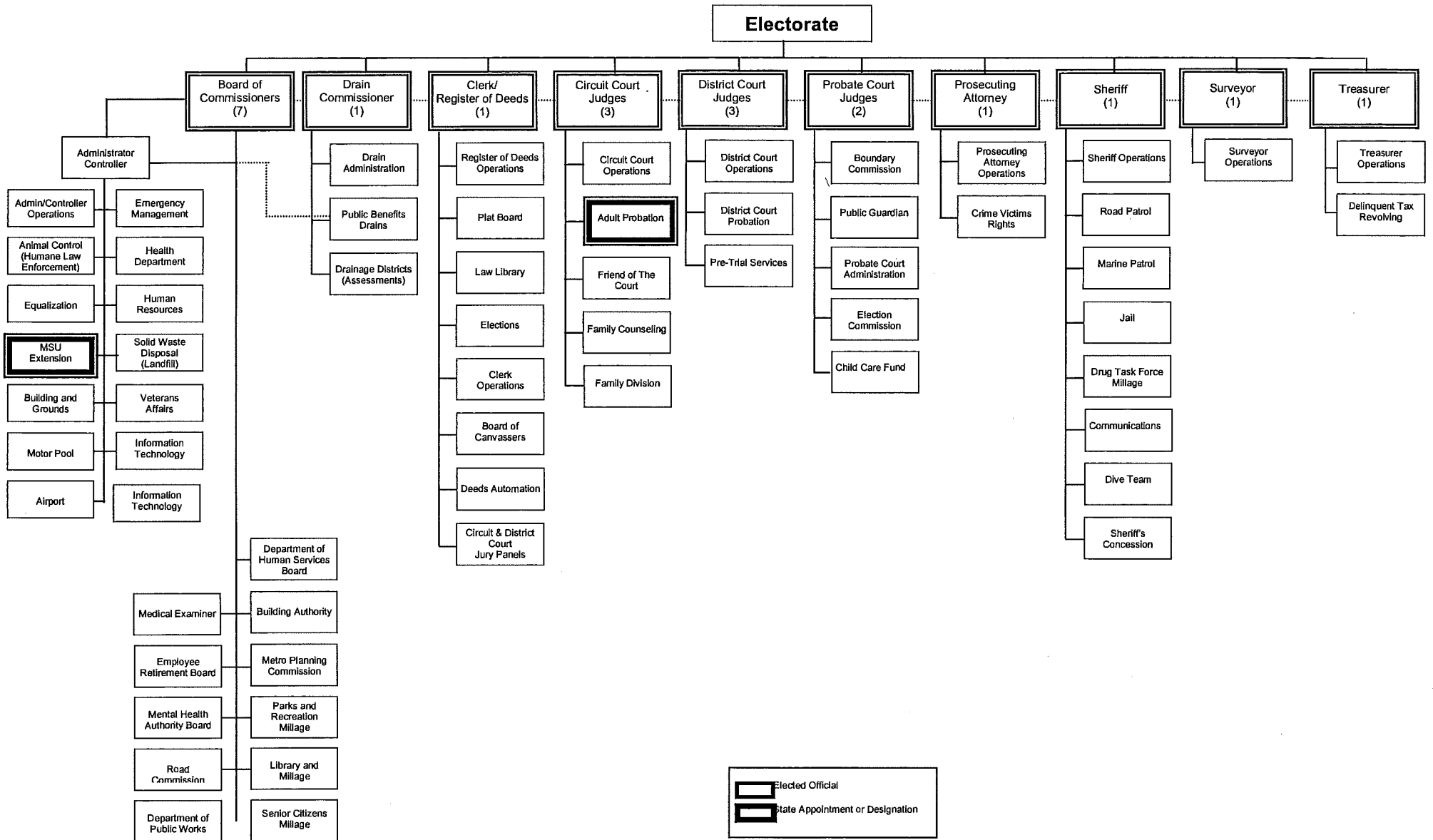
A stylized handwritten signature in black ink, consisting of several loops and a long horizontal stroke.

President

A handwritten signature in black ink that reads "Jeffrey R. Emen".

Executive Director

St. Clair County Organizational Chart



Elected Official
 State Appointment or Designation

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of St. Clair County, Michigan, as of and for the year ended December 31, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of St. Clair County's management. 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 24, 2010 on our consideration of St. Clair County, Michigan's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 17, and schedules of funding progress, employer contributions and budgetary comparison on pages 90 through 98 are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise St. Clair County's basic financial statements. The introductory section, combining and individual fund financial statements and schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining financial statements, individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements, and accordingly we express no opinion on them.

Stewart, Beauvais & Whipple
Certified Public Accountants

June 24, 2010

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, 2009. 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 of the County exceeded its liabilities at December 31, 2009 by \$124,813,699. Of this amount \$29,296,711 may be used to meet the County's ongoing obligations to citizens and creditors. Additionally, \$29,879,697 has been restricted for specific purposes (ie. specific millage funds, substance abuse, revenue sharing, E-911, etc) and \$65,637,291 represents our investment in capital assets, net of related liabilities.
- The total net assets decreased by \$7,401,227 mainly due to the implementation of GASB Statement No 45 requiring governments to report the liability for other post employment benefits.
- At December 31, 2009 the County's governmental funds reported combined ending fund balances of \$40,965,721 an increase of \$874,027.
- In 2009 the General Fund reported revenues over expenditures of \$232,442 which increased the fund balance to \$8,703,933. Of this amount \$2,784,706 is reserved for prepaid expenditures and advances to the Drain funds and \$3,290 has been designated for various grants.
- In 2009 the Board of Commissioner's adopted a balanced budget for the 2010 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 in addition to the basic financial statements themselves.

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

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

St. Clair County Management's Discussion and Analysis

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (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) 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 government 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 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 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 General Fund, the Special Revenue funds, the Debt Service funds, the Capital Project funds and a Permanent fund.

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

St. Clair County Management's Discussion and Analysis

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 32 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 General Fund, Health Department Fund, Parks and Recreation Fund, Library Fund, Revenue Sharing Reserve Fund, Senior Citizens Millage Fund, and Mental Health Building Debt Fund, all of which are considered to be major funds. Data for the other 25 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 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 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 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

St. Clair County
Management's Discussion and Analysis

financial statements in the Governmental Activities - Internal Service Fund column.

The basic proprietary fund financial statements can be found on pages 27-29 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 Employees Pension Fund, Other Employee Benefits Fund, the Landfill Perpetual Care 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 30-31 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 35-89 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 to its employees and the budgetary information for six major governmental funds. This required supplementary information is found on pages 90-98 of this report.

The combining statements referred to earlier in connection with non-major governmental, enterprise and fiduciary funds are presented immediately following the required supplementary information. Combining, individual fund statements and schedules can be found on pages 99-123 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$124,813,699 at December 31, 2009.

The largest portion of the County's net assets (53 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. The second largest portion of net assets is unrestricted and available for ongoing obligations to citizens and creditors.

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

Net Assets

	Governmental Activities		Business-Type Activities		Totals	
	2009	2008	2009	2008	2009	2008
Current and Other Assets	75,535,262	79,923,850	38,576,397	40,203,279	114,111,659	120,127,129
Capital Assets, Net of Accumulated Depreciation	93,581,508	93,278,342	15,990,783	15,185,621	109,572,291	108,463,963
Total Assets	169,116,770	173,202,192	54,567,180	55,388,900	223,683,950	228,591,092
Current Liabilities	18,873,228	23,359,825	757,709	599,281	19,630,937	23,959,106
Other Liabilities	70,616,119	63,523,395	8,623,195	8,894,165	79,239,314	72,417,560
Total Liabilities	89,489,347	86,883,220	9,380,904	9,493,446	98,870,251	96,376,666
Net Assets						
Investment in capital assets, Net of related debt	49,646,508	50,828,342	15,990,783	15,145,037	65,637,291	65,973,379
Restricted	28,607,362	28,468,585	1,272,335	935,137	29,879,697	29,403,722
Unrestricted	1,373,553	7,022,045	27,923,158	29,815,780	29,296,711	36,837,825
Total Net Assets	79,627,423	86,318,972	45,186,276	45,895,954	124,813,699	132,214,926

A portion of the County's net assets (24 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (23 percent) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the fiscal year the County was able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

The government's net assets decreased by \$7,401,227. The majority (78 percent) of this decrease was 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).

Governmental Activities. Governmental activities decreased net assets by \$6,691,549, thereby accounting for 90 percent of the total decrease in net assets. Key elements of this decrease are as follows:

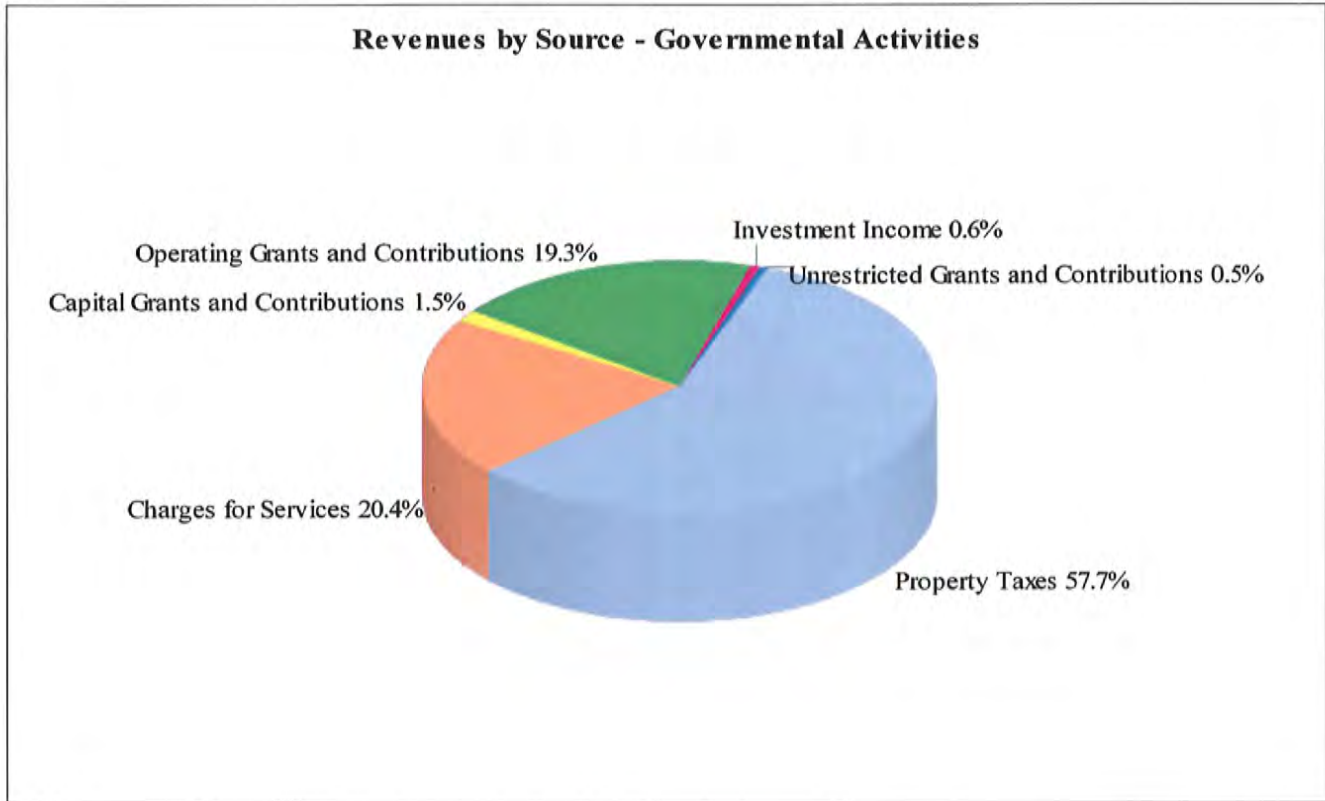
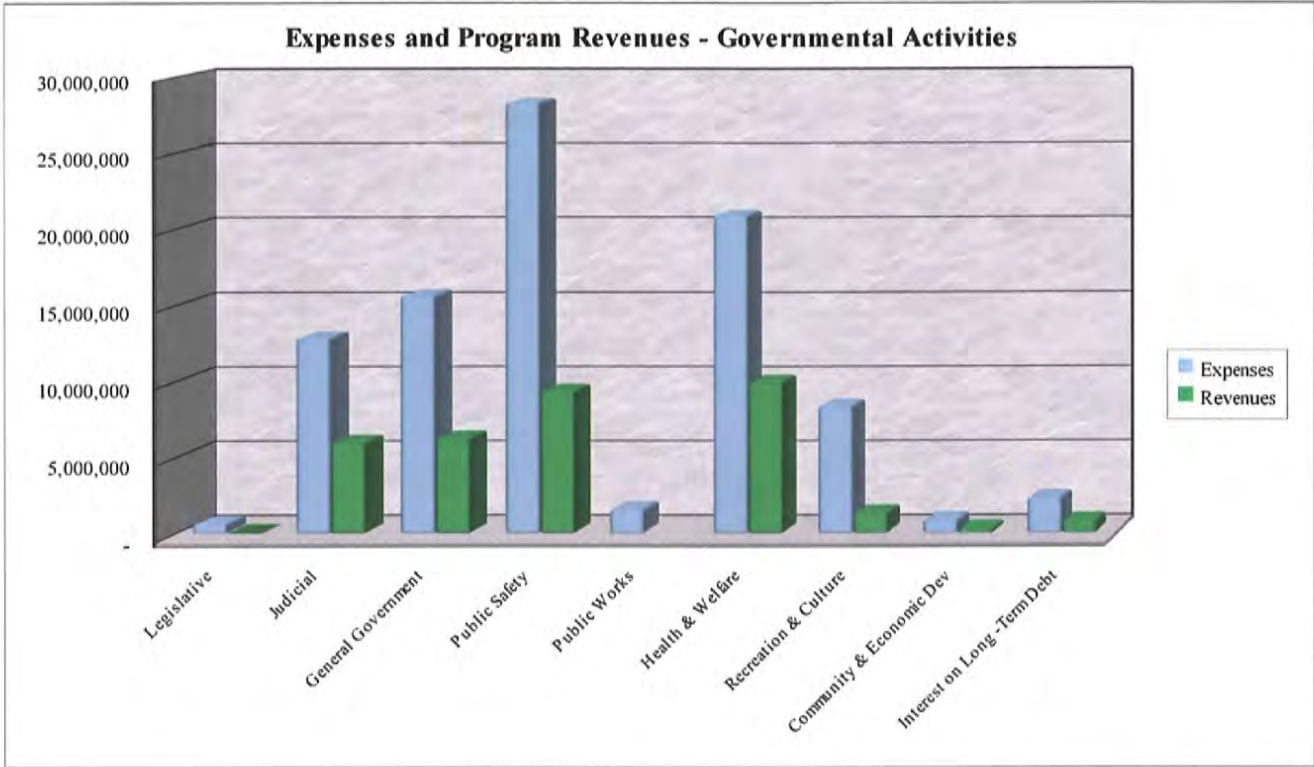
- The recording of other post employment benefit expenses totaling \$5,736,269.
- Decreased investment earnings.

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

Changes in Net Assets

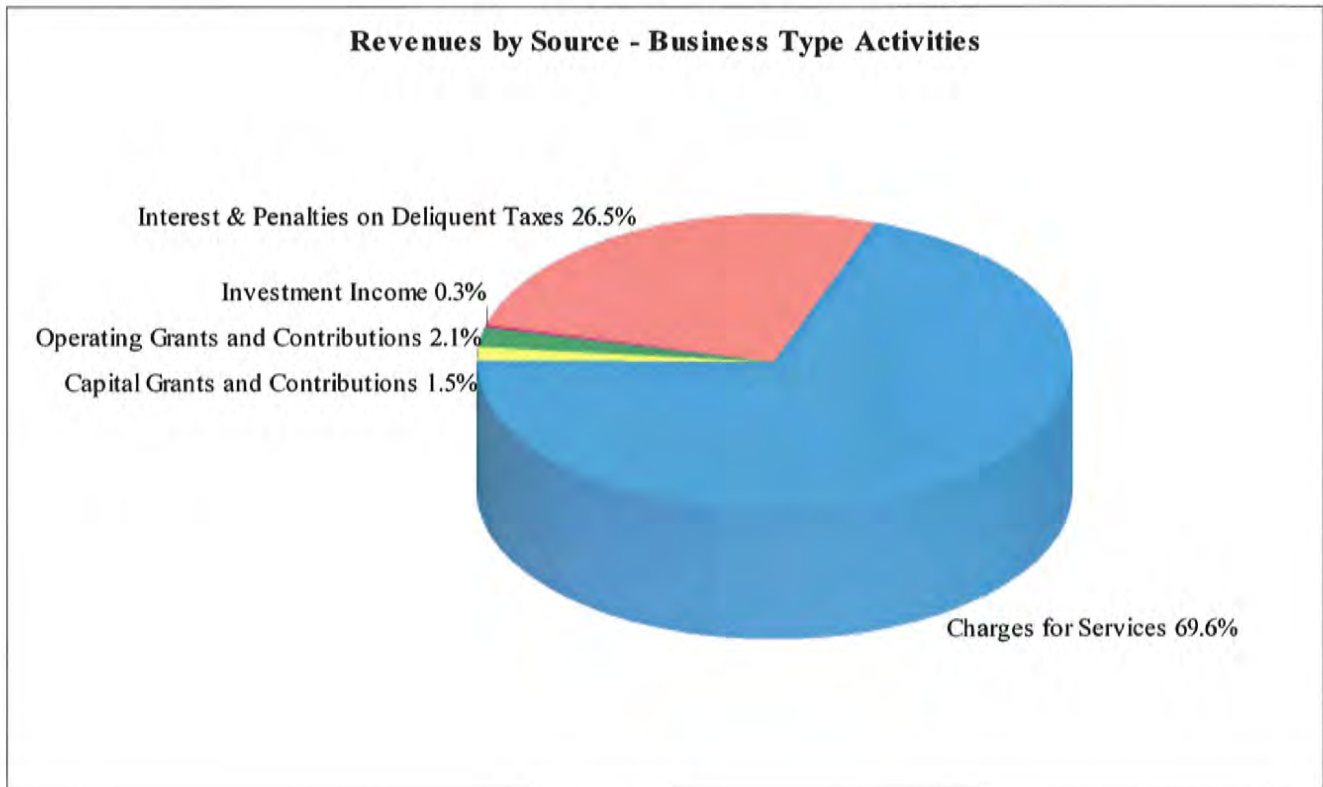
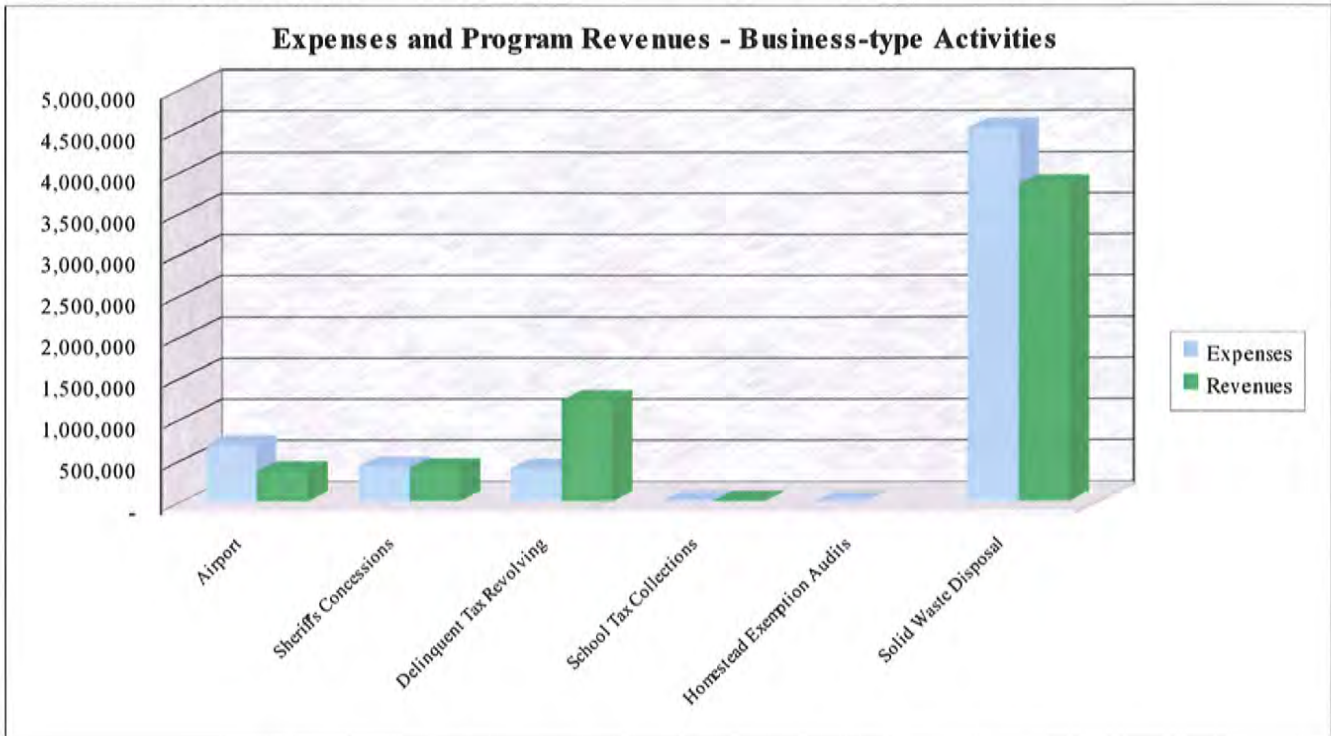
	Governmental Activities		Business-Type Activities		Totals	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program revenues:						
Charges for services	16,702,453	15,985,328	5,545,804	6,368,433	22,248,257	22,353,761
Operating Grants and Contributions	15,777,224	16,538,498	168,327	133,815	15,945,551	16,672,313
Capital Grants and Contributions	1,235,809	933,637	122,037	-	1,357,846	933,637
General revenues:						
Property Taxes	47,199,473	46,593,832	-	-	47,199,473	46,593,832
Intergovernmental revenues	387,238	386,036	-	-	387,238	386,036
Investment earnings	509,188	1,900,248	20,362	551,014	529,550	2,451,262
Other revenues	2,107	-	2,115,954	1,454,536	2,118,061	1,454,536
Total Revenues	81,813,492	82,337,579	7,972,484	8,507,798	89,785,976	90,845,377
Expenses:						
Legislative	605,569	647,708	-	-	605,569	647,708
Judicial	12,834,001	12,813,240	-	-	12,834,001	12,813,240
General Government	15,609,824	17,056,581	-	-	15,609,824	17,056,581
Public Safety	28,314,472	25,937,503	-	-	28,314,472	25,937,503
Public Works	1,520,120	1,133,666	-	-	1,520,120	1,133,666
Health and Welfare	20,860,529	22,970,486	-	-	20,860,529	22,970,486
Recreation and Culture Community and Economic Development	8,321,198	8,216,967	-	-	8,321,198	8,216,967
	818,874	651,961	-	-	818,874	651,961
Interest on Debt Service	2,254,453	2,299,676	-	-	2,254,453	2,299,676
Delinquent Tax Collections	-	-	400,458	315,907	400,458	315,907
Airport	-	-	682,871	568,543	682,871	568,543
Sheriff's Concession	-	-	423,598	380,400	423,598	380,400
School Tax Collections	-	-	8,941	6,028	8,941	6,028
Homestead Exemption Audits	-	-	1,710	-	1,710	-
Solid Waste Disposal	-	-	4,530,585	4,841,767	4,530,585	4,841,767
Total Expenses	91,139,040	91,727,788	6,048,163	6,112,645	97,187,203	97,840,433
Increase (Decrease) in Net Assets,						
before transfers	(9,325,548)	(9,390,209)	1,924,321	2,395,153	(7,401,227)	(6,995,056)
Transfers	2,633,999	3,779,314	(2,633,999)	(3,779,314)	-	-
Special Item-Tax Settlement	-	(4,157,064)	-	-	-	(4,157,064)
Decrease in Net Assets	(6,691,549)	(9,767,959)	(709,678)	(1,384,161)	(7,401,227)	(11,152,120)
Net Assets January 1	86,318,972	96,086,931	45,895,954	47,280,115	132,214,926	143,367,046
Net Assets December 31	<u>79,627,423</u>	<u>86,318,972</u>	<u>45,186,276</u>	<u>45,895,954</u>	<u>124,813,699</u>	<u>132,214,926</u>

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



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Business-type activities. Business-type activities decreased the County's net assets by \$709,678. This was primarily due to transfers made to fund the debt payment on the Jail/Juvenile facility.



Financial Analysis of the County's Major 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, unreserved 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, 2009, the County's governmental funds reported combined ending fund balances of \$40,965,721, an increase of \$874,027 in comparison to the prior year. Most of this fund balance is unreserved (\$32,220,295), which is available for spending at the County's discretion. A total of \$151,940 of the unreserved fund balance has been designated for projects in the Parks (\$145,000) and various other items (\$6,940), leaving \$32,068,355 for current use. The remainder of fund balance (\$8,745,426) is reserved to indicate that it is not available for new spending because it has already been committed to prepayments, the construction of capital assets, debt service and the permanent funds.

The General Fund is the chief operating fund of the County. At December 31, 2009, the general fund reported an ending fund balance of \$8,703,933. Of that amount \$5,915,937 is unreserved/undesignated, \$3,290 is unreserved/designated for various programs and \$2,784,706 is reserved for advances/prepaid expenditures and other restrictions as described in note 16 of the basic financial statements. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved, undesignated fund balance represents 9.6 percent of total general fund expenditures and transfers, while total fund balance represents 14.1 percent total general fund expenditures and transfers.

The General Fund balance increased by \$232,442 during the current fiscal year. The key factor in this growth is as follows:

- The implementation of a hiring policy which reviews each employment vacancy to determine if it needs to be refilled. Departments need approval by the Board of Commissioners before filling any vacant positions. As a result positions have remained vacant longer.

The Health Department reported fund balance of \$1,089,309 at December 31, 2009. Of that amount \$1,076,675 is unreserved/undesignated. Revenues and transfers in were reported at \$8,081,141 along with expenditures and transfers out of \$8,181,058. Fund balance decreased \$99,917 over the prior year. The fund balance was budgeted to decrease \$350,000 over the prior year. A less than budgeted decrease was due to the implementation of the hiring policy described above.

St. Clair County Management's Discussion and Analysis

The third major governmental fund is the special millage Parks and Recreation Fund. At December 31, 2009, Parks and Recreation reported a fund balance of \$2,592,415. Of this amount, \$2,447,415 is available for operations of the park system and future development and \$145,000 has been designated for specific projects. Fund balance decreased \$1,020,138 over the prior fiscal year. Fund balance was budgeted to decrease due to planned improvements made at Columbus County Park.

The fourth major governmental fund is the special millage Library Fund. It reported \$1,993,622 in fund balance at December 31, 2009. All of this amount is undesignated and available for operations of the County library system. Fund balance increased \$179,658 over the prior fiscal year due to matching expenditures with reduced revenue.

The fifth major governmental fund is the Revenue Sharing Reserve Fund. This fund accounts for the additional tax levy as required by the State of Michigan. Annually, an amount will be transferred from this fund to the General Fund to replace the state revenue sharing program suspended by the State. Once this fund has been exhausted the State has promised to reinstate the program. At December 31, 2009, this fund had \$12,981,373 in unreserved/undesignated fund balance. This fund transferred \$3,559,861 to the General Fund in 2009.

The sixth major governmental fund is the special millage Senior Citizens fund. It reported \$724,730 in fund balance at December 31, 2009. All of this amount is available for operations. This fund decreased \$43,376 over the prior year due to an increased demand for senior services.

The seventh major governmental fund is the Mental Health Building Debt Fund. It reported a fund balance of \$1,260 at December 31, 2009. 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, 2009.

Net assets in the Solid Waste Disposal System at the end of the year amounted to \$14,433,383, of this amount \$12,345,605 is invested in capital assets. Net assets decreased \$1,423,012 over the prior year due reduced tipping fees and a transfer to the General Fund for the Road Commission.

The Delinquent Tax Revolving Fund reported net assets of \$26,830,083 an increase of \$837,990 over the prior year. A portion of 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

During the year the original budget was amended as needed. The original budget was balanced, while the final amended budget represents a gain of \$128,278. The 2009 amended budget of the General Fund had revenues and transfers in of \$61,568,025 and expenditures and transfers out of \$61,439,747. Included in the transfers out were appropriations to several funds that depend on the General Fund for operational funds.

Overall during the year the budget was adjusted as follows: the revenues and transfers in were adjusted up by \$1,087,993 (1.8%) and the expenditures and transfers out were adjusted up by \$959,715 (1.6%). Major changes can be summarized as follows:

- Intergovernmental revenues increased due to various grants received throughout the year.
- Interest and rent revenues were decreased due to falling interest rates.
- Transfers in were increased to add a transfer in from the Landfill for a portion of local unit's road match money to cover the unpaid portion of central dispatch fees.
- Expenditures were increased primarily to account for the expenditure side of grants received.
- Other Legislative Activities were decreased to allocate contingency amounts budgeted to various departments.

Amended revenue and other financing sources budgets differed by \$437,684 of actual revenues and other financing sources. Significant differences between the amended budgets and actual results for revenues were as follows:

- Actual transfers in were greater than the amended budget due to the effects of a transfer from the Landfill Fund, which was used to fund the County contribution to the Road Commission.
- Federal/State revenues were \$ 637,462 less than the amended budget due to lower than anticipated grant receipts. Also contributing to this was the timing of payments received by the State. These revenues had to be reported as deferred at year end.
- Charges for Services were less than the amended budget by \$207,147 primarily due to less than expected collections for jail inmate board and care.
- Interest revenues were \$223,186 less than the amended budget due to declines in interest rates.
- Issuance of debt in the amount of \$867,196 greater than amended budget due to new obligations associated with the County Drain at Large Assessment.

St. Clair County Management's Discussion and Analysis

Expenditures and transfers-out budgeted differed \$333,520 of actual expenditures and transfers-out. Significant differences between the amended budgets and actual results for expenditures in the departments are as follows:

- Many departments such as District Court, were under their amended budgets due to positions held vacant throughout the year. This is due to the implementation of a hiring freeze policy as described earlier.
- Circuit Court was under its amended budget due to lower than anticipated court appointed attorney fees.
- The Prosecuting Attorney was under their amended budget due to lower than budgeted witness fees and vacant positions
- Buildings and Grounds was under its amended budget by \$127,181 due to cost savings measures implemented to save on energy costs. Also contributing to this savings were vacant positions associated with the hiring freeze.
- The Sheriff was under his amended budget by \$260,165 due to reduced overtime costs as well as vacant positions.
- Other Corrections Activities were under its amended budget by \$207,417 to match spending with grant dollars received.
- Corrections/Jail was under their amended budget by \$207,107 due to reduced overtime costs as well as vacant positions.
- Road Commission was over budget by \$632,978 due to a transfer to the Road Commission. There was a corresponding transfer in from the Landfill Fund to cover this cost.
- Drains were over budget by \$867,144 to show the corresponding expenditure associated with the issuance of debt for the County Drain at Large.
- Transfers to other funds was \$400,000 greater than its amended budget due to a transfer to the Public Improvement Fund for telephone system/network upgrades which will result in future savings.

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, 2009, amounted to \$109,572,291 (net of accumulated depreciation). This investment in capital assets includes land, buildings, land improvements, machinery and equipment, vehicles and infrastructure (e.g., roads, drains, etc). The total increase in the County's capital assets for the current fiscal year was \$1,108,328 or 1.1%. The governmental activities recorded a .3% increase and the business-type activities had a 5.3% increase.

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

Capital Assets (net of depreciation)

	Governmental Activities		Business-Type Activities		Totals	
	2009	2008	2009	2008	2009	2008
Land	9,677,499	9,552,147	1,077,858	1,077,858	10,755,357	10,630,005
Buildings and Improvements	66,494,909	68,082,292	976,005	1,014,479	67,470,914	69,096,771
Improvements other than Buildings	3,318,014	3,531,916	10,355,152	10,778,805	13,673,166	14,310,721
Equipment and Vehicles	7,830,076	8,326,619	440,666	357,645	8,270,742	8,684,264
Books	2,635,303	2,824,781	-	-	2,635,303	2,824,781
Construction in Progress	3,625,707	960,587	3,141,102	1,956,834	6,766,809	2,917,421
Total	93,581,508	93,278,342	15,990,783	15,185,621	109,572,291	108,463,963

Major capital asset events during the year included the following:

- The Solid Waste Disposal System continued significant projects at the Landfill that included construction of a new disposal cell and a bio-reactor.
- Beginning construction of a new Day Treatment Night Watch Facility located on the Jail/Juvenile Facility campus. Construction is scheduled to be complete late summer of 2010.
- Beginning construction on the final phase of the communications system. This will include the construction of communications towers in the Village of Capac and the City of St. Clair and acquiring and installing the related equipment.
- Continued improvements to the County park system.
- Replacement of various county vehicles.
- Addition of books to the County library collection.

Additional information on the County's capital assets can be found in Note 5 beginning on page 53 of this report.

Long-term Debt. At December 31, 2009, the County had total debt outstanding of \$79,239,314, which was an increase of \$6,821,754.

Significant portions of the debt include the following:

- The general obligation bonds (Series A) sold in 2007 to construct a Mental Health Authority building (\$10,125,000).
- The general obligation bonds (Series B) sold in 2007 for the cost of acquiring and installing equipment related to 911 services (\$3,300,000).
- The general obligation bonds sold in 2003 to finance the construction of the Jail/Juvenile facility (\$29,750,000).
- The general obligation bonds sold in 2009 to construct communications towers and acquire the required equipment (\$3,000,000).

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

- The outstanding portion of the 2004 refunding (refinanced) of the 1996 issue sold to finance the construction of the Administrative Building (\$7,885,000).
- In accordance with Governmental Accounting Standards Board Statement No. 45 an obligation for other post employment benefits has been recorded in the amount of \$10,925,657.
- 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 \$8,481,786.
- 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, 2009 is \$4,415,462.

Additional information on the County's long-term debt can be found in Note 9 beginning on page 63 of this report.

Outstanding Debt

	Governmental		Business-Type		Totals	
	Activities		Activities			
	2009	2008	2009	2008	2009	2008
General Obligation Bonds	54,060,000	52,775,000	-	-	54,060,000	52,775,000
Installment Loan Agreements	-	-	-	40,584	-	40,584
Landfill Closure and Post Closure Costs	-	-	8,481,786	8,769,616	8,481,786	8,769,616
Drain Districts	1,514,539	772,882	-	-	1,514,539	772,882
Self-insurance Liability	400,000	651,000	-	-	400,000	651,000
Accumulated Employee Vacation, Sick and Compensatory Time	4,382,274	4,848,737	33,188	41,835	4,415,462	4,890,572
Other Post Employment Benefits	10,817,436	5,081,167	108,221	42,130	10,925,657	5,123,297
Deferred Amounts	(558,130)	(605,391)	-	-	(558,130)	(605,391)
Total	70,616,119	63,523,395	8,623,195	8,894,165	79,239,314	72,417,560

Economic Factors and Next Year's Budgets and Rates

Many factors were considered in preparation of the County's budget for the 2010 fiscal year. Several of the more telling factors are as follows:

- The unemployment rate for the County is currently around 16.8 percent, which is an increase over a year ago, and is higher than the state average.

St. Clair County
Management's Discussion and Analysis

- The continued uncertainty of state funding for programs throughout the County.
- Declining housing sales and increased foreclosures causing property values to decrease in total.
- Funding for economic development initiatives to locate new businesses and jobs in our county.

The 2010 budgets are currently balanced and the Board of Commissioner's 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 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 for additional information regarding the County or additional copies of this report.

BASIC FINANCIAL STATEMENTS

ST. CLAIR COUNTY, MICHIGAN

**STATEMENT OF NET ASSETS
DECEMBER 31, 2009**

	Primary Government			Component Units
	Governmental Activities	Business Type Activities	Total	
ASSETS:				
Cash and cash equivalents	\$ 39,264,221	\$ 18,010,834	\$ 57,275,055	\$ 20,189,638
Investments	792,473	9,000,000	9,792,473	167,511
Receivables (net of allowance)	31,382,081	11,465,949	42,848,030	21,260,404
Prepaid expenses	1,037,005	15,127	1,052,132	477,533
Due from component units	-	-	-	46,539
Inventory	12,634	-	12,634	1,931,991
Internal borrowings	2,662,000	-	2,662,000	-
Advance to component units	50,000	-	50,000	-
Advance to primary government	-	-	-	89,281
Deferred charges	316,798	84,487	401,285	239,101
Temporarily restricted assets -				
Cash and cash equivalents	-	-	-	8,090,941
Deposits with primary government	-	-	-	245,044
Receivable	-	-	-	32,970,988
Deferred charges	-	-	-	63,854
Permanently restricted assets - Investment	18,050	-	18,050	-
Capital assets (net of accumulated depreciation)				
Assets not being depreciated	13,303,206	4,218,960	17,522,166	47,057,270
Assets being depreciated	80,278,302	11,771,823	92,050,125	124,473,143
Total Assets	<u>169,116,770</u>	<u>54,567,180</u>	<u>223,683,950</u>	<u>257,303,238</u>
LIABILITIES:				
Payables and accrued liabilities	6,009,389	663,832	6,673,221	7,314,472
Due to component units	-	-	-	46,539
Advances and deposits	156,316	-	156,316	778,486
Advances from component units	-	89,281	89,281	-
Advances from primary government	-	-	-	50,000
Unearned revenue	12,707,523	4,596	12,712,119	3,896,675
Liabilities Payable from restricted assets	-	-	-	440,046
Non-current liabilities -				
Net OPEB Obligation	10,817,436	108,221	10,925,657	6,929,232
Due within one year	2,570,943	-	2,570,943	9,273,922
Due in more than one year	57,227,740	8,514,974	65,742,714	57,719,067
Total Liabilities	<u>89,489,347</u>	<u>9,380,904</u>	<u>98,870,251</u>	<u>86,448,439</u>
NET ASSETS:				
Investment in capital assets, net of related debt	49,646,508	15,990,783	65,637,291	140,424,191
Restricted -				
Nonexpendable - Permanent Fund	18,050	-	18,050	-
Expendable -				
Acquisition/construction of capital assets	7,882,929	-	7,882,929	459,314
Debt Service	807,732	-	807,732	350,432
Recreation and Cultural	4,586,037	-	4,586,037	-
Revenue Sharing Reserve	12,981,373	-	12,981,373	-
Health and Welfare	1,027,927	-	1,027,927	-
Public Safety	683,073	-	683,073	-
Other Purposes	620,241	1,272,335	1,892,576	5,517,857
Unrestricted	1,373,553	27,923,158	29,296,711	24,103,005
Total Net Assets	<u>\$ 79,627,423</u>	<u>\$ 45,186,276</u>	<u>\$ 124,813,699</u>	<u>\$ 170,854,799</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, 2009**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
Legislative	\$ 605,569	\$ 1,400	\$ -	\$ -
Judicial	12,834,001	2,580,928	3,377,471	-
General Government	15,609,824	5,175,079	1,033,314	7,000
Public Safety	28,314,472	4,800,602	3,623,997	896,844
Public Works	1,520,120	-	-	-
Health and Welfare	20,860,529	2,534,354	7,317,645	70,819
Community and Economic Development	818,874	10,394	242,224	-
Recreation and Culture	8,321,198	842,298	182,573	261,146
Interest on Long Term Debt	2,254,453	757,398	-	-
Total governmental activities	<u>91,139,040</u>	<u>16,702,453</u>	<u>15,777,224</u>	<u>1,235,809</u>
Business type activities:				
Delinquent Revolving Tax	400,458	1,226,529	-	-
Airport Commission	682,871	129,647	111,887	122,037
Sheriff's Concession	423,598	399,578	-	-
School Tax Collections	8,941	4,652	-	-
Homestead Exemption Audits	1,710	-	-	-
Solid Waste Disposal System	4,530,585	3,785,398	56,440	-
Total business type activities	<u>6,048,163</u>	<u>5,545,804</u>	<u>168,327</u>	<u>122,037</u>
Total Primary Government	<u>\$ 97,187,203</u>	<u>\$ 22,248,257</u>	<u>\$ 15,945,551</u>	<u>\$ 1,357,846</u>
Component Units				
Road Commission	22,011,449	3,421,667	13,342,351	4,332,618
Department of Public Works	3,930,660	3,245,639	-	-
Community Mental Health Authority	84,192,543	1,285,816	81,200,411	-
Drains	1,146,069	10,336,737	-	347,136
Total Component Units	<u>\$111,280,721</u>	<u>\$ 18,289,859</u>	<u>\$ 94,542,762</u>	<u>\$ 4,679,754</u>

General revenues:

Property taxes

Grants and contributions not
restricted to specific programs

Unrestricted investment income

Interest and penalties on delinquent taxes

Transfers

Total general revenues and transfers

Change in net assets

Net assets at beginning of year

Net assets at end of year

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

Net (Expense) Revenue and Change in Net Assets

Primary Government			
Governmental Activities	Business Type Activities	Total	Component Units
\$(604,169)	\$ -	\$(604,169)	\$ -
(6,875,602)	-	(6,875,602)	-
(9,394,431)	-	(9,394,431)	-
(18,993,029)	-	(18,993,029)	-
(1,520,120)	-	(1,520,120)	-
(10,937,711)	-	(10,937,711)	-
(566,256)	-	(566,256)	-
(7,035,181)	-	(7,035,181)	-
(1,497,055)	-	(1,497,055)	-
<u>(57,423,554)</u>	<u>-</u>	<u>(57,423,554)</u>	<u>-</u>
-	826,071	826,071	-
-	(319,300)	(319,300)	-
-	(24,020)	(24,020)	-
-	(4,289)	(4,289)	-
-	(1,710)	(1,710)	-
<u>-</u>	<u>(688,747)</u>	<u>(688,747)</u>	<u>-</u>
<u>-</u>	<u>(211,995)</u>	<u>(211,995)</u>	<u>-</u>
<u>(57,423,554)</u>	<u>(211,995)</u>	<u>(57,635,549)</u>	<u>-</u>
-	-	-	(914,813)
-	-	-	(685,021)
-	-	-	(1,706,316)
<u>-</u>	<u>-</u>	<u>-</u>	<u>9,537,804</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>6,231,654</u>
47,199,473	-	47,199,473	-
387,238	-	387,238	-
509,188	20,362	529,550	378,539
2,107	2,115,954	2,118,061	-
2,633,999	(2,633,999)	-	-
<u>50,732,005</u>	<u>(497,683)</u>	<u>50,234,322</u>	<u>378,539</u>
(6,691,549)	(709,678)	(7,401,227)	6,610,193
<u>86,318,972</u>	<u>45,895,954</u>	<u>132,214,926</u>	<u>164,244,606</u>
<u>\$ 79,627,423</u>	<u>\$ 45,186,276</u>	<u>\$ 124,813,699</u>	<u>\$ 170,854,799</u>

ST. CLAIR COUNTY, MICHIGAN

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2009**

	<u>General</u>	<u>Health Department</u>	<u>Parks and Recreation</u>	<u>Library</u>
ASSETS				
Cash and cash equivalents	\$ 2,933,229	\$ 935,602	\$ 3,032,776	\$ 2,064,958
Investments	-	-	-	500,000
Receivables -				
Property taxes	3,096,488	-	2,958,097	4,168,773
Interest and accounts	169,120	136,414	-	6,748
Due from other governmental units -				
Federal/State	2,699,932	1,053,503	26,114	-
Local	200,848	-	-	-
Internal borrowings	2,662,000	-	-	-
Advances to component units	50,000	-	-	-
Prepayments and deposits	21,039	-	-	-
Inventory	-	12,634	-	-
	<u>\$ 11,832,656</u>	<u>\$ 2,138,153</u>	<u>\$ 6,016,987</u>	<u>\$ 6,740,479</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,085,620	\$ 79,459	\$ 174,842	\$ 129,315
Accrued liabilities	1,225,914	127,630	12,091	53,716
Advances and deposits	-	156,316	-	-
Due to other governmental units -				
Federal/State	3,248	362,601	-	-
Local	9,222	-	-	-
Due to other funds	-	-	-	-
Deferred revenue	804,719	322,838	3,237,639	4,563,826
	<u>3,128,723</u>	<u>1,048,844</u>	<u>3,424,572</u>	<u>4,746,857</u>
Fund Balances:				
Reserved -				
Prepays/Inventories/Advances	2,733,039	12,634	-	-
Prosecutor's Drug Forfeiture	51,667	-	-	-
Capital Projects	-	-	-	-
Debt Service	-	-	-	-
Permanent Funds	-	-	-	-
Unreserved -				
Designated -				
General Fund	3,290	-	-	-
Special Revenue Funds	-	-	145,000	-
Undesignated -				
General Fund	5,915,937	-	-	-
Special Revenue Funds	-	1,076,675	2,447,415	1,993,622
Total Equity	<u>8,703,933</u>	<u>1,089,309</u>	<u>2,592,415</u>	<u>1,993,622</u>
	<u>\$ 11,832,656</u>	<u>\$ 2,138,153</u>	<u>\$ 6,016,987</u>	<u>\$ 6,740,479</u>

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

<u>Revenue Sharing Reserve</u>	<u>Senior Citizens Millage</u>	<u>Mental Health Building Debt</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 12,981,373	\$ 1,181,035	\$ 1,260	\$ 12,511,661	\$ 35,641,894
-	-	-	310,523	810,523
-	2,985,664	-	1,673,731	14,882,753
-	-	-	1,395,038	1,707,320
-	-	-	989,146	4,768,695
-	-	10,125,000	20,331	10,346,179
-	-	-	-	2,662,000
-	-	-	-	50,000
-	-	-	-	21,039
-	-	-	-	12,634
<u>\$ 12,981,373</u>	<u>\$ 4,166,699</u>	<u>\$ 10,126,260</u>	<u>\$ 16,900,430</u>	<u>\$ 70,903,037</u>
\$ -	\$ 173,928	\$ -	\$ 562,312	\$ 2,205,476
-	208	-	169,331	1,588,890
-	-	-	-	156,316
-	-	-	124,628	490,477
-	-	-	-	9,222
-	-	-	15,448	15,448
-	3,267,833	10,125,000	3,149,632	25,471,487
-	3,441,969	10,125,000	4,021,351	29,937,316
-	-	-	-	2,745,673
-	-	-	-	51,667
-	-	-	5,114,252	5,114,252
-	-	1,260	806,472	807,732
-	-	-	26,102	26,102
-	-	-	-	3,290
-	-	-	3,650	148,650
-	-	-	-	5,915,937
12,981,373	724,730	-	6,928,603	26,152,418
<u>12,981,373</u>	<u>724,730</u>	<u>1,260</u>	<u>12,879,079</u>	<u>40,965,721</u>
<u>\$ 12,981,373</u>	<u>\$ 4,166,699</u>	<u>\$ 10,126,260</u>	<u>\$ 16,900,430</u>	<u>\$ 70,903,037</u>

ST. CLAIR COUNTY, MICHIGAN

**RECONCILIATION OF FUND BALANCES ON THE BALANCE SHEET FOR
GOVERNMENTAL FUNDS TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
ON THE STATEMENT OF NET ASSETS
DECEMBER 31, 2009**

Fund Balances - total governmental funds		\$ 40,965,721
Amounts reported for governmental activities in the statement of net assets are different because:		
Expenses recorded in the funds on the purchase method		268,066
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Capital assets		133,840,165
Accumulated depreciation		(40,342,058)
Other long term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		
Delinquent Personal Property taxes (net of allowance)	191,704	
Housing Rehabilitation Loan	1,265,732	
Capital Lease Contract	10,125,000	
Interest Receivable on Capital Lease Contract	104,997	
Other	<u>701,411</u>	12,388,844
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 assets.		2,953,062
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Bonds payable	(54,060,000)	
Drain District assessments payable	(1,514,539)	
Accrued interest on bonds/notes payable	(566,468)	
Net OPEB obligation	(10,798,024)	
Accrued compensated absences	<u>(4,382,274)</u>	(71,321,305)
Losses on refunding are not reported in the governmental funds, whereas they are capitalized and amortized for net assets, (netted against bonds payables)		621,256
Discounts and Premiums on bonds are reported as other financing sources or uses in the governmental funds, where they are capitalized and amortized from net assets (netted against bonds payables)		
Bond Premium	(240,667)	
Bond Discount	<u>177,541</u>	(63,126)
Bond Issuance costs reported as debt retirement in the governmental funds, where they are deferred and amortized from net assets		<u>316,798</u>
Net Assets of governmental activities		<u><u>\$ 79,627,423</u></u>

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, 2009**

	<u>General</u>	<u>Health Department</u>	<u>Parks and Recreation</u>	<u>Library</u>
Revenues:				
Taxes	\$ 34,566,137	\$ -	\$ 3,161,747	\$ 4,464,320
Licenses and permits	444,165	331,889	-	-
Intergovernmental -				
Federal/State	7,256,994	3,199,721	261,146	162,521
Local	1,758,040	56,284	-	7,952
Charges for services	7,395,470	1,660,518	68,112	59,881
Fines and forfeits	403,382	-	-	592,235
Interest and rent	1,189,507	5,000	40,306	76,146
Other	2,283,100	400	21,349	53,962
Total Revenues	<u>55,296,795</u>	<u>5,253,812</u>	<u>3,552,660</u>	<u>5,417,017</u>
Expenditures:				
Current -				
Legislative	582,317	-	-	-
Judicial	11,441,074	-	-	-
General Government	12,645,104	-	-	-
Public Safety	21,864,961	-	-	-
Public Works	1,521,122	-	-	-
Health and Welfare	1,758,864	7,906,058	-	-
Community and Economic Development	-	-	-	-
Recreation and Cultural	-	-	4,541,877	5,242,448
Other Activities	700,000	-	-	-
Capital Outlay	-	-	-	-
Debt Service				
Principal	125,536	-	-	-
Interest	57,269	-	-	-
Total Expenditures	<u>50,696,247</u>	<u>7,906,058</u>	<u>4,541,877</u>	<u>5,242,448</u>
Revenues over (under) expenditures	<u>4,600,548</u>	<u>(2,652,246)</u>	<u>(989,217)</u>	<u>174,569</u>
Other Financing Sources (Uses):				
Issuance of debt	867,193	-	-	-
Transfers from other funds	5,841,721	2,827,329	-	5,089
Transfers to other funds	<u>(11,077,020)</u>	<u>(275,000)</u>	<u>(30,921)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(4,368,106)</u>	<u>2,552,329</u>	<u>(30,921)</u>	<u>5,089</u>
Net Change in Fund Balances	232,442	(99,917)	(1,020,138)	179,658
Fund Balances at beginning of year	<u>8,471,491</u>	<u>1,189,226</u>	<u>3,612,553</u>	<u>1,813,964</u>
Fund Balances at end of year	<u>\$ 8,703,933</u>	<u>\$ 1,089,309</u>	<u>\$ 2,592,415</u>	<u>\$ 1,993,622</u>

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

<u>Revenue Sharing Reserve</u>	<u>Senior Citizens Millage</u>	<u>Mental Health Building Debt</u>	<u>Other Governmental Fund</u>	<u>Total Governmental Funds</u>
\$ -	\$ 3,191,225	\$ -	\$ 1,788,762	\$ 47,172,191
-	-	-	-	776,054
-	-	-	5,059,288	15,939,670
-	-	624,487	-	2,446,763
-	15	-	1,521,260	10,705,256
-	-	-	247,145	1,242,762
22,609	6,754	-	9,525	1,349,847
-	3,000	-	162,123	2,523,934
<u>22,609</u>	<u>3,200,994</u>	<u>624,487</u>	<u>8,788,103</u>	<u>82,156,477</u>
-	-	-	-	582,317
-	-	-	288,630	11,729,704
-	-	-	43,875	12,688,979
-	-	-	1,620,334	23,485,295
-	-	-	-	1,521,122
-	3,235,486	-	7,696,462	20,596,870
-	-	-	830,611	830,611
-	-	-	-	9,784,325
-	-	-	-	700,000
-	-	-	1,804,219	1,804,219
-	-	200,000	1,515,000	1,840,536
-	-	424,812	1,737,583	2,219,664
<u>-</u>	<u>3,235,486</u>	<u>624,812</u>	<u>15,536,714</u>	<u>87,783,642</u>
<u>22,609</u>	<u>(34,492)</u>	<u>(325)</u>	<u>(6,748,611)</u>	<u>(5,627,165)</u>
-	-	-	3,000,000	3,867,193
-	-	-	11,488,690	20,162,829
<u>(3,559,861)</u>	<u>(8,884)</u>	<u>-</u>	<u>(2,577,144)</u>	<u>(17,528,830)</u>
<u>(3,559,861)</u>	<u>(8,884)</u>	<u>-</u>	<u>11,911,546</u>	<u>6,501,192</u>
<u>(3,537,252)</u>	<u>(43,376)</u>	<u>(325)</u>	<u>5,162,935</u>	<u>874,027</u>
<u>16,518,625</u>	<u>768,106</u>	<u>1,585</u>	<u>7,716,144</u>	<u>40,091,694</u>
<u>\$ 12,981,373</u>	<u>\$ 724,730</u>	<u>\$ 1,260</u>	<u>\$ 12,879,079</u>	<u>\$ 40,965,721</u>

ST. CLAIR COUNTY, MICHIGAN

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGE IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2009**

Net change in fund balances - total governmental funds	\$	874,027
Change in prepaid expenses recorded in the funds on the purchase method	(	23,833)
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		4,509,362
Depreciation expense	(	4,187,100)
Loss from sale/disposal of assets	(	16,607)
Revenue in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(	342,985)
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 assets.		
Principal payments on long term liabilities		1,840,536
Issuance costs		55,437
Note proceeds from drain districts	(	867,193)
Bond Proceeds	(	2,998,339)
Amortization of bond premium		24,067
Amortization of bond discount	(	10,864)
Amortization of issuance costs	(	23,548)
Amortization of deferred loss on refunding	(	62,125)
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.	(	183,811)
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 accrued interest payable	(	19,416)
Increase in net OPEB obligation	(	5,725,620)
Increase in accrued compensated absences		466,463
		<u>466,463</u>
Change in net assets of governmental activities	\$(	<u><u>6,691,549</u></u>)

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

ST. CLAIR COUNTY, MICHIGAN

**STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2009**

	Business Type Activities-Enterprise Funds			Governmental	
	Solid Waste Disposal System	Delinquent Tax Revolving	Other Proprietary Funds	Internal Service Fund	
ASSETS:					
Current Assets:					
Cash and cash equivalents	\$ 10,316,142	\$ 7,218,356	\$ 476,336	\$ 18,010,834	\$ 3,622,327
Investments	-	9,000,000	-	9,000,000	-
Accounts receivable (net of allowance) -					
Delinquent taxes	-	10,491,364	-	10,491,364	-
Interest and accounts	677,485	27,859	79,717	785,061	41,514
Due from other governmental units	95,195	16,179	136	111,510	10,740
Prepaid expenses	2,176	10,100	2,851	15,127	747,900
Total Current Assets	11,090,998	26,763,858	559,040	38,413,896	4,422,481
Noncurrent Assets:					
Capital assets	24,651,279	190,335	11,556,266	36,397,880	99,583
Less - accumulated depreciation	(12,305,674)	(144,701)	(7,956,722)	(20,407,097)	(16,182)
Capital assets, net	12,345,605	45,634	3,599,544	15,990,783	83,401
Notes receivable	-	78,014	-	78,014	-
Deferred Charges	84,487	-	-	84,487	-
Total Noncurrent Assets	12,430,092	123,648	3,599,544	16,153,284	83,401
Total Assets	23,521,090	26,887,506	4,158,584	54,567,180	4,505,882
LIABILITIES:					
Current Liabilities:					
Accounts payable	501,848	39,157	55,802	596,807	267,555
Accrued expenses	7,134	1,670	3,198	12,002	865,853
Due to other governmental units	14,324	-	40,699	55,023	-
Advances from component units	-	-	89,281	89,281	-
Current portion of long-term liabilities	-	-	-	-	220,000
Unearned revenue	-	-	4,596	4,596	-
Total Current Liabilities	523,306	40,827	193,576	757,709	1,353,408
Long-Term Liabilities (less current portions):					
Accrued vacation and sick	18,859	-	14,329	33,188	-
Accrued insurance claims	-	-	-	-	180,000
Net OPEB obligation	63,756	16,596	27,869	108,221	19,412
Estimated closure and post closure costs	8,481,786	-	-	8,481,786	-
Total Long-Term Liabilities	8,564,401	16,596	42,198	8,623,195	199,412
Total Liabilities	9,087,707	57,423	235,774	9,380,904	1,552,820
NET ASSETS:					
Investment in capital assets, net	12,345,605	45,634	3,599,544	15,990,783	83,401
Restricted - Foreclosure sales	-	1,272,335	-	1,272,335	-
Unrestricted	2,087,778	25,512,114	323,266	27,923,158	2,869,661
Total Net Assets	\$ 14,433,383	\$ 26,830,083	\$ 3,922,810	\$ 45,186,276	\$ 2,953,062

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

ST. CLAIR COUNTY, MICHIGAN

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Business Type Activities-Enterprise Funds				Governmental
	Solid Waste Disposal System	Delinquent Tax Revolving	Other Proprietary Funds	Total	Internal Service Fund
Operating Revenues:					
Intergovernmental -					
Federal/State	\$ 56,440	\$ -	\$ 111,887	\$ 168,327	\$ -
Charges for services	3,678,348	1,226,529	404,730	5,309,607	13,847,053
Interest and rents	-	2,088,181	122,762	2,210,943	-
Other	107,050	-	6,385	113,435	200,944
Total Operating Revenues	<u>3,841,838</u>	<u>3,314,710</u>	<u>645,764</u>	<u>7,802,312</u>	<u>14,047,997</u>
Operating Expenses:					
Personal services	392,045	118,641	236,034	746,720	135,453
Supplies	210,147	-	50,516	260,663	10,201
Other services	2,761,793	241,934	573,316	3,577,043	14,083,665
Depreciation	1,166,600	39,883	257,254	1,463,737	2,489
Total Operating Expenses	<u>4,530,585</u>	<u>400,458</u>	<u>1,117,120</u>	<u>6,048,163</u>	<u>14,231,808</u>
Operating Income (Loss)	(688,747)	2,914,252	(471,356)	1,754,149	(183,811)
Non-Operating Revenues (Expenses):					
Interest revenue	<u>15,735</u>	<u>32,400</u>	<u>-</u>	<u>48,135</u>	<u>-</u>
Net Income (Loss) Before Contributions and Transfers	(673,012)	2,946,652	(471,356)	1,802,284	(183,811)
Capital Contributions	<u>-</u>	<u>-</u>	<u>122,037</u>	<u>122,037</u>	<u>-</u>
Net Income (Loss) Before Transfers	<u>(673,012)</u>	<u>2,946,652</u>	<u>(349,319)</u>	<u>1,924,321</u>	<u>(183,811)</u>
Transfers:					
Transfers from other funds	-	-	224,663	224,663	-
Transfers to other funds	<u>(750,000)</u>	<u>(2,108,662)</u>	<u>-</u>	<u>(2,858,662)</u>	<u>-</u>
	<u>(750,000)</u>	<u>(2,108,662)</u>	<u>224,663</u>	<u>(2,633,999)</u>	<u>-</u>
Change in Net Assets	(1,423,012)	837,990	(124,656)	(709,678)	(183,811)
Net Assets at beginning of year	<u>15,856,395</u>	<u>25,992,093</u>	<u>4,047,466</u>	<u>45,895,954</u>	<u>3,136,873</u>
Net Assets end of year	<u>\$ 14,433,383</u>	<u>\$ 26,830,083</u>	<u>\$ 3,922,810</u>	<u>\$ 45,186,276</u>	<u>\$ 2,953,062</u>

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

ST. CLAIR COUNTY, MICHIGAN

**PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Business Type Activities-Enterprise Funds				Governmental
	Solid Waste Disposal System	Delinquent Tax Revolving	Other Proprietary Funds	Total	Internal Service Fund Activities
Cash Flows From Operating Activities:					
Cash receipts from customers	\$ 3,800,014	\$ 1,773,098	\$ 545,724	\$ 6,118,836	\$ 372,821
Cash receipts from interfund services	-	-	-	-	13,847,053
Cash payments to suppliers	(2,873,471)	(165,124)	(504,489)	(3,543,084)	(14,577,073)
Cash payments to employees	(357,822)	(146,356)	(219,702)	(723,880)	(124,804)
Cash payments for interfund services	(153,854)	(89,321)	(8,941)	(252,116)	-
Other cash payments	-	-	(25,362)	(25,362)	-
Net Cash Provided (Used) by Operating Activities	<u>414,867</u>	<u>1,372,297</u>	<u>(212,770)</u>	<u>1,574,394</u>	<u>(482,003)</u>
Cash Flows From Noncapital Financing Activities:					
Transfers from other funds	-	-	224,663	224,663	-
Transfers to other funds	(750,000)	(2,108,662)	-	(2,858,662)	-
Net Cash Provided (Used) by Financing Activities	<u>(750,000)</u>	<u>(2,108,662)</u>	<u>224,663</u>	<u>(2,633,999)</u>	<u>-</u>
Cash Flows From Capital and Related Financing Activities:					
Bond issuance costs	(84,487)	-	-	(84,487)	-
Acquisition and construction of capital assets	(2,027,811)	-	(93,626)	(2,121,437)	-
Net Cash Used by Capital and Related Financing Activities	<u>(2,112,298)</u>	<u>-</u>	<u>(93,626)</u>	<u>(2,205,924)</u>	<u>-</u>
Cash Flows From Investing Activities:					
Interest earned	15,735	32,400	-	48,135	-
Sale of investments	1,500,000	1,120,814	-	2,620,814	-
Net Cash Provided by Investing Activities	<u>1,515,735</u>	<u>1,153,214</u>	<u>-</u>	<u>2,668,949</u>	<u>-</u>
Increase (Decrease) in Cash and Cash Equivalents for the year	(931,696)	416,849	(81,733)	(596,580)	(482,003)
Cash and Cash Equivalents at Beginning of Year	<u>11,247,838</u>	<u>6,801,507</u>	<u>558,069</u>	<u>18,607,414</u>	<u>4,104,330</u>
Cash and Cash Equivalents at End of Year	<u>\$ 10,316,142</u>	<u>\$ 7,218,356</u>	<u>\$ 476,336</u>	<u>\$ 18,010,834</u>	<u>\$ 3,622,327</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating income (loss) for the year	\$(688,747)	\$ 2,914,252	\$(471,356)	\$ 1,754,149	\$(183,811)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities -					
Depreciation	1,166,600	39,883	257,254	1,463,737	2,489
Estimated closure and post closure costs	(287,830)	-	-	(287,830)	-
Change in assets and liabilities:					
Receivable	(7,960)	(1,580,926)	80,640	(1,508,246)	171,877
Prepays and deposits	(1,984)	(122)	1,928	(178)	12,116
Accounts payable/accrued expenses	268,699	(40,104)	(80,867)	147,728	(484,674)
Due to/from other governmental units	(33,911)	39,314	-	5,403	-
Deferred Revenue	-	-	(369)	(369)	-
Net Cash Provided (Used) By Operating Activities	<u>\$ 414,867</u>	<u>\$ 1,372,297</u>	<u>\$(212,770)</u>	<u>\$ 1,574,394</u>	<u>\$(482,003)</u>

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

ST. CLAIR COUNTY, MICHIGAN

**STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2009**

	<u>Basic Retirement System</u>	<u>Other Postemployment Benefits</u>	<u>Landfill Private-Purpose Trust Fund</u>	<u>Agency Funds</u>
ASSETS:				
Cash and cash equivalents	\$ 2,720,979	\$ 3,114,560	\$ 1,727,813	\$ 2,675,523
Investments -				
U.S. Government Securities	407,302	-	-	-
Corporate Debt	32,235,388	-	-	-
Equity Funds	42,561,853	1,827,985	-	-
Stocks	80,995,457	1,731,699	-	-
Foreign Bonds	16,501,174	-	-	-
Mutual Funds	201,139	2,015,201	-	-
Municipal Bonds	49,348	-	-	-
Invested Court Appointed Trust	-	-	-	102,663
Receivables -				
Interest/dividends and accounts	733,850	5,876	-	10,548,620
Other	78,474	-	-	-
Due from other funds	-	26,953,254	-	15,448
	<u>176,484,964</u>	<u>35,648,575</u>	<u>1,727,813</u>	<u>13,342,254</u>
Total Assets				
	<u>176,484,964</u>	<u>35,648,575</u>	<u>1,727,813</u>	<u>13,342,254</u>
LIABILITIES:				
Accounts payable	264,367	-	-	-
Due to individuals and agencies	701,385	-	-	11,737,368
Due to other governmental units -				
Federal/state	-	-	-	370,573
Local	-	-	-	1,234,313
Due to other funds	26,953,254	-	-	-
	<u>27,919,006</u>	<u>-</u>	<u>-</u>	<u>\$ 13,342,254</u>
Total Liabilities				
	<u>27,919,006</u>	<u>-</u>	<u>-</u>	<u>\$ 13,342,254</u>
NET ASSETS:				
Reserved for -				
Employees' pension benefits	148,565,958	-	-	
Employees' other postemployment benefits	-	35,648,575	-	
Landfill perpetual care	-	-	1,727,813	
	<u>\$ 148,565,958</u>	<u>\$ 35,648,575</u>	<u>\$ 1,727,813</u>	
Total Net Assets				
	<u>\$ 148,565,958</u>	<u>\$ 35,648,575</u>	<u>\$ 1,727,813</u>	

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

ST. CLAIR COUNTY, MICHIGAN

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Basic Retirement System</u>	<u>Other Postemployment Benefits</u>	<u>Landfill Private-Purpose Trust Fund</u>
Additions:			
Contributions -			
Member contributions	\$ 3,124,527	\$ 425,109	\$ -
Employer contributions	<u>4,382,161</u>	<u>2,632,046</u>	<u>-</u>
Total Contributions	<u>7,506,688</u>	<u>3,057,155</u>	<u>-</u>
Investment income -			
Net appreciation (depreciation) in fair value of investments	33,576,683	720,268	-
Interest/Dividends	2,471,583	1,943,791	871
Less investment expense	<u>(758,830)</u>	<u>(36,671)</u>	<u>(2,295)</u>
Net investment income	<u>35,289,436</u>	<u>2,627,388</u>	<u>(1,424)</u>
Other -			
Medicare Part D reimbursements	<u>-</u>	<u>307,652</u>	<u>-</u>
Total Additions	<u>42,796,124</u>	<u>5,992,195</u>	<u>(1,424)</u>
Deductions:			
Retirement payroll	9,995,682	-	-
Health insurance	-	5,349,074	-
Death benefits	52,500	-	-
Employee refunds	193,750	12,776	-
Administration	67,751	-	-
Professional fees	52,842	97,875	-
Other	<u>40,000</u>	<u>-</u>	<u>-</u>
Total Deductions	<u>10,402,525</u>	<u>5,459,725</u>	<u>-</u>
Net Increase (Decrease)	32,393,599	532,470	(1,424)
Net assets held in trust -			
Beginning of year	<u>116,172,359</u>	<u>35,116,105</u>	<u>1,729,237</u>
End of year	<u>\$ 148,565,958</u>	<u>\$ 35,648,575</u>	<u>\$ 1,727,813</u>

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

ST. CLAIR COUNTY, MICHIGAN

**COMBINING STATEMENT OF NET ASSETS
DISCRETELY PRESENTED COMPONENT UNITS
DECEMBER 31, 2009**

	<u>Road Commission</u>	<u>Department of Public Works</u>	<u>Community Mental Health Authority</u>	<u>Drain Commissioner</u>	<u>Totals</u>
ASSETS					
Cash and cash equivalents	\$ 4,408,251	\$ 1,288,223	\$ 10,418,620	\$ 4,074,544	\$ 20,189,638
Investments	-	-	-	167,511	167,511
Receivables (net of allowance)	3,283,439	345,734	1,989,986	15,641,245	21,260,404
Prepaid expenses	155,122	-	322,295	116	477,533
Due from other component units	46,539	-	-	-	46,539
Inventory	1,931,991	-	-	-	1,931,991
Deferred charges	-	-	64,957	174,144	239,101
Advance to primary government	-	89,281	-	-	89,281
Restricted Assets -					
Cash and cash equivalents	-	1,612,112	6,478,829	-	8,090,941
Deposits with primary government	-	-	245,044	-	245,044
Receivables	-	32,970,988	-	-	32,970,988
Deferred charges	-	63,854	-	-	63,854
Capital Assets (net of accum. depreciation)					
Assets not being depreciated	35,651,556	849,763	1,752,758	8,803,193	47,057,270
Assets being depreciated	82,446,792	15,673,998	11,712,326	14,640,027	124,473,143
Total Assets	<u>127,923,690</u>	<u>52,893,953</u>	<u>32,984,815</u>	<u>43,500,780</u>	<u>257,303,238</u>
LIABILITIES					
Payables and accrued liabilities	840,272	147,909	4,954,006	1,154,017	7,096,204
Accrued interest	8,333	-	1,547	208,388	218,268
Due to other component units	-	26,524	-	20,015	46,539
Advances and deposits	637,363	141,123	-	-	778,486
Advance from primary government	-	-	-	50,000	50,000
Unearned revenue	-	-	3,896,675	-	3,896,675
Liabilities payable from restricted assets	-	440,046	-	-	440,046
Non-current liabilities -					
Net OPEB obligation	4,056,705	-	2,872,527	-	6,929,232
Due within one year	928,000	2,995,720	2,487,184	2,863,018	9,273,922
Due in more than one year	2,613,754	30,751,874	10,139,399	14,214,040	57,719,067
Total Liabilities	<u>9,084,427</u>	<u>34,503,196</u>	<u>24,351,338</u>	<u>18,509,478</u>	<u>86,448,439</u>
NET ASSETS					
Investments in Capital Assets, net of related liabilities	115,048,348	16,523,761	2,485,920	6,366,162	140,424,191
Restricted for:					
Risk corridor financing	-	-	5,076,454	-	5,076,454
Substance abuse	-	-	441,403	-	441,403
Equipment replacement	-	459,314	-	-	459,314
Debt service	-	-	-	350,432	350,432
Unrestricted	3,790,915	1,407,682	629,700	18,274,708	24,103,005
Total Net Assets	<u>\$ 118,839,263</u>	<u>\$ 18,390,757</u>	<u>\$ 8,633,477</u>	<u>\$ 24,991,302</u>	<u>\$ 170,854,799</u>

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

ST. CLAIR COUNTY, MICHIGAN

**COMBINING STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 2009**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Road Commission				
Governmental activities:				
Highways and streets	\$ 21,812,189	\$ 3,421,667	\$ 13,342,351	\$ 4,332,618
Debt service	199,260	-	-	-
Total Road Commission	<u>22,011,449</u>	<u>3,421,667</u>	<u>13,342,351</u>	<u>4,332,618</u>
Department of Public Works				
Governmental activities:				
Debt service	1,133,537	1,133,537	-	-
Business type activities:				
Water and Sewer	<u>2,797,123</u>	<u>2,112,102</u>	<u>-</u>	<u>-</u>
Total Department of Public Works	<u>3,930,660</u>	<u>3,245,639</u>	<u>-</u>	<u>-</u>
Community Mental Health Authority				
Governmental activities:				
Health and Welfare	83,693,180	1,285,816	81,200,411	-
Debt service	499,363	-	-	-
Total Community Mental Health Authority	<u>84,192,543</u>	<u>1,285,816</u>	<u>81,200,411</u>	<u>-</u>
Drain Commissioners				
Governmental activities:				
Public works	635,304	10,336,737	-	347,136
Interest on Long Term Debt	510,765	-	-	-
Total Drains	<u>1,146,069</u>	<u>10,336,737</u>	<u>-</u>	<u>347,136</u>
Total Component Units	<u>\$ 111,280,721</u>	<u>\$ 18,289,859</u>	<u>\$ 94,542,762</u>	<u>\$ 4,679,754</u>

General Revenues:
 Unrestricted investment income
Change in net assets
Net assets at beginning of year
Net assets at end of year

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

Net (Expense) Revenue and Change in Net Assets

Road Commission	Department of Public Works	Community Mental Health Authority	Drains	Total
\$(715,553)				\$(715,553)
(199,260)				(199,260)
<u>(914,813)</u>				
	-			-
	(685,021)			(685,021)
	<u>(685,021)</u>			
		(1,206,953)		(1,206,953)
		(499,363)		(499,363)
		<u>(1,706,316)</u>		
			10,048,569	10,048,569
			(510,765)	(510,765)
			<u>9,537,804</u>	
				6,231,654
<u>83,723</u>	<u>16,740</u>	<u>269,311</u>	<u>8,765</u>	<u>378,539</u>
(831,090)	(668,281)	(1,437,005)	9,546,569	6,610,193
<u>119,670,353</u>	<u>19,059,038</u>	<u>10,070,482</u>	<u>15,444,733</u>	<u>164,244,606</u>
<u>\$ 118,839,263</u>	<u>\$ 18,390,757</u>	<u>\$ 8,633,477</u>	<u>\$ 24,991,302</u>	<u>\$ 170,854,799</u>

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009**

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 165,000 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 - was formed for the purpose of constructing and financing the Library and Public Service Buildings and any additional facilities, which require financing. The main function of the Authority at the present time is to pay off the building bonds. The three member Board is appointed by the Board of Commissioners, and the County is fiscally responsible for the Authority. As a result, the Authority has been included as a blended component unit.

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 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. 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, and all general long-term debt issuance, excluding capital lease purchase agreements, requires County authorization.

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 DPW Revolving, Utility Operations and Maintenance Receiving and Wastewater Treatment Funds. The DPW operates under a Board, which consist of three commissioners, who are appointed by the County Commissioners. 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, 2009**

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

DRAINAGE DISTRICT - 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 benefit property owner. The full faith and credit of the County may be 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.

COMPONENT UNIT FINANCIAL STATEMENTS - Complete financial statements of the St. Clair County Road Commission, St. Clair County Department of Public Works and the St. Clair County Community Mental Health Authority are audited separately and 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

The funds associated with the activities of the drainage districts administered by the St. Clair County Drain Commissioner are included within the scope of the audit of the basic financial statements. Separate audited financial statements for this component unit 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.

ST. CLAIR COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2009

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

B. Government-wide and fund financial statements -

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) 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 funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary 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.

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.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009**

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

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:

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.

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.

Parks and Recreation - is used to account for county special millage to be used to expand and enhance our park system.

Library - is used to account for the operations of the Public Library.

Revenue Sharing Reserve - is used for the collection of tax revenues for the replacement of State Shared Revenues.

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.

Additionally, the government reports the following fund types:

Special Revenue Funds - are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

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 government funds.

ST. CLAIR COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2009

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

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).

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

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 governments, and other funds, including tax collections, payroll liabilities, and library collections of penal fines.

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

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.

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

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal on-going operations. The principal operating revenues of the Enterprise and Internal Services Funds are charges to customers for sales and services. 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 nonoperating revenues and expenses.

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

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009**

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

D. Assets, Liabilities and Net Assets or Equity -

Deposits and Investments -

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, 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 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).

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".

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

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

Inventories and Prepaid Items -

All inventories are valued at cost using the first in/first out (FIFO) method, except for the Road Commission (component unit) inventory that is stated at average cost. Inventories of governmental funds are recorded as expenditures when purchased, except the Road Commission and Health Department, which are recognized using the consumption method (recorded as expense when used).

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide statements, except for prepaid postage which is recorded in the governmental fund financial statements.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009**

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

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 proceeding 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 since they are budgeted as revenues in the subsequent year. For the year the County levied 5.3265 mills for the General Fund, .4954 mills for Parks and Recreation, .7000 mills for Library, .5000 mills for Senior Citizens and .2803 mills for Drug Task Force.

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.

Property, plant, and equipment of the primary government, as well as the component units, is 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				
	Primary Government	Road Commission	Mental Health	Dept. of Public Works	Drains
Building/Improvements	20-45	20-50	5-40	20-50	-
Drain System	-	-	-	-	50
Road Systems/Other					
Infrastructure	-	8-50	-	-	-
Utility System	-	-	-	50-60	-
Equipment	5-15	4-20	4-7	5-20	-
Books/Audiovisual	5-10	-	-	-	-

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009**

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

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 assets. Bond premiums and discounts, as well as issuance costs, if significant, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

Fund Equity -

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

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.

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 August 31, 2010, under separate cover as supplementary information to the Annual Financial Report.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009**

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

Upcoming Accounting Changes -

The Governmental Accounting Standards Board (GASB) recently issued Statement 54, *Fund Balance Reporting and Governmental Fund-type Definitions*. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing fund type definitions. This statement establishes fund balance classification that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The new pronouncement is effective for the County's year ending December 31, 2011. The County's administration is currently evaluating the impact of the pronouncement on its financial statements.

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 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 Commissioner's 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 expansion 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.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009**

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

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. Budgetary comparisons have not been made for the component unit financial statements but are available in their separately issued component unit financial statements.

Excess of Expenditures Over Appropriations -

PRIMARY GOVERNMENT -

General Fund –

<u>Fund Type/Function/Activity</u>	<u>Appropriations</u>	<u>Expended</u>	<u>Variance</u>
Judicial -			
Courthouse Security	\$ 489,118	\$ 500,847	\$ 11,729
General Government -			
Register of Deeds	246,249	259,502	13,253
Information Technology	2,228,815	2,256,391	27,576
Drain Commissioner	408,423	413,982	5,559
Public Safety -			
Training	18,000	19,347	1,347
Communications/Radio	1,849,262	1,884,078	34,816
Emergency Preparedness	721,543	873,566	152,023
Hazardous Material Handling	34,172	37,237	3,065
Public Works -			
Road Commission	-	632,978	632,978
Drains	21,000	888,144	867,144
Health and Welfare -			
Public Guardian	268,472	284,984	16,512
Medical Examiner	274,364	288,455	14,091
Transfers to other funds	10,677,020	11,077,020	400,000
Special Revenue Funds -			
Health Department -			
Transfers to other funds	-	275,000	275,000
Parks and Recreation -			
Recreation and Culture	4,439,710	4,541,877	102,167
Revenue Sharing Reserve -			
Transfers to other funds	3,498,485	3,559,861	61,376

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009**

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

Nonmajor Special Revenue Funds -

<u>Fund Type/Function/Activity</u>	<u>Appropriations</u>	<u>Expended</u>	<u>Variance</u>
Senior Citizens Millage - Transfers to other funds	\$ -	\$ 8,884	\$ 8,884
Friend of Court - Judicial	239,795	256,845	17,050
Public Improvement - Transfers to other funds	480,000	485,089	5,089
Child Care - Health and Welfare	6,125,899	6,429,124	303,225
E - 911 - Transfers to other funds	765,833	769,182	3,349
Local Corrections and Training - Public Safety	50,000	51,008	1,008
Family Counseling - Judicial	20,000	31,785	11,785

Undesignated Fund Balance Deficit -

The Drain Debt fund has an undesignated fund balance deficit of \$366,705 at December 31, 2009 due to interest payments on notes being made before assessments have been made to the benefiting property owners.

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, 2009**

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 banker's 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, 2009**

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	\$ 16,922	\$ 3,750	\$ 1,200	\$ 21,872
Deposits with Financial Institutions -				
Checking	2,964,516	25,938,409	2,398,667	31,301,592
Savings/Certificates of Deposit/Money Market	<u>63,089,756</u>	<u>2,338,420</u>	<u>165,243</u>	<u>65,593,419</u>
Total	<u>66,054,272</u>	<u>28,276,829</u>	<u>2,563,910</u>	<u>96,895,011</u>
Investments -				
Investment Trust Funds	1,014,384	-	7,673,765	8,688,149
U.S. Government Securities	-	167,511	407,302	574,813
Corporate Debt	-	-	32,235,388	32,235,388
Stocks	-	-	82,727,156	82,727,156
Equity Funds	-	-	44,389,838	44,389,838
Foreign Bonds	-	-	16,501,174	16,501,174
Mutual Funds	-	-	2,216,340	2,216,340
Municipal Bonds	-	-	49,348	49,348
Investments Held by Broker	-	-	102,663	102,663
Total Investments	<u>1,014,384</u>	<u>167,511</u>	<u>186,302,974</u>	<u>187,484,869</u>
Grand Total	<u>\$ 67,085,578</u>	<u>\$ 28,448,090</u>	<u>\$ 188,868,084</u>	<u>\$284,401,752</u>

Reconciliation To Combined Balance Sheet -

Reported as Cash and Cash Equivalents -	
Petty Cash and Cash on Hand	\$ 21,872
Cash in Checking	31,301,592
Cash in Savings/Money Market/Certificate of Deposit	55,782,896
Investment Trust Funds	<u>8,688,149</u>
Total Cash and Cash Equivalents Reported on Combined Balance Sheet	<u>95,794,509</u>
Reported as Investments -	
Certificates of Deposits	9,810,523
U.S. Government Securities	574,813
Corporate Debt	32,235,388
Stocks	82,727,156
Equity Funds	44,389,838
Foreign Bonds	16,501,174
Mutual Funds	2,216,340
Municipal Bonds	49,348
Investments Held by Broker-Dealer	<u>102,663</u>
Total Investments Reported on Combined Balance Sheet	<u>188,607,243</u>
Grand Total - Combined Balance Sheet	<u>\$ 284,401,752</u>

ST. CLAIR COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009

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, as of December 31, 2009, the book value of the County's deposits was \$96,895,011 with a corresponding bank balance of \$98,760,170. Insured deposits were \$36,133,737, and collateralized were \$62,110,693 with the remaining \$515,740 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 \$2,807,809 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 trusts have 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	\$ 1,014,384	AAAm	Standard & Poors	54
Fiduciary Unit - Federated Treasury Obligations	1,793,425	AAAm	Standard & Poors	20

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009**

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:

<u>Investment Types</u>	<u>Fair value</u>	<u>Maturity (years)</u>	
		<u><1</u>	<u>1-2</u>
Investment Trusts -			
Primary Government	\$ 1,014,384	\$ 1,014,384	\$ -
Fiduciary Unit	1,793,425	1,793,425	-
Certificates of Deposit (1) -			
Primary Government	9,810,523	9,792,473	18,050

(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% of the system's assets. Additionally, investments must comply with the following guidelines:

US Large Cap Equities - No more than 5% of the outstanding securities of one issuer, nor more than 7% of the portfolio's assets in the outstanding securities of one issuer. No more than three times the sector weighting of the S & P 500 Index and a maximum weighting of 25% of the index weight, whichever is greater, invested in any one industry sector.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009**

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

US Small/Mid Cap Equities - No more than 5% of the outstanding securities of one issuer, nor more than 7% of the portfolio's assets in the outstanding securities of one issuer. No more than three times the sector weighting of the Russell 2500 Index and a maximum weighting of 25% of the index weight, whichever is greater, invested in any one-industry sector.

International Equities - No more than 25% of the portfolio in emerging market countries.

US Intermediate Fixed Income - No more than 5% may be invested in one issuer, except Treasury and Agency securities. All debt securities must have a quality rating of Baa/BBB or above by at least two of the major rating agencies.

Pension investments are made through the use of Investment Advisors, which are selected and retained by the Retirement Board. The advisors serve at the leisure of the Retirement Board as provided by investment agreements. At December 31, 2009 the Retirement System had five investment advisors. As of December 31, 2009, the County had the following investment types in its Retirement System:

<u>Investment Types</u>	<u>Fair Value</u>	<u>Percentage</u>
U.S. Treasury and Agencies	\$ 407,302	0.22 %
Corporate Debt - Other	32,235,388	17.48
Municipal Bonds	49,348	0.03
Foreign Bonds	16,501,174	8.95
Stocks	82,727,156	44.86
Mutual Funds	2,216,340	1.20
Equity Funds -		
Other	17,224,425	9.34
Index Funds	18,018,937	9.77
Strategy Funds	<u>9,146,476</u>	<u>4.96</u>
	178,526,546	96.81
Investment Trust Funds (1)	<u>5,880,340</u>	<u>3.19</u>
Total	<u>\$ 184,406,886</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>
Fifth Third Treasury Money Market	\$ 1,462,230	AAAm	Standard & Poors	52
Fifth Third Institutional Money Market	2,582,877	AAAm	Standard & Poors	55
Federated Govt. Obligations Tx Mgd Fund	1,817,312	AAAm	Standard & Poors	50
Federated Prime Obligations	17,921	AAAm	Standard & Poors	38

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009**

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

Credit Risk - The Board's adopted Statement of Investment Policies and Objectives states that all debt securities, except Treasuries and Agencies, must have a quality rating of Baa/BBB or above by at least two of the major rating agencies at the time of issue and the overall rating of the portfolio should be AA or better. Any security held in the portfolio that drops below that investment grade shall be reported to the Retirement Board immediately along with a proposed plan of action. As of December 31, 2009, 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>
\$ 5,745,142	AAA
1,388,147	AA+
370,982	AA
702,808	AA-
782,525	A+
6,805,653	A
2,901,341	A-
10,349,390	BBB+
5,239,569	BBB
6,388,366	BBB-
487,715	BB+
3,948,543	BB
341,888	BB-
255,000	B+
222,038	B
596,103	B-
845,648	CCC
13,638	D
<u>1,401,414</u>	No Rating
<u>\$ 48,785,910</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 side 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, 2009, \$184,406,886 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, 2009**

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 forty 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, 2009, the Retirement System's investments had the following maturities:

Investment	Fair Value	Years			
		<1	1-5	5-10	10>
Corporate Debt Other	\$ 32,235,388	\$ 418,891	\$ 4,521,382	\$ 10,124,602	\$ 17,170,513
Municipal Bonds	49,348	-	-	-	49,348
Foreign Bonds	<u>16,501,174</u>	<u>23,503</u>	<u>4,727,894</u>	<u>7,376,661</u>	<u>4,373,116</u>
	<u>\$ 48,785,910</u>	<u>\$ 442,394</u>	<u>\$ 9,249,276</u>	<u>\$ 17,501,263</u>	<u>\$ 21,592,977</u>

NOTE 4 - RECEIVABLES:

Receivables in the governmental and business type activities are as follows:

	Governmental Activities	Business-type Activities
Property taxes	\$ 14,882,753	\$ 10,491,364
Interest and accounts	1,748,834	869,061
Notes receivable	-	78,014
Intergovernmental -		
Federal/State	4,768,695	95,195
Local	<u>10,461,916</u>	<u>16,315</u>
	31,862,198	11,549,949
Less – allowance for uncollectible	<u>(480,117)</u>	<u>(84,000)</u>
	<u>\$ 31,382,081</u>	<u>\$ 11,465,949</u>

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009**

NOTE 4 - RECEIVABLES - (cont'd):

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

		<u>Unavailable</u>	<u>Unearned</u>
General Fund	Property Taxes	\$ 462,523	\$ -
	Rent	138,013	-
	Grants	82,789	-
	Fees and Other	<u>121,394</u>	<u>-</u>
		<u>804,719</u>	<u>-</u>
Health Department	Grants	<u>307,217</u>	<u>15,621</u>
Parks and Recreation	Property Taxes	<u>55,274</u>	<u>3,182,365</u>
Library	Property Taxes	<u>66,806</u>	<u>4,497,020</u>
Senior Citizens Millage	Property Taxes	<u>55,757</u>	<u>3,212,076</u>
Mental Health Building Debt	Lease Contract	<u>10,125,000</u>	<u>-</u>
Non-Major Governmental Funds	Property Taxes	31,461	1,800,441
	Grants	8,400	-
	Revolving Loan	1,265,732	-
	Fees	<u>43,598</u>	<u>-</u>
		<u>1,349,191</u>	<u>1,800,441</u>
Total deferred/unearned revenue in governmental funds		<u>\$ 12,763,964</u>	<u>\$ 12,707,523</u>

NOTE 5 - CAPITAL ASSETS:

Primary Government

Capital asset activity of the primary government for the year ended December 31, 2009 was as follows:

	<u>Balance January 1, 2009</u>	<u>Additions</u>	<u>Disposals/ Adjustments</u>	<u>Balance December 31, 2009</u>
General Government:				
Capital Assets, not being depreciated				
Land	\$ 9,552,147	\$ 125,352	\$ -	\$ 9,677,499
Construction in progress	<u>960,587</u>	<u>3,230,711</u>	<u>565,591</u>	<u>3,625,707</u>
Total capital assets, not being Depreciated	<u>10,512,734</u>	<u>3,356,063</u>	<u>565,591</u>	<u>13,303,206</u>

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009**

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

	Balance January 2009	Additions	Disposals/ Adjustments	Balance December 31, 2009
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Capital assets, being depreciated				
Buildings	\$ 86,861,259	\$ 468,563	\$ -	\$ 87,329,822
Improvements other than buildings	5,416,537	15,250	-	5,431,787
Machinery and equipment	17,147,378	722,938	179,429	17,690,887
Books	<u>10,600,371</u>	<u>512,139</u>	<u>928,464</u>	<u>10,184,046</u>
Total capital assets being depreciated	<u>120,025,545</u>	<u>1,718,890</u>	<u>1,107,893</u>	<u>120,636,542</u>
Less accumulated depreciation for:				
Buildings	18,778,967	2,055,946	-	20,834,913
Improvements other than buildings	1,884,621	229,152	-	2,113,773
Machinery and equipment	8,820,759	1,202,874	162,822	9,860,811
Books	<u>7,775,590</u>	<u>701,617</u>	<u>928,464</u>	<u>7,548,743</u>
Total accumulated depreciation	<u>37,259,937</u>	<u>4,189,589</u>	<u>1,091,286</u>	<u>40,358,240</u>
Total capital assets being depreciated, net	<u>82,765,608</u>	<u>(2,470,699)</u>	<u>16,607</u>	<u>80,278,302</u>
Governmental activities capital assets, net	<u>\$ 93,278,342</u>	<u>\$ 885,364</u>	<u>\$ 582,198</u>	<u>\$ 93,581,508</u>
Business-type Activities:				
Capital Assets, not being depreciated				
Land	\$ 1,077,858	\$ -	\$ -	\$ 1,077,858
Construction in progress	<u>1,956,834</u>	<u>1,240,468</u>	<u>56,200</u>	<u>3,141,102</u>
Total Capital Assets, not being depreciated	<u>3,034,692</u>	<u>1,240,468</u>	<u>56,200</u>	<u>4,218,960</u>
Capital Assets, being depreciated				
Building	1,447,631	-	-	1,447,631
Improvements other than buildings	28,673,863	901,057	-	29,574,920
Machinery and equipment	<u>984,350</u>	<u>184,625</u>	<u>12,606</u>	<u>1,156,369</u>
Total capital assets being depreciated	<u>31,105,844</u>	<u>1,085,682</u>	<u>12,606</u>	<u>32,178,920</u>
Less accumulated depreciation for:				
Building	433,152	38,474	-	471,626
Improvements other than buildings	17,895,058	1,324,710	-	19,219,768
Machinery and equipment	<u>626,705</u>	<u>100,553</u>	<u>11,555</u>	<u>715,703</u>
	<u>18,954,915</u>	<u>1,463,737</u>	<u>11,555</u>	<u>20,407,097</u>
Total capital assets being depreciated, net	<u>12,150,929</u>	<u>(378,055)</u>	<u>1,051</u>	<u>11,771,823</u>
Business type activities capital assets, net	<u>\$ 15,185,621</u>	<u>\$ 862,413</u>	<u>\$ 57,251</u>	<u>\$ 15,990,783</u>

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009**

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

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

Governmental activities:	
Judicial	\$ 43,593
General Government	833,877
Public Safety	2,121,624
Health and Welfare	90,430
Recreation and Cultural	<u>1,097,576</u>
Total depreciation expense-governmental activities	4,187,100
Depreciation in the internal service fund	<u>2,489</u>
	<u>\$ 4,189,589</u>
Business-type activities:	
Solid Waste Disposal System	\$ 1,166,600
Delinquent Tax Revolving	39,883
Airport Commission	<u>257,254</u>
Total depreciation expense-business-type activities	<u>\$ 1,463,737</u>

Construction/Purchase Commitments

The County has committed to the following contracts at December 31, 2009 (These commitments do not include contracts which have been agreed to and all contractual payments have been made or change orders made after December 31, 2009):

	<u>Contract Amount</u>	<u>Payments Through 12/31/09</u>	<u>Accounts Payable/ Retention</u>	<u>Remaining Balance 12/31/09</u>
Road at Chrysler Plant (a)	\$ 480,000	\$ -	\$ -	\$ 480,000
Day Treatment Night Watch Building (b)	1,444,036	142,620	371,553	929,863
Communications Systems Construction (c)	3,323,284	654,123	-	2,669,161
Wadhams to Avoca Trail Construction (d)	80,914	-	-	80,914

- a) The County has committed to contribute to road improvements necessary for the opening of a new Chrysler Plant within the County.
- b) The County has contracted for construction of a day treatment/night watch facility.
- c) The County has contracted for the next phase in the construction of a communications system.
- d) The County has contracted for improvements to the Wadhams to Avoca trail development.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009**

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

Discretely Presented Component Units

Drain Commissioner. Activity for the Drain Commissioner for the year ended December 31, 2009, was as follows:

	Balance January 1, 2009	Additions	Deletions	Balance December 31, 2009
Capital assets, not being depreciated:				
Right of Ways	\$ 60,000	\$ 152,815	\$ -	\$ 212,815
Construction in progress	<u>6,726,905</u>	<u>2,740,341</u>	<u>876,868</u>	<u>8,590,378</u>
	<u>6,786,905</u>	<u>2,893,156</u>	<u>876,868</u>	<u>8,803,193</u>
Capital assets, being depreciated:				
Infrastructure	18,410,193	1,042,761	-	19,452,954
Equipment	<u>35,217</u>	<u>-</u>	<u>-</u>	<u>35,217</u>
	<u>18,445,410</u>	<u>1,042,761</u>	<u>-</u>	<u>19,488,171</u>
Less accumulated depreciation for:				
Infrastructure	4,541,742	281,638	-	4,823,380
Equipment	<u>17,720</u>	<u>7,044</u>	<u>-</u>	<u>24,764</u>
	<u>4,559,462</u>	<u>288,682</u>	<u>-</u>	<u>4,848,144</u>
Total capital assets being depreciated, net	<u>13,885,948</u>	<u>754,079</u>	<u>-</u>	<u>14,640,027</u>
Drain Commissioner capital assets, net	<u>\$ 20,672,853</u>	<u>\$ 3,647,235</u>	<u>\$ 876,868</u>	<u>\$ 23,443,220</u>

Depreciation expense for 2009 was \$288,682.

Construction/Purchase Commitments

The County Drain Commissioner has committed to the following contracts at December 31, 2009 (These commitments do not include contracts which have been agreed to and all contractual payments have been made or change orders made after December 31, 2009):

	Contract Amount	Payments Through 12/31/09	Accounts Payable/ Retention	Remaining Balance 12/31/09
Village of Avoca Wastewater Treatment	\$ 1,543,094	\$ 161,820	\$ 402,588	\$ 978,686
Bunce Creek and Huffman Drain	1,500,832	712,361	294,339	494,132

The above projects are all for the construction and improvements of various Drain Districts.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009**

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

Road Commission. Activity for the Road Commission for the year ended December 31, 2009 was as follows:

	Balance January 1, 2009	Additions	Deletions/ Removals	Balance December 31, 2009
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Capital Assets, not being depreciated -				
Land	\$ 65,629	\$ -	\$ -	\$ 65,629
Land Improvements	33,385,769	916,043	-	34,301,812
Right of Ways	<u>1,190,798</u>	<u>93,317</u>	<u>-</u>	<u>1,284,115</u>
Total Capital Assets, not being depreciated	<u>34,642,196</u>	<u>1,009,360</u>	<u>-</u>	<u>35,651,556</u>
Capital Assets, being depreciated -				
Building and Improvements	4,619,422	40,495	-	4,659,917
Road Equipment	11,134,795	677,735	77,577	11,734,953
Shop Equipment	673,598	3,200	-	676,798
Office Equipment	298,431	6,565	41,773	263,223
Engineering Equipment	284,564	50,427	3,857	331,134
Infrastructure -				
Roads	93,134,208	3,799,480	2,606,496	94,327,192
Bridges	35,489,598	372,699	-	35,862,297
Traffic Signals	417,425	5,583	-	423,008
Depletable Assets -				
Gravel Pits	<u>163,455</u>	<u>-</u>	<u>-</u>	<u>163,455</u>
	<u>146,215,496</u>	<u>4,956,184</u>	<u>2,729,703</u>	<u>148,441,977</u>
Less - Accumulated Depreciation for -				
Buildings and Improvements	2,404,998	101,155	-	2,506,153
Road Equipment	10,255,210	507,949	77,368	10,685,791
Shop Equipment	513,375	18,918	-	532,293
Office Equipment	269,908	12,289	41,773	240,424
Engineering Equipment	243,135	16,668	3,858	255,945
Infrastructure -				
Roads	35,918,937	4,555,959	2,606,496	37,868,400
Bridges	12,879,621	678,108	-	13,557,729
Traffic Signals	284,995	17,113	-	302,108
Depletable Assets	<u>46,342</u>	<u>-</u>	<u>-</u>	<u>46,342</u>
	<u>62,816,521</u>	<u>5,908,159</u>	<u>2,729,495</u>	<u>65,995,185</u>
Total Capital Assets, being depreciated, net	<u>83,398,975</u>	<u>(951,975)</u>	<u>208</u>	<u>82,446,792</u>
Governmental Activity Capital Assets, net	<u>\$118,041,171</u>	<u>\$ 57,385</u>	<u>\$ 208</u>	<u>\$118,098,348</u>

Depreciation expense for 2009 was \$5,908,159.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009**

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

Department of Public Works. Activity for the Department of Public Works for the year ended December 31, 2009 was as follows:

	Balance January 1, 2009	Additions	Deletions	Balance December 31, 2009
Business-type activities:				
Capital assets, not being depreciated -				
Land	\$ 705,522	\$ -	\$ -	\$ 705,522
Construction In-Progress	74,956	74,304	5,019	144,241
	<u>780,478</u>	<u>74,304</u>	<u>5,019</u>	<u>849,763</u>
Capital assets being depreciated -				
Site Development	288,867	62,351	-	351,218
Plant	10,629,644	9,175	-	10,638,819
Utility System	18,701,442	118,573	-	18,820,015
Machinery and Equipment	<u>1,380,421</u>	<u>109,659</u>	-	<u>1,490,080</u>
	<u>31,000,374</u>	<u>299,758</u>	-	<u>31,300,132</u>
Less - accumulated depreciation for -				
Site Development	135,805	16,206	-	152,011
Plant	4,381,925	212,684	-	4,594,609
Utility System	9,684,047	316,093	-	10,000,140
Machinery and Equipment	<u>812,643</u>	<u>66,731</u>	-	<u>879,374</u>
	<u>15,014,420</u>	<u>611,714</u>	-	<u>15,626,134</u>
Total capital assets, being depreciated, net	<u>15,985,954</u>	<u>(311,956)</u>	-	<u>15,673,998</u>
Business-type activities capital assets, net	<u>\$ 16,766,432</u>	<u>\$(237,652)</u>	<u>\$ 5,019</u>	<u>\$ 16,523,761</u>

Depreciation expense was charged to function/programs as follows:

Business-type activities - Water and Sewer	<u>\$ 611,714</u>
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ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009**

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

Community Mental Health Authority. Activity for the Community Mental Health Authority for the year ended September 30, 2009 was as follows:

	<u>Oct. 1, 2008</u> <u>Balance</u>	<u>Additions</u>	<u>Disposals/ Adjustments</u>	<u>Sept. 30, 2009</u> <u>Balance</u>
Capital assets not being depreciated -				
Land	\$ 1,752,758	\$ -	\$ -	\$ 1,752,758
Capital assets being depreciated -				
Building	11,100,404	437,581	-	11,537,985
Leasehold improvements	54,980	-	-	54,980
Equipment and Furniture	<u>2,065,245</u>	<u>116,941</u>	-	<u>2,182,186</u>
	<u>13,220,629</u>	<u>554,522</u>	-	<u>13,775,151</u>
Less accumulated depreciation for -				
Building	264,801	623,530	-	888,331
Leasehold improvements	30,239	5,498	-	35,737
Equipment	<u>820,129</u>	<u>318,628</u>	-	<u>1,138,757</u>
	<u>1,115,169</u>	<u>947,656</u>	-	<u>2,062,825</u>
Net capital assets being depreciated	<u>12,105,460</u>	<u>(393,134)</u>	-	<u>11,712,326</u>
Total capital assets net of depreciation	<u>\$ 13,858,218</u>	<u>\$ (393,134)</u>	<u>\$ -</u>	<u>\$ 13,465,084</u>

Depreciation expense for 2009 was \$947,656.

NOTE 6 - PAYABLES:

Payables in the governmental and business-type activities are as follows:

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>
Accounts payable/accrued expenses	\$ 3,338,884	\$ 596,807
Wages and fringe benefits	1,588,890	12,002
Accrued interest	566,468	-
Intergovernmental -		
Federal/State	490,477	-
Local	<u>24,670</u>	<u>55,023</u>
	<u>\$ 6,009,389</u>	<u>\$ 663,832</u>

ST. CLAIR COUNTY, MICHIGAN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 7 - INTERFUND RECEIVABLE, PAYABLE AND TRANSFERS:

The composition of interfund balances as of December 31, 2009:

Due To/From Other Funds -

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Fiduciary Funds - Trust and Agency	Drug Task Force	\$ <u>15,448</u> (1)

(1) Amount owed to correct posting

Due To/From Primary Government & Component Units -

<u>Receiving Entity</u>		
Component Unit - Road Commission	Component Units - DPW	\$ 26,524 (1)
	Drains	<u>20,015</u> (1)
		<u>\$ 46,539</u>

(1) Amount owed to cover reimbursement of operating costs, charges for services provided.

Advances From/To Primary Government & Component Unit -

<u>Receiving Entity</u>		
Primary Government - General Fund	Component Unit - Drains	\$ <u>50,000</u> (1)
Component Unit - DPW	Airport	\$ <u>89,281</u> (1)

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

Transfers From/To Other Funds -

<u>Receiving Fund</u>	<u>Expending Fund</u>	<u>Amount</u>
General	Senior Citizens Millage	\$ 8,884 (1)
	Parks and Recreation	30,921 (4)
	Tax Reserve	419,601 (5)
	Solid Waste Disposal System -	632,978 (8)*
		117,022 (4)*
	Drug Task Force	168,895 (4)
	Revenue Sharing Reserve	3,559,861 (7)
	E-911	769,182 (4)
	Planning Commission	7,000 (3)
	Human Services	127,377 (6)
Health Department	General	2,827,329 (1)

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009**

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

<u>Receiving Fund</u>	<u>Expending Fund</u>	<u>Amount</u>
Library	Public Improvement	\$ 5,089 (3)
Nonmajor Governmental Funds -		
Planning Commission	General	492,200 (1)
Public Improvement -	General	900,000 (3)
	Health Department	275,000 (3)
CDBG Housing	General	10,000 (1)
Human Services	General	609,750 (1)
Child Care	General	4,105,108 (1)
Jail/Juvenile Facility Debt		
Retirement	Delinquent Tax Revolving	2,108,662 (2)*
Building Authority Debt		
Retirement	General	907,970 (2)
Day Treatment/Night Watch		
Building	Child Care	600,000 (3)
Development Revolving-	General	900,000 (3)
	Public Improvement	480,000 (3)
Communications Construction	General	100,000 (3)
Nonmajor Proprietary Funds -		
Airport	General	<u>224,663 (1)*</u>
Total Transfer		<u>\$ 20,387,492</u>

- (1) Annual appropriations for operations
- (2) Transfers for the payment of debt
- (3) Transfers for construction/equipment
- (4) Transfers to cover cost

- (5) Transfer to closeout fund
- (6) Return of equity
- (7) Substitution for State Revenue Sharing
- (8) Transfer to cover Road Appropriation

*Transfer Between Governmental and Business-type Activities

NOTE 8 - LEASES:

Primary Government

Lessee Leases - The County has entered into an operating lease agreement for the use of copiers. The agreement calls for fixed annual payments of \$157,652 and additional per copy charges based on usage. The operating lease expires April 1, 2010, with an option to extend the contract for an additional two years. The entire cost of the contract is not to exceed \$1,120,000. The County has the option to terminate the contract with 90 days notice. The noncancellable portion of the contract is \$39,413.

Lessor 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. The agreement calls for annual rent payments of \$774,693 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 by the State for various reasons with at least 90 days notice. The noncancellable portion of the lease is \$181,829.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009**

NOTE 8 - LEASES - (cont'd):

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 respective 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.

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

	<u>Principal</u>	<u>Interest</u>
2010	\$ 200,000	\$ 415,738
2011	250,000	406,331
2012	250,000	396,175
2013	275,000	385,675
2014	300,000	374,175
2015-2019	2,650,000	1,605,875
2020-2024	4,300,000	873,162
2025-2026	<u>1,900,000</u>	<u>81,700</u>
Total Receivable	<u>\$ 10,125,000</u>	<u>\$ 4,538,831</u>

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 bond issue 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>
2010	\$ 3,000,000	\$ 1,181,967
2011	3,155,000	1,073,125
2012	3,095,000	974,343
2013	2,900,000	877,085
2014	2,820,000	781,784
2015-2019	13,045,600	2,471,928
2020-2024	4,025,000	625,323
2025-2029	<u>1,736,954</u>	<u>120,541</u>
	<u>\$ 33,777,554</u>	<u>\$ 8,106,096</u>

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009**

NOTE 8 - LEASES - (cont'd):

The aggregate future capital lease payments necessary for the retirement of the debt principal and accrued interest payable at December 31, 2009 have been reported net of available cash as a capital lease receivable.

Principal due	\$ 33,777,554
Accrued interest	231,118
Net Premium (Discount)	<u>(29,960)</u>
	33,978,712
Less -	
Cash available after current liabilities	<u>(943,870)</u>
Deferred Charges	<u>(63,854)</u>
	<u>\$ 32,970,988</u>

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, 2009:

	<u>Balance January 1, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2009</u>	<u>Due Within One Year</u>
Governmental Activities:					
Governmental Funds -					
2007 General Obligation Bonds, Series A	\$ 10,325,000	\$ -	\$ 200,000	\$ 10,125,000	\$ 200,000
2007 General Obligation Bonds, Series B	3,400,000	-	100,000	3,300,000	125,000
2004 Building Authority Refunding Bonds	8,450,000	-	565,000	7,885,000	550,000
2003 General Obligation Bonds	30,600,000	-	850,000	29,750,000	900,000
2009 General Obligation Bonds	-	3,000,000	-	3,000,000	100,000
Drain Districts	772,882	867,193	125,536	1,514,539	114,865
Accumulated Vacation, Sick & Compensatory	4,848,737	2,029,507	2,495,970	4,382,274	410,000
Other Postemployment Benefits	5,072,404	7,709,725	1,984,105	10,798,024	-
Deferred amounts for -					
Issuance Discounts	<u>(186,744)</u>	<u>(1,661)</u>	<u>(10,864)</u>	<u>(177,541)</u>	<u>(10,864)</u>
Issuance Premiums	264,734	-	24,067	240,667	24,067
Refunding Loss	<u>(683,381)</u>	<u>-</u>	<u>(62,125)</u>	<u>(621,256)</u>	<u>(62,125)</u>
Total Governmental Fund	<u>62,863,632</u>	<u>13,604,764</u>	<u>6,271,689</u>	<u>70,196,707</u>	<u>2,350,943</u>
Internal Service Fund -					
Worker's Compensation Claims Liability	211,000	160,639	171,639	200,000	120,000
General, Auto and Property Insurance Claims Liability	440,000	197,559	437,559	200,000	100,000
Other Postemployment Benefits	<u>8,763</u>	<u>14,268</u>	<u>3,619</u>	<u>19,412</u>	<u>-</u>
Total Internal Service Fund	<u>659,763</u>	<u>372,466</u>	<u>612,817</u>	<u>419,412</u>	<u>220,000</u>
Total Governmental Activities	<u>\$ 63,523,395</u>	<u>\$ 13,977,230</u>	<u>\$ 6,884,506</u>	<u>\$ 70,616,119</u>	<u>\$ 2,570,943</u>

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009**

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

	Balance January 1, <u>2009</u>	<u>Additions</u>	<u>Reductions</u>	Balance December 31, <u>2009</u>	Due Within <u>One Year</u>
<u>Business Activities:</u>					
Enterprise Funds -					
Solid Waste Disposal System -					
Closure and Post-closure Costs	\$ 8,769,616	\$ -	\$ 287,830	\$ 8,481,786	\$ -
Accumulated Vacation, Sick & Compensatory	26,850	-	7,991	18,859	-
Other Postemployment Benefits	25,538	51,286	13,068	63,756	-
Delinquent Tax Revolving -					
Installment Contract	40,584	-	40,584	-	-
Other Postemployment Benefits	4,597	16,221	4,222	16,596	-
Airport Commission -					
Accumulated Vacation, Sick & Compensatory	14,985	-	656	14,329	-
Other Postemployment Benefits	<u>11,995</u>	<u>21,302</u>	<u>5,428</u>	<u>27,869</u>	<u>-</u>
Total Enterprise Funds	<u>8,894,165</u>	<u>88,809</u>	<u>359,779</u>	<u>8,623,195</u>	<u>-</u>
 Total Primary Government	 <u>\$ 72,417,560</u>	 <u>\$ 14,066,039</u>	 <u>\$ 7,244,285</u>	 <u>\$ 79,239,314</u>	 <u>\$ 2,570,943</u>

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. The bonds are being 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 \$200,000 to \$950,000 through April 1, 2026 with interest ranging from 4.0% to 4.3% payable semi-annually.

\$ 10,125,000

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. The bonds are being 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 \$125,000 to \$425,000 through April 1, 2021 with interest ranging from 4.0% to 4.25% payable semi-annually.

\$ 3,300,000

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009**

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

2004 Building Authority Refunding Bonds -

The Building Authority issued \$9,625,000 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 all future debt service payments of \$9,100,000 of general obligation limited tax bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed for the governmental activities column of the statement of net assets. The reacquisition price exceeded the net carrying amount of the old debt by \$994,007. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt, which is shorter than the life of the new debt issued. This advance refunding was undertaken to reduce the total debt service payments over 16 years by \$369,426 and resulted in an economic gain of \$271,928. The bonds are due in annual installments from \$550,000 to \$780,000 through April 1, 2021 with interest ranging from 3.0% to 5.0%, payable semi-annually.

\$ 7,885,000

2003 General Obligation Bonds -

The County issued \$34,000,000 of General Obligation Limited Tax Bonds, pursuant to Act 34, Public Act of Michigan. The notes are for the design and construction of a jail and juvenile facility. The bonds, dated June 4, 2003, are due in annual installments increasing from \$900,000 to \$2,450,000 through April 1, 2028; plus interest ranging from 3.0% to 4.5%, payable semi-annually.

\$ 29,750,000

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 are being 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 \$100,000 to \$325,000 through April 1, 2024 with interest ranging from 3.0% to 4.125%, payable semi-annually.

\$ 3,000,000

Drain Districts -

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

\$ 1,514,539

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, 2009. The dollar amount of these claims are reflected on the Balance Sheet of the Self-Insurance Fund, including the current portion of \$100,000.

\$ 200,000

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009**

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

Accrued Worker's Compensation Claims -

The County has estimated accrued outstanding worker's compensation insurance claims, including an estimate for claims incurred but not reported (IBNR), at December 31, 2009. The dollar amount of these claims is reflected on the Balance Sheet of the Self-Insurance Fund, including the current portion of \$120,000.

\$ 200,000

Accrued Vacation, Sick and Compensatory - 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 \$33,188 has been recorded as a long-term liability of the respective funds. The governmental fund portion of \$4,382,274, as well as the enterprise fund portion, has been recorded in the government-wide financial statements as a long-term liability. The governmental fund portion is generally liquidated by the General Fund or the fund where the employee is charged.

Other Postemployment Benefits - In accordance with Governmental Accounting Standards Board (GASB) Statement No. 45, the Net OPEB Obligation as reported in the proprietary funds and governmental activities fund amounts to \$10,925,657. See Note 11 for additional information.

Post-Closure Care Landfill Costs - In accordance with the Governmental Accounting Standards Board (GASB) Statement 18, the post-closure care landfill liability at December 31, 2009, as reported in the Enterprise Funds (Landfill Fund), amounts to \$8,481,786. See Note 17 for additional information.

Annual Debt Requirements - The annual requirements to pay the debt outstanding at December 31, 2009, for the following bonds and notes (excluding accrued vacation, sick and compensatory, accrued insurance claims, other postemployment benefits and closure and post-closure costs) of the Primary Government are as follows:

Year Ending December 31,	Authority Bonds		G.O. Limited Tax Bonds		Drain Districts	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 550,000	\$ 325,745	\$ 1,325,000	\$ 1,900,576	\$ 114,865	\$ 63,859
2011	550,000	309,245	1,450,000	1,844,090	109,885	58,660
2012	535,000	292,702	1,550,000	1,788,527	106,894	53,684
2013	620,000	274,180	1,725,000	1,724,401	103,561	48,876
2014	610,000	253,275	1,850,000	1,651,527	95,848	44,192
2015-2019	3,455,000	837,425	11,900,000	6,876,889	347,356	169,749
2020-2024	1,565,000	78,125	15,325,000	3,959,471	315,502	103,913
2025-2029	-	-	11,050,000	883,887	228,719	42,745
2030-2034	-	-	-	-	51,061	15,193
2035-2038	-	-	-	-	40,848	4,343
	<u>\$ 7,885,000</u>	<u>\$ 2,370,697</u>	<u>\$ 46,175,000</u>	<u>\$ 20,629,368</u>	<u>\$ 1,514,539</u>	<u>\$ 605,214</u>

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009**

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

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, 2009:

	Balance January 1, 2009	Additions	Reductions	Balance December 31, 2009	Due Within One Year
Department of Public Works -					
Bonds Payable	\$ 18,735,000	\$ 2,425,000	\$ 1,780,000	\$ 19,380,000	\$ 1,820,000
Drinking Water Revolving Loan	14,702,554	-	975,000	13,727,554	995,000
Revolving Loans	850,000	-	180,000	670,000	185,000
Deferred Amounts for -					
Issuance Premiums	1,552	-	194	1,358	194
Issuance Discounts	(35,792)	-	(4,474)	(31,318)	(4,474)
Total DPW	<u>34,253,314</u>	<u>2,425,000</u>	<u>2,930,720</u>	<u>33,747,594</u>	<u>2,995,720</u>
Road Commission -					
MTF Bonds - Series 1999	2,935,000	-	2,935,000	-	-
MTF Bonds - Series 2009 Refunding	-	2,550,000	-	2,550,000	465,000
MTF Bonds - Series 2001	750,000	-	250,000	500,000	250,000
Accrued Vacation & Sick Leave	290,000	474,000	409,000	355,000	213,000
Other Postemployment Benefits	1,983,225	2,172,197	98,717	4,056,705	-
State Maintenance Contract					
Audit Settlement	-	136,754	-	136,754	-
Total Road Commission	<u>5,958,225</u>	<u>5,332,951</u>	<u>3,692,717</u>	<u>7,598,459</u>	<u>928,000</u>
Drains -					
Notes Payable	9,160,750	3,292,000	7,662,850	4,789,900	2,445,850
State Clean Water Revolving Loans	2,945,476	821,163	45,000	3,721,639	130,000
Bonds Payable	1,799,012	7,005,000	197,152	8,606,860	265,239
Deferred Amounts for -					
Issuance Premiums	171,419	-	77,541	93,878	19,046
Issuance Discounts	-	(142,336)	(7,117)	(135,219)	(7,117)
	<u>14,076,657</u>	<u>10,975,827</u>	<u>7,975,426</u>	<u>17,077,058</u>	<u>2,863,018</u>
Community Mental Health Authority -					
Loan Payable	1,219,167	-	26,484	1,192,683	1,192,683
Contracts Payable	10,325,000	-	200,000	10,125,000	200,000
Deferred Amounts for -					
Issuance Discounts	(98,975)	-	(5,500)	(93,475)	(5,499)
Accrued Vacation, Sick & Compensatory	1,311,344	1,231,167	1,140,136	1,402,375	1,100,000
Other Postemployment Benefits	1,231,737	2,173,272	532,482	2,872,527	-
Total Mental Health	<u>13,988,273</u>	<u>3,404,439</u>	<u>1,893,602</u>	<u>15,499,110</u>	<u>2,487,184</u>
Total Component Units	<u>\$ 68,276,469</u>	<u>\$ 22,138,217</u>	<u>\$ 16,492,465</u>	<u>\$ 73,922,221</u>	<u>\$ 9,273,922</u>

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009**

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

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 \$29,510,000.

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	2.00 - 5.55 %	\$ 12,575,000
Governmental activities - refunding	3.25 - 5.00	<u>6,805,000</u>
		<u>\$ 19,380,000</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 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.

On May 18, 2004, St. Clair County through the Department of Public Works issued \$470,000 SDSX 2004 Refunding Bonds to advance refund SDSX series 1991B in the amount of \$465,000.

On February 10, 2004, St. Clair County through the Department of Public Works issued \$2,740,000 WSSIX 2004 Refunding Bonds to partially advance refund the WSSIX Series 1996 and Series 1998 Bonds in the amounts of \$4,700,000 and \$850,000 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, 2009 the bonds outstanding of \$705,000, \$3,155,000, \$1,185,000, and \$220,000, are considered defeased.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009**

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

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 \$16,255,600.

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, ownerships of the systems revert 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%	\$ 13,727,554

State of Michigan Clean Water Revolving Loans

State of Michigan Clean Water Revolving Loans have been obtained to construct sewage disposal systems of a Village and City in the County. The County in turn is leasing the systems to the municipalities who operate, maintain and manage the systems. The loans are backed by the full faith and credit of the Village, City and County pursuant to Act 185, Public Act of Michigan 1957, as amended. The original amount of the State of Michigan Clean Water Revolving Loans issued in prior years was \$3,236,961.

The principal and interest are to be paid out of money received from the Village and City by the Board of Public Works pursuant to the lease agreement. Upon final payment of the loans, ownership of the systems reverts to the Village or City. State of Michigan Clean Water Revolving Loans currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rate</u>	
Governmental activities	2.0%	\$ 670,000

Annual debt service requirements to maturities for general obligation bonds and loans are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>General Obligation Bonds</u>		<u>Drinking Water Revolving Loans</u>		<u>Clean Water Revolving Loans</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 1,820,000	\$ 803,294	\$ 995,000	\$ 365,273	\$ 185,000	\$ 13,400
2011	1,945,000	722,475	1,020,000	340,950	190,000	9,700
2012	1,905,000	647,429	1,045,000	321,014	145,000	5,900
2013	1,680,000	578,625	1,070,000	295,460	150,000	3,000
2014	1,720,000	512,483	1,100,000	269,301	-	-
2015-2019	7,135,000	1,526,852	5,910,600	945,076	-	-
2020-2024	2,250,000	405,119	1,775,000	220,204	-	-
2025-2029	925,000	94,406	811,954	26,135	-	-
	<u>\$19,380,000</u>	<u>\$ 5,290,683</u>	<u>\$13,727,554</u>	<u>\$ 2,783,413</u>	<u>\$ 670,000</u>	<u>\$ 32,000</u>

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009**

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

	Interest Rate (Percent)	Balance December 31, 2009
Governmental Activities (G.O. Bonds) -		
Sewage Disposal System No. X - Series 2000 Bonds (Village of Capac)	5.00-5.55	\$ 540,000
Water Supply System No. IX - Series 2000 Bonds (Burtchville Township)	4.60-5.25	1,525,000
Sewage Disposal System No. I - Series 1999 Bonds (City of Algonac/Clay and Ira Townships)	5.00-5.125	700,000
Water Supply System No. II-A Series 2001 Bonds (Clay Township)	4.20-5.00	3,575,000
Sewage Disposal System No. I - Series 2003 Bonds (City of Algonac/Clay and Ira Townships)	3.45-4.60	2,385,000
Water Supply System No. XII - Series 2008 Bonds (Cottrellville Township)	3.00-5.00	1,425,000
Water Supply System No. XIII A - Series 2009 Bonds (Cottrellville Township)	2.00-4.20	<u>2,425,000</u>
		<u>\$ 12,575,000</u>
Governmental Activities (G.O. Refunding) -		
Water Supply System No. IIA - 1999 Refunding Bonds (Clay Township)	4.35-4.90	\$ 715,000
Water Supply System VII - 2003 A Refunding Bonds (Ira Township)	3.25-4.125	3,070,000
Water Supply System VII - 2003 B Refunding Bonds (Ira Township)	3.25-3.80	1,200,000
Sewage Disposal System X - 2004 Refunding Bonds (Village of Capac)	3.50-3.75	150,000
Water Supply System IX - 2004 Refunding Bonds (Burtchville Township)	3.60-5.00	<u>1,670,000</u>
		<u>\$ 6,805,000</u>
Governmental Activities (Revolving Loans) -		
Water Supply System X Series 1999 (City of Algonac/Clay Township)	2.50	\$ 4,390,600
Water Supply System III Series 1999 (Charter Townships of East China and China)	2.50	5,145,000
Water Supply System XI Series 2006 (Ira Township)	2.125	4,191,954
Sewage Disposal System XI Series 1993 (City of Yale)	2.00	580,000
Sewage Disposal System No. X Series 1999 (Village of Capac)	2.00	<u>90,000</u>
		<u>\$ 14,397,554</u>

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009**

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

Road Commission

MTF Bonds - Series 2009 Refunding -

The County of St. Clair, Michigan issued \$2,550,000 of Michigan Transportation Refunding Bonds, Series 2009, dated November 19, 2009 for the purpose of refunding the MTF Series 1999 bonds. The bonds are payable from State collected gas and weight taxes received by the Road Commission. As additional security, the County is obligated in the event and to the extent that MTF moneys are not sufficient for the repayment of the bonds, for repayment of the bonds from its general fund moneys.

The proceeds from the refunding after payment of issuance costs were placed in a special escrow account 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 debt and are sufficient to pay all principal and interest when due. Accordingly, a trust account asset and liability for the defeased bonds outstanding are not included in the financial statements. The bonds of \$2,505,000 were considered defeased. This advance refunding was undertaken to reduce the total debt service payments over five years by \$109,548 and resulted in an economic gain of \$104,297.

Principal on the bonds is due on August 1, 2010 through 2014 with interest due semi-annually on February 1 and August 1 at interest rates ranging from 2.00% to 2.625%. The balance as of December 31, 2009 was \$2,550,000.

MTF Notes - Series 2001 -

The County of St. Clair, Michigan issued \$2,500,000 of Michigan Transportation Fund Notes, Series 2001, dated August 21, 2001 pursuant to the provision of Act 202 Public Acts of Michigan 1943, as amended. The Notes are issued in anticipation of and are payable from money derived from State collected taxes returned to the Road Commission from the Michigan Transportation Fund for highway construction and construction and work incidental thereto pursuant to Act 202.

Principal on the notes is due on August 1, 2010 through 2011 with interest due semi-annually on February 1 and August 1 at an interest rate of 4.0%. The balance as of December 31, 2009 was \$500,000.

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 \$150,000 for sick leave and \$205,000 for vacation at December 31, 2009.

Post Employment Benefits -

In addition to pension benefits, the Road Commission provides postemployment health care benefits for eligible retirees and their families as described in Note 11.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009**

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

State Maintenance Contract Audit Adjustment -

The Road Commission has a contract with the State Department of Transportation to maintain the State Trunkline within the County. The Road Commission provides these services and then bills the State monthly for services performed, including an estimate of equipment, fringe, and overhead costs. As part of this agreement, the Road Commission is subject to audit by the State Department of Transportation and adjustments for differences between the amounts billed and actual costs for the services provided by the Road Commission are then either due from or to the Road Commission. The Road Commission has received the audit adjustment for the 2008 fiscal year, which has been recorded as a long-term liability at December 31, 2009. A repayment schedule of the adjustment has yet to be determined.

The annual requirements to amortize long-term liabilities outstanding at December 31, 2009, excluding compensated absences, other postemployment benefits liability, and state maintenance contract audit adjustment, are as follows:

	MTF Bonds			
	<u>Series 2009 Refunding</u>		<u>MTF Notes-Series 2001</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 465,000	\$ 34,805	\$ 250,000	\$ 20,000
2011	505,000	46,387	250,000	10,000
2012	515,000	36,288	-	-
2013	525,000	25,987	-	-
2014	<u>540,000</u>	<u>14,175</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,550,000</u>	<u>\$ 157,642</u>	<u>\$ 500,000</u>	<u>\$ 30,000</u>

Drain Commission

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 4.0% to 6.0%. St. Clair County's portion of the bonds at December 31, 2009 was \$1,601,860.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009**

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

Bunce Creek & Huffman Drain Drainage District Bonds -

In March 2009 the Bund 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 2.50% to 5.375%. The balance outstanding at December 31, 2009 was \$4,625,000.

Cox-Doty and Stein Drain Drainage District and Railroad 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 district. 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, 2009 was \$2,380,000.

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% for each of the bonds. The balances outstanding at December 31, 2009 were \$2,400,000 and \$540,000.

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 4.375%. As of December 31, 2009, the balance drawn on the loan is \$781,639.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009**

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

Notes -

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, Pubic 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 \$3,292,000 of drain notes. The balance at December 31, 2009 was as follows:

	<u>Interest Rate</u>	<u>Amount</u>
Governmental Activities -		
Blue River Gardens	2.95 %	\$ 530,000
Dana	5.90	480,000
Layle-Robbins Drain	3.95	40,000
202 County Drain	3.25	90,000*
Moore & Branch No. 1	5.75	40,000
209 County Drain	4.90	48,000
Stocks Creek & Branch	3.25	500,000*
Galbraith County Drain	3.25	300,000*
Marsac Creek	3.25	52,000*
Metcalf	3.25	227,500*
Carrigan Branches	3.25	10,000*
Carrigan Branch 1	5.69	261,000
Shanahan 2008Q	3.25	180,000*
Shea Drain	3.19	60,000*
Chase Ext - Coon Creek Intercounty Drain	3.50	212,400
Gossman & Branches County Drain	3.00	200,000*
Green Drain	2.13	60,000*
Holland & Branches County Drain	3.00	120,000*
King County Drain	3.00	25,000*
Lakeland County Drain	3.00	60,000*
Macomb County Drain	3.00	60,000*
Howe Brandymore & Branches	3.25	150,000*
Howe Brandymore Drain	2.13	100,000*
Keewahdin Branch of Carrigan Drain	2.13	80,000*
Pelton Drain	3.25	200,000*
Robbins Drain	3.25	187,500*
South Branch of the Pine River	4.23	304,000
Scheffler Drain	4.12	180,000
Hathaway Drain	4.55	<u>32,500</u>
		<u>\$ 4,789,900</u>

* Amounts held by Primary Government

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009**

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
2010	\$ 265,239	\$ 453,023	\$ 2,455,850	\$ 183,403	\$ 130,000	\$ 50,368
2011	470,239	342,846	360,850	102,614	135,000	48,018
2012	480,239	329,668	349,600	87,166	135,000	45,605
2013	480,239	312,821	333,600	72,042	140,000	43,152
2014	495,238	295,677	320,600	57,667	140,000	40,658
2015-2019	2,335,666	1,189,696	729,400	125,828	740,000	164,645
2020-2024	1,870,000	753,119	150,000	39,525	810,000	95,303
2025-2029	2,030,000	291,923	90,000	6,780	710,000	22,227
2030	<u>180,000</u>	<u>4,051</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 8,606,860</u>	<u>\$ 3,972,824</u>	<u>\$ 4,789,900</u>	<u>\$ 675,025</u>	<u>\$ 2,940,000</u>	<u>\$ 509,976</u>

During 2009, there were draws totaling \$781,639 for the construction of the Avoca Wastewater Treatment Project Drainage District. As of December 31, 2009, the construction was not completed and a final payment schedule has not been determined. Therefore, the payments are not included in the annual maturity above.

Community Mental Health Authority

Loan 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; however, the entire note is due on demand.

\$ 1,192,683

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 were issued on March 30, 2007 for \$10,490,000 payable semi-annually with interest ranging from 4.0% to 4.5%.

\$ 10,125,000

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, 2009, the vested benefits amounted to \$1,402,375.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009**

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

Post Employment Benefits -

In addition to pension benefits, the Authority provides postemployment health care benefits for eligible retirees as described in Note 11.

Annual debt requirements to pay the debt outstanding at September 30, 2009 (excluding vacation and sick and other postemployment benefits) are as follows:

Year Ended September 30,	Loan Payable		Contracts Payable	
	Principal	Interest	Principal	Interest
2010	\$ 28,700	\$ 61,333	\$ 200,000	\$ 415,738
2011	30,225	59,807	250,000	406,331
2012	31,832	58,201	250,000	396,174
2013	33,524	56,509	275,000	385,674
2014	35,306	54,727	300,000	374,175
2015-2019	1,033,096	148,533	2,650,000	1,605,875
2020-2024	-	-	4,300,000	873,162
2025-2026	-	-	1,900,000	81,700
	<u>\$ 1,192,683</u>	<u>\$ 439,110</u>	<u>\$ 10,125,000</u>	<u>\$ 4,538,829</u>

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, a member of the Board of Commissioners, a member of the St. Clair County Road Commission Board, one appointed citizen, five elected employees of the retirement system and one retired member elected by the retired members. The benefit provisions are governed by Michigan Public Act 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.

The membership at December 31, 2008 was composed of 986 active participants, 555 retirees and beneficiaries, and 91 inactive but vested members. In general all employees are eligible for regular retirement as follows:

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

Road Commission and General County (except Prosecuting Attorney) - when age plus service equals 80 and service is at least 25 years. Maximum benefits 69.6% of final average compensation (75% of final average compensation if service is 25 years or more for certain County General and Road Commission).

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009**

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

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 Worker's Compensation payments.
- Non-Duty Disability - 10 or more years of service.
- Life insurance - \$3,500 policy to retirees.

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 due. 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 Investment -

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.

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, 2009, contributions totaling \$6,738,449 (\$4,382,161 employer and \$2,356,288 employee) were made in accordance with contribution requirements determined by an actuarial valuation for the plan as of December 31, 2007. The employer and employee contributions represented 8.08-11.56% and 5.0% of covered payroll, respectively. 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.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009**

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

The required contribution rate was determined as part of the December 31, 2007 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 5.0%. 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 investment over a five-year period. The Plan unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed period, with a remaining amortization period as of December 31, 2007 of 22 years decreasing by one year, then rolling at 20 years. The assumptions were last revised for the December 31, 2005 valuation.

Schedule of Funding Progress -

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered (b-a)/(c)
12/31/06*	\$ 165,525,909	\$ 171,374,116	\$ 5,848,207	96.6 %	\$ 44,015,666	13.3 %
12/31/07*	176,628,933	181,439,996	4,811,063	97.3	44,600,186	10.8
12/31/08*	175,091,222	191,638,371	16,547,149	91.4	45,511,253	36.4

*Plan amended

Schedule of Employer Contributions -

Year Ended December 31,	Annual Pension Cost	Percentage Contributed	Net Pension Obligation
2007	\$ 4,177,556	100.00 %	\$ -
2008	4,312,555	100.00	-
2009	4,382,161	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.

DEFINED CONTRIBUTION PLAN

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.

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, 2009 were \$25,772 and \$28,588, respectively.

ST. CLAIR COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2009

NOTE 11 - POSTEMPLOYMENT HEALTH CARE PLAN:

The plan administered through St. Clair County provides retirement 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 Blue Cross and Blue Shield, 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). In general all employees are eligible for postemployment benefits as follows:

Some retirees age 55 and older are provided Blue Cross and Blue Shield, 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.

All retirees who have attained age 65 are provided an annual payment of \$14.00 for each month retired while older than age 65 with less than 20 years of service during the year and \$16.00 per month for members with 20 or more years of service at retirement.

Beneficiaries of deceased retirees and survivors of deceased employees are provided Blue Cross and Blue Shield and dental coverages for recipients and dependents beginning no earlier than age 55 if appropriate pension options have been selected.

The County makes contributions based on actuarially determined rates; however, in total the employer contribution does not exceed 13% for both the basic retirement plan and postemployment benefit. The basic retirement plan is funded 100% of the actuarially determined amount with the remaining amount contributed for postemployment benefits.

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 401h, 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 401h plan.

The investments of the 401h are invested with the basic retirement plan. The retirement board has established a rate of return on the 401h investments of 6% regardless of actual results of the investments.

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 1.3% to 2.25%.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009**

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

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, 2009, contributions of \$3,057,155 (\$2,632,046 employer and \$425,109 employee) were made. Employer contributions ranged from 1.99% to 8.00% of covered payroll. The actuarial valuation dated December 31, 2007 determined a contribution rate ranging from 20.19% to 44.36% of covered payroll for 2009 using an assumed rate of increase of health care costs as follows:

	<u>Medical and Prescription Drug</u>	<u>Dental</u>
2009	9.5 %	5.33 %
2010	9.0	5.00
2011	8.5	5.00
2012	8.0	5.00
2013	7.5	5.00
2014 and after	5.0 - 7.0	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, 2007 actuarial valuation using the individual entry age normal cost method. The actuarial assumption included (a) 5.3% net investment rate of return, and (b) projected salary increases of 5.5% to 11.0% per year, which includes pay inflation at 5.0%. 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 investment over a five-year period. The Plan unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed period, with a remaining amortization period as of December 31, 2007 of 30 years.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009**

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

Annual OPEB Cost and net OPEB Obligation -

The County and its component unit's 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 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	\$ 7,886,028	\$ 4,391,420
Interest on net OPEB obligation	271,535	170,393
Adjustment to annual required contribution	<u>(344,761)</u>	<u>(216,344)</u>
Annual OPEB cost (expense)	7,812,802	4,345,469
Contributions made	<u>(2,010,442)</u>	<u>(631,199)</u>
Increase in net OPEB obligation	5,802,360	3,714,270
NET OPEB obligation – beginning of year	<u>5,123,297</u>	<u>3,214,962</u>
NET OPEB obligation – end of year	<u>\$ 10,925,657</u>	<u>\$ 6,929,232</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) Entry Age (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 (b-a)/(c)</u>
12/31/06#	\$ 38,429,172	\$ 193,221,993	\$ 154,792,821	19.9 %	\$ 44,015,666	352 %
12/31/07*	39,332,611	214,700,277	175,367,666	18.3	44,600,186	393
12/31/08*	38,496,962	214,789,128	176,292,166	17.9	45,511,253	387

#Certain assumptions revised

*Amortization period changed

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.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009**

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

Schedule of Employer Contributions -

Year Ended December 31,	Annual OPEB Cost	Percentage Contributed	Change In Net OPEB Obligation	Net OPEB Obligation
2007	\$ 7,363,357	24.84 %	\$ -	\$ -
2008	11,000,584	24.20	8,338,259	8,338,259
2009	12,158,271	21.73	9,516,630	17,854,889

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.

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.

NOTE 13 - RISK MANAGEMENT:

Primary Government -

The County is self-insured for property and liability, health care, unemployment, worker's 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, 2009**

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 worker's compensation claims up to an amount of \$350,000 in individual claims for 2009.

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 \$200,000 for unemployment compensation, disability and worker's compensation, respectively.

In addition, the Primary Government, including the Drain District, is a voluntary member 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 2009, that Stop Loss Program limited the retention for St. Clair County to \$748,000 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 reserved fund balance 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 claims, including an estimate for claims incurred but not reported (IBNR), of \$200,000, which is recorded in the Self-Insurance Fund.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009**

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 \$125,000 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 \$700,000 at December 31, 2009, 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>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Unpaid claims, beginning of year	\$ 440,000	\$ 100,000	\$ -	\$ -	\$ -	\$ -
Incurred claims (including IBNR's)	197,559	407,036	359,343	342,776	119,437	15,364
Claims paid	(437,559)	(67,036)	(359,343)	(342,776)	(119,437)	(15,364)
Unpaid claims, end of year	200,000	440,000	-	-	-	-
Less current portion	(100,000)	(220,000)	-	-	-	-
Long-term Liabilities	<u>\$ 100,000</u>	<u>\$ 220,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
	<u>Worker's Compensation</u>		<u>Health Care</u>		<u>Total</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Unpaid claims, beginning of year	\$ 211,000	\$ 211,000	\$ 510,000	\$ 536,000	\$ 1,161,000	\$ 847,000
Incurred claims (including IBNR's)	160,639	118,254	7,428,545	6,677,091	8,265,523	7,560,521
Claims paid	(171,639)	(118,254)	(7,238,545)	(6,703,091)	(8,326,523)	(7,246,521)
Unpaid claims, end of year	200,000	211,000	700,000	510,000	1,100,000	1,161,000
Less current portion	(120,000)	(126,000)	(700,000)	(510,000)	(920,000)	(856,000)
Long-term Liabilities	<u>\$ 80,000</u>	<u>\$ 85,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 180,000</u>	<u>\$ 305,000</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, 2009

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 or omissions liability and bodily injury, property damage and personal injury liability. The agreement for the formation of the Pool provides that the Pool will be self-sustaining through member premiums and will purchase both specific and aggregate stop-loss insurance to the limits determined necessary by the Pool Board.

The Road Commission is also a member of the County Road Commission Road Association Self-Insurance Fund for Worker's 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 the health insurance company. The Road Commission makes monthly payments, based on estimated claims and a stop-loss provision (up to \$25,000 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 \$17,000 at December 31, 2009, which is recorded as a current liability.

Community Mental Health Authority -

The Authority is exposed to various risk 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 \$3,300,000 for property and crime. 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 the St. Clair County Community Mental Health Authority.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009**

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 monthly. The Authority has estimated claims incurred but not reported (IBNR) of \$55,559 at September 30, 2009, which is recorded as a current liability.

The Authority purchases worker's 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 \$841,763,433. This represents approximately 13 percent of the taxable value for the County.

NOTE 15 - DEFERRED COMPENSATION:

The County, the St. Clair County Mental Health Authority and the St. Clair County Road Commissions 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 - FUND EQUITY:

RESTRICTED NET ASSETS -

The net assets on the government-wide financial statements of the Primary Government have been restricted for the following purposes at December 31, 2009:

	<u>Enabling Legislation</u>		<u>Other</u>		<u>Total</u>
Governmental Activities:					
Investment in capital assets, net of related debt:					
Capital Assets	\$	-	\$	93,581,508	\$ 93,581,508
Less related debt –					
2007 G.O. Bonds		-	(3,300,000)	(3,300,000)	(3,300,000)
2004 Authority Bonds		-	(7,885,000)	(7,885,000)	(7,885,000)
2003 G.O. Bonds		-	(29,750,000)	(29,750,000)	(29,750,000)
2009 G.O. Bonds		-	(3,000,000)	(3,000,000)	(3,000,000)
					<u>49,646,508</u>

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009**

NOTE 16 - FUND EQUITY - (cont'd):

RESTRICTED NET ASSETS (cont'd) -

	<u>Enabling Legislation</u>	<u>Other</u>	<u>Total</u>
Acquisition/construction of capital assets:			
Mental Health Building Construction	\$ -	\$ 152,392	\$ 152,392
Public Improvement	-	2,768,677	2,768,677
Municipal Building Construction	-	173,517	173,517
Day Treatment/Night Watch Construction	-	1,018,954	1,018,954
Development Revolving	-	1,380,000	1,380,000
Communications Construction	-	2,389,389	<u>2,389,389</u>
			<u>7,882,929</u>
 Nonexpendable Permanent Fund	-	18,050	<u>18,050</u>
 Debt Service:			
Mental Health Building Debt Fund	-	1,260	1,260
Communications Debt Fund	804,733	-	804,733
Building Authority Debt Fund	-	1,739	<u>1,739</u>
			<u>807,732</u>
 Recreation and Cultural:			
Parks and Recreation	2,592,415	-	2,592,415
Library	1,993,622	-	<u>1,993,622</u>
			<u>4,586,037</u>
 Revenue Sharing Reserve Fund	-	12,981,373	<u>12,981,373</u>
 Health and Welfare:			
Senior Citizens Millage	724,730	-	724,730
CDBG Housing	-	197,388	197,388
HUD Housing	-	95,311	95,311
Veterans' Trust	-	10,498	<u>10,498</u>
			<u>1,027,927</u>
 Public Safety:			
Drug Task Force	240,592	-	240,592
Drug Law Enforcement	-	382,470	382,470
Local Corrections and Training	-	8,344	8,344
Prosecutor's Drug Forfeiture	-	51,667	<u>51,667</u>
			<u>683,073</u>
 Other:			
Friend of Court	-	275,198	275,198
Deeds Automation	-	336,991	336,991
Expendable Permanent Fund	-	8,052	<u>8,052</u>
			<u>620,241</u>
 Total Governmental Activities			
Restricted Net Assets			<u>\$ 78,253,870</u>
 Business-type Activities:			
Investment in capital assets	\$ -	\$ 15,990,783	\$ 15,990,783
 Other:			
Foreclosure sales	-	1,272,335	<u>1,272,335</u>
 Total Business-type Activities			
Restricted Net Assets			<u>\$ 17,263,118</u>

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009**

NOTE 16 - FUND EQUITY - (cont'd):

RESERVED FUND BALANCE/NET ASSETS -

Fund Balance/Net Assets has been reserved in various governmental funds to indicate the portion of Fund Balance/Net Assets not available but reserved for a specific purpose. The following is a summary of Reserved Fund Balance/Net Assets for all County funds at December 31, 2009:

<u>Fund Type/Fund</u>	<u>Description</u>	<u>Amount</u>
Primary Government -		
General Fund	Prepaid Expenditures	\$ 21,039
	Advance to Other Funds/Component Units	2,712,000
	Prosecutor's Drug Forfeiture	<u>51,667</u>
		<u>2,784,706</u>
Health Department	Inventory	<u>12,634</u>
Mental Health Building		
Debt Retirement	Debt Retirement	<u>1,260</u>
Non-major Governmental Funds -		
Municipal Building	Capital Project	173,517
Day Treatment/Night		
Watch Construction	Capital Project	1,018,954
Mental Health Building	Capital Project	152,392
Development Revolving	Capital Project	1,380,000
Communications Construction	Capital Project	2,389,389
Communications Debt	Debt Retirement	804,733
Building Authority Debt	Debt Retirement	1,739
Lewis Memorial Endowment	Endowment	<u>26,102</u>
Total Nonmajor Governmental Funds		<u>5,946,826</u>
Total Governmental Funds		<u>8,745,426</u>
Fiduciary Fund -		
Basic Retirement System	Pension Benefits	148,565,958
Other Postemployment Benefits	OPEB Benefits	35,648,575
Landfill Perpetual Care	Perpetual Care	<u>1,727,813</u>
		<u>185,942,346</u>
Total Primary Government Reserved Fund Balance		<u>\$ 194,687,772</u>

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009**

NOTE 16 - FUND EQUITY - (cont'd):

DESIGNATED FUND BALANCE -

The various governing boards of the County have the power to designate, or set aside, all or a portion of unreserved Fund Balance for specified purposes. The following is a summary of Board-Designated Fund Balances for all County funds at December 31, 2009:

<u>Fund Type/Fund</u>	<u>Purpose</u>	<u>Amount</u>
Primary Government -		
General Fund	Criminal Justice Training Grant	\$ 3,290
Parks and Recreation	Future Projects	145,000
Nonmajor Funds -		
Special Revenue Funds -		
County Planning	Agricultural Preservation	<u>3,650</u>
Total Designated Fund Balance - Primary Government		<u>\$ 151,940</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 performs 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 these 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 \$8,481,786 at December 31, 2009, which is based on the estimated percentage of capacity used to date of 49.1%.

Currently the County has 75 acres licensed, with an additional 27 acres available for licensing. It is estimated that an additional \$15,062,683 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 17 years.

The estimated total current cost of the landfill closure and post-closure care cost of \$23,544,469 is based on the amount that would be paid if all equipment, facilities and service required to close, monitor, and maintain that landfill were acquired as of December 31, 2009. However, the actual cost of closure and post-closure care may be higher 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 - SUBSEQUENT EVENT:

In January 2010, the County issued \$14,045,000 general obligation limited tax bonds through the State Revolving Fund to finance improvements to the sanitary landfill. Forty percent of the principal on the loan is to be forgiven and paid through federal funding.

REQUIRED SUPPLEMENTARY INFORMATION

ST. CLAIR COUNTY, MICHIGAN

**REQUIRED SUPPLEMENTARY INFORMATION
BASIC RETIREMENT SYSTEM**

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/99 #	\$ 136,466,854	\$ 107,080,537	\$(29,386,317)	127.44%	\$ 31,051,407	-94.64%
12/31/00 *	146,232,915	115,095,000	(31,137,915)	127.05%	32,044,333	-97.17%
12/31/01 *	151,153,871	121,225,557	(29,928,314)	124.69%	32,744,255	-91.40%
12/31/02 *	148,949,978	129,997,328	(18,952,650)	114.58%	35,716,619	-53.06%
12/31/03 *	146,556,581	139,409,729	(7,146,852)	105.13%	38,047,803	-18.78%
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%

* Plan amended

Certain assumptions revised

Schedule of Employer Contributions

Year Ended December 31,	Annual Pension Costs	Percentage Contributed
2000	\$ -	0.00%
2001	-	0.00%
2002	-	0.00%
2003	-	0.00%
2004	1,408,431	100.00%
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%

Actuarial Cost Method

Individual Entry Age Normal Cost

Asset Valuation Method

Market Value with 5 year Smoothing of Gains and Losses

Principal Actuarial Assumptions (last revised for the 12/31/05 valuation):

Net Investment Return 7.50%

Projected Salary Increases 5.0% pay inflation plus merit and longevity

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

**REQUIRED SUPPLEMENTARY INFORMATION
RETIREE HEALTH BENEFITS**

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	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%

Certain assumptions revised

** Amortization period changed

Schedule of Employer Contributions

Year Ended December 31,	Annual OPEB Costs	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	12,158,271	21.73%

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	5.30%
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	5.33% in 2009 and 5.0% thereafter

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

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget Positive (Negative)</u>
Revenues:				
Taxes	\$ 34,549,142	\$ 34,549,142	\$ 34,566,137	\$ 16,995
Licenses and permits	475,000	475,000	444,165	(30,835)
Intergovernmental -				
Federal/State	6,160,352	7,899,995	7,256,994	(643,001)
Local	1,897,235	1,752,501	1,758,040	5,539
Charges for services	7,880,604	7,602,617	7,395,470	(207,147)
Fines and forfeits	476,270	446,270	403,382	(42,888)
Interest and rent	1,812,693	1,412,693	1,189,507	(223,186)
Other	2,320,626	2,239,626	2,283,100	43,474
Total Revenues	<u>55,571,922</u>	<u>56,377,844</u>	<u>55,296,795</u>	<u>(1,081,049)</u>
Expenditures:				
Legislative:				
Board of Commissioners	230,975	213,975	207,658	6,317
Other Legislative Activities	1,138,514	437,500	374,659	62,841
	<u>1,369,489</u>	<u>651,475</u>	<u>582,317</u>	<u>69,158</u>
Judicial:				
Circuit Court	2,087,403	1,987,403	1,900,615	86,788
District Court	2,774,422	2,774,422	2,576,975	197,447
Courthouse Security	489,118	489,118	500,847	(11,729)
Friend of the Court	2,951,818	2,982,484	2,912,664	69,820
Probate Court	855,612	926,314	867,972	58,342
Family Division - Circuit Court	2,122,710	2,122,710	2,019,661	103,049
Probation	13,733	13,733	12,435	1,298
District Court Probation	682,827	682,827	649,905	32,922
	<u>11,977,643</u>	<u>11,979,011</u>	<u>11,441,074</u>	<u>537,937</u>
General Government:				
Administrator/Controller	390,786	390,786	388,272	2,514
Elections	123,931	103,931	88,763	15,168
Accounting	446,705	446,705	431,834	14,871
Clerk	971,547	931,547	858,856	72,691
Equalization	984,691	946,691	920,150	26,541
Human Resources	585,305	585,305	554,371	30,934
Prosecuting Attorney	2,758,440	2,773,440	2,626,341	147,099
Victims Rights	10,800	10,800	2,272	8,528
Purchasing	218,103	218,103	204,466	13,637
Register of Deeds	226,249	246,249	259,502	(13,253)
Boundary Commission	200	200	-	200
Treasurer	490,855	490,855	465,082	25,773
Cooperative Extension	454,169	477,650	456,110	21,540
Information Technology	2,278,022	2,228,815	2,256,391	(27,576)
Building and Grounds	3,014,948	2,833,623	2,706,442	127,181
Drain Commissioner	405,423	408,423	413,982	(5,559)
Motor Pool	12,500	12,500	12,270	230
	<u>13,372,674</u>	<u>13,105,623</u>	<u>12,645,104</u>	<u>460,519</u>

ST. CLAIR COUNTY, MICHIGAN

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2009

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
Public Safety:				
Sheriff	\$ 6,369,676	\$ 8,024,584	\$ 7,764,419	\$ 260,165
Training	15,000	18,000	19,347	(1,347)
Communications/Radio	1,893,712	1,849,262	1,884,078	(34,816)
Marine Law Enforcement	272,667	272,667	258,082	14,585
Dive Team	10,658	19,658	17,680	1,978
Corrections / Jail	10,596,026	10,574,716	10,367,609	207,107
Other Corrections Activities	430,400	430,400	222,983	207,417
Emergency Preparedness	467,543	721,543	873,566	(152,023)
Hazardous Material Handling	20,172	34,172	37,237	(3,065)
Animal Shelter/Dog Warden	430,664	430,664	419,960	10,704
	<u>20,506,518</u>	<u>22,375,666</u>	<u>21,864,961</u>	<u>510,705</u>
Public Works:				
Road Commission	-	-	632,978	(632,978)
Drains	20,000	21,000	888,144	(867,144)
	<u>20,000</u>	<u>21,000</u>	<u>1,521,122</u>	<u>(1,500,122)</u>
Health and Welfare:				
Medical Examiner	270,436	274,364	288,455	(14,091)
Mental Health	955,672	955,672	955,672	-
Public Guardian	268,472	268,472	284,984	(16,512)
Veterans	247,444	247,444	228,975	18,469
Soldiers and Sailors Relief	1,000	1,000	778	222
	<u>1,743,024</u>	<u>1,746,952</u>	<u>1,758,864</u>	<u>(11,912)</u>
Other:				
Insurance	700,000	700,000	700,000	-
Debt Service:				
Principal	120,000	125,600	125,536	64
Interest	60,000	57,400	57,269	131
	<u>180,000</u>	<u>183,000</u>	<u>182,805</u>	<u>195</u>
Total Expenditures	<u>49,869,348</u>	<u>50,762,727</u>	<u>50,696,247</u>	<u>66,480</u>
Revenues over expenditures	<u>5,702,574</u>	<u>5,615,117</u>	<u>4,600,548</u>	<u>(1,014,569)</u>
Other Financing Sources (Uses):				
Issuance of debt	-	-	867,193	867,193
Transfers from other funds	4,908,110	5,190,181	5,841,721	651,540
Transfers to other funds	<u>(10,610,684)</u>	<u>(10,677,020)</u>	<u>(11,077,020)</u>	<u>(400,000)</u>
Total Other Financing Sources (Uses)	<u>(5,702,574)</u>	<u>(5,486,839)</u>	<u>(4,368,106)</u>	<u>1,118,733</u>
Net Change in Fund Balance	-	128,278	232,442	104,164
Fund Balance at beginning of year	<u>8,471,491</u>	<u>8,471,491</u>	<u>8,471,491</u>	<u>-</u>
Fund Balance at end of year	<u>\$ 8,471,491</u>	<u>\$ 8,599,769</u>	<u>\$ 8,703,933</u>	<u>\$ 104,164</u>

ST. CLAIR COUNTY, MICHIGAN

**SPECIAL REVENUE FUND
HEALTH DEPARTMENT**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	Variance with Amended Budget Positive (Negative)
Revenues:				
Licenses and permits	\$ -	\$ -	\$ 331,889	\$ 331,889
Intergovernmental -				
Federal/State	3,058,295	3,124,432	3,199,721	75,289
Local	-	-	56,284	56,284
Charges for services	1,797,089	1,797,089	1,660,518	(136,571)
Interest and rent	-	-	5,000	5,000
Other	-	-	400	400
Total Revenues	<u>4,855,384</u>	<u>4,921,521</u>	<u>5,253,812</u>	<u>332,291</u>
Expenditures:				
Health and Welfare	<u>8,098,850</u>	<u>8,098,850</u>	<u>7,906,058</u>	<u>192,792</u>
Revenues under expenditures	<u>(3,243,466)</u>	<u>(3,177,329)</u>	<u>(2,652,246)</u>	<u>525,083</u>
Other Financing Sources:				
Transfers from other funds	2,893,466	2,827,329	2,827,329	-
Transfers to other funds	-	-	(275,000)	(275,000)
	<u>2,893,466</u>	<u>2,827,329</u>	<u>2,552,329</u>	<u>(275,000)</u>
Net Change in Fund Balance	(350,000)	(350,000)	(99,917)	250,083
Fund Balance at beginning of year	<u>1,189,226</u>	<u>1,189,226</u>	<u>1,189,226</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 839,226</u></u>	<u><u>\$ 839,226</u></u>	<u><u>\$ 1,089,309</u></u>	<u><u>\$ 250,083</u></u>

ST. CLAIR COUNTY, MICHIGAN

**SPECIAL REVENUE FUND
PARKS AND RECREATION**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	Variance with Amended Budget Positive (Negative)
Revenues:				
Taxes	\$ 3,129,000	\$ 3,213,400	\$ 3,161,747	\$(51,653)
Intergovernmental -				
Federal/State	-	258,000	261,146	3,146
Charges for services	56,000	61,200	68,112	6,912
Interest and rent	124,200	22,040	40,306	18,266
Other	3,000	21,000	21,349	349
Total Revenues	<u>3,312,200</u>	<u>3,575,640</u>	<u>3,552,660</u>	<u>(22,980)</u>
Expenditures:				
Recreation and Culture	<u>5,819,760</u>	<u>4,439,710</u>	<u>4,541,877</u>	<u>(102,167)</u>
Revenues under expenditures	(2,507,560)	(864,070)	(989,217)	(125,147)
Other Financing Uses:				
Transfers to other funds	<u>(42,240)</u>	<u>(42,240)</u>	<u>(30,921)</u>	<u>11,319</u>
Net Change in Fund Balance	(2,549,800)	(906,310)	(1,020,138)	(113,828)
Fund Balance at beginning of year	<u>3,612,553</u>	<u>3,612,553</u>	<u>3,612,553</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 1,062,753</u></u>	<u><u>\$ 2,706,243</u></u>	<u><u>\$ 2,592,415</u></u>	<u><u>\$(113,828)</u></u>

ST. CLAIR COUNTY, MICHIGAN

**SPECIAL REVENUE FUND
LIBRARY**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	Variance with Amended Budget Positive (Negative)
Revenues:				
Taxes	\$ 4,604,178	\$ 4,604,178	\$ 4,464,320	\$(139,858)
Intergovernmental -				
Federal/State	147,000	147,000	162,521	15,521
Local	8,000	8,000	7,952	(48)
Charges for services	52,000	52,000	59,881	7,881
Fines and forfeits	770,000	770,000	592,235	(177,765)
Interest and rent	161,400	161,400	76,146	(85,254)
Other	34,650	34,650	53,962	19,312
Total Revenues	<u>5,777,228</u>	<u>5,777,228</u>	<u>5,417,017</u>	<u>(360,211)</u>
Expenditures:				
Recreation and Culture	<u>5,885,891</u>	<u>5,885,891</u>	<u>5,242,448</u>	<u>643,443</u>
Revenues over (under) expenditures	(108,663)	(108,663)	174,569	283,232
Other Financing Uses:				
Transfers from other funds	<u>-</u>	<u>-</u>	<u>5,089</u>	<u>5,089</u>
Net Change in Fund Balance	(108,663)	(108,663)	179,658	288,321
Fund Balance at beginning of year	<u>1,813,964</u>	<u>1,813,964</u>	<u>1,813,964</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 1,705,301</u></u>	<u><u>\$ 1,705,301</u></u>	<u><u>\$ 1,993,622</u></u>	<u><u>\$ 288,321</u></u>

ST. CLAIR COUNTY, MICHIGAN

**SPECIAL REVENUE FUND
REVENUE SHARING RESERVE**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	Variance with Amended Budget Positive (Negative)
Revenues:				
Interest and rent	\$ 600,000	\$ 20,000	\$ 22,609	\$ 2,609
Other Financing Uses:				
Transfers to other funds	<u>(3,498,485)</u>	<u>(3,498,485)</u>	<u>(3,559,861)</u>	<u>(61,376)</u>
Net Change in Fund Balance	(2,898,485)	(3,478,485)	(3,537,252)	(58,767)
Fund Balance at beginning of year	<u>16,518,625</u>	<u>16,518,625</u>	<u>16,518,625</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 13,620,140</u></u>	<u><u>\$ 13,040,140</u></u>	<u><u>\$ 12,981,373</u></u>	<u><u>\$ (58,767)</u></u>

ST. CLAIR COUNTY, MICHIGAN

**SPECIAL REVENUE FUND
SENIOR CITIZENS MILLAGE**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	Variance with Amended Budget Positive (Negative)
Revenues:				
Taxes	\$ 3,197,252	\$ 3,197,252	\$ 3,191,225	\$(6,027)
Charges for services	-	-	15	15
Interest and rent	80,000	80,000	6,754	(73,246)
Other	-	-	3,000	3,000
Total Revenues	<u>3,277,252</u>	<u>3,277,252</u>	<u>3,200,994</u>	<u>(76,258)</u>
Expenditures:				
Health and Welfare	<u>3,643,118</u>	<u>3,643,118</u>	<u>3,235,486</u>	<u>407,632</u>
Revenues under expenditures	(365,866)	(365,866)	(34,492)	331,374
Other Financing Uses:				
Transfers to other funds	<u>-</u>	<u>-</u>	<u>(8,884)</u>	<u>(8,884)</u>
Net Change in Fund Balance	(365,866)	(365,866)	(43,376)	322,490
Fund Balance at beginning of year	<u>768,106</u>	<u>768,106</u>	<u>768,106</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 402,240</u></u>	<u><u>\$ 402,240</u></u>	<u><u>\$ 724,730</u></u>	<u><u>\$ 322,490</u></u>

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

1. The General and 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

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 or major capital projects) that are legally restricted to expenditures for specified purposes. The 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.

County Planning – is used to account for the planning and information gathering activities undertaken to improve County roads, housing, general development and related activities that benefit County residents. Financing is provided by state and federal grants, charges for services and General Fund appropriations.

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.

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

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.

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.

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.

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.

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.

Emergency 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.

Tax Reserve – is used to account for additional tax revenues collected due to a State mandated collection shift. These funds will be used to smooth the effects of the tax shift in later years.

DEBT SERVICE FUNDS

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

Communications – is used to account for the debt service requirements related to the 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.

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

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

Day Treatment/Night Watch (DTNW) Building – is used to account for the construction of a new County Day Treatment/Night Watch facility.

Mental Health Building Construction – is used to account for the bond proceeds and construction of a Community Mental Health Building.

Development Revolving – is used to account for monies set aside to finance local construction projects on a revolving loan basis.

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

PERMANENT FUND

Lewis Memorial Endowment Fund – is used to account for collection of and distribution of assets held for the Clayton and Florence Lewis Memorial Book Fund.

ST. CLAIR COUNTY, MICHIGAN

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2009**

	<u>Friend of Court</u>	<u>County Planning</u>	<u>Brownfield Redevelopment</u>	<u>Public Improvement</u>	<u>Drug Task Force</u>	<u>Drug Law Enforcement</u>
ASSETS						
Cash and cash equivalents	\$ 12,461	\$ 163,157	\$ 27,800	\$ 2,806,322	\$ 507,669	\$ 383,928
Investments	192,473	-	-	-	-	-
Receivables -						
Property taxes	-	-	-	-	1,673,731	-
Accounts and interest	802	-	-	-	198	-
Due from other governmental units -						
Federal/State	76,310	83,328	-	-	-	-
Local	-	8,591	-	-	3,125	-
Total Assets	<u>\$ 282,046</u>	<u>\$ 255,076</u>	<u>\$ 27,800</u>	<u>\$ 2,806,322</u>	<u>\$ 2,184,723</u>	<u>\$ 383,928</u>
LIABILITIES AND FUND BALANCE						
Liabilities:						
Accounts payable	\$ 3,337	\$ 2,085	\$ -	\$ 37,645	\$ 27,913	\$ 1,458
Accrued liabilities	3,511	11,771	-	-	68,868	-
Due to other governmental units -						
Federal/State	-	-	-	-	-	-
Due to other funds	-	-	-	-	15,448	-
Deferred revenue	-	8,400	-	-	1,831,902	-
Total Liabilities	<u>6,848</u>	<u>22,256</u>	<u>-</u>	<u>37,645</u>	<u>1,944,131</u>	<u>1,458</u>
Fund Balance:						
Reserved -						
Capital Projects	-	-	-	-	-	-
Debt Services	-	-	-	-	-	-
Permanent Fund	-	-	-	-	-	-
Unreserved -						
Designated	-	3,650	-	-	-	-
Undesignated -						
Special Revenue Funds	275,198	229,170	27,800	2,768,677	240,592	382,470
Total Fund Balance	<u>275,198</u>	<u>232,820</u>	<u>27,800</u>	<u>2,768,677</u>	<u>240,592</u>	<u>382,470</u>
Total Liabilities and Fund Balance	<u>\$ 282,046</u>	<u>\$ 255,076</u>	<u>\$ 27,800</u>	<u>\$ 2,806,322</u>	<u>\$ 2,184,723</u>	<u>\$ 383,928</u>

Special Revenue Funds

<u>CDBG Housing</u>	<u>HUD Housing</u>	<u>Human Services</u>	<u>Child Care</u>	<u>Veterans' Trust</u>	<u>E - 911</u>	<u>Deeds Automation</u>	<u>Local Corrections and Training</u>
\$ 32,059	\$ 95,311	\$ 213,473	\$ 1,387,043	\$ 11,813	\$ -	\$ 336,761	\$ 8,980
100,000	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,056,921	333,381	-	2,974	-	-	230	-
65,144	-	23,648	740,716	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 1,254,124</u>	<u>\$ 428,692</u>	<u>\$ 237,121</u>	<u>\$ 2,130,733</u>	<u>\$ 11,813</u>	<u>\$ -</u>	<u>\$ 336,991</u>	<u>\$ 8,980</u>
\$ -	\$ -	\$ -	\$ 59,301	\$ 1,315	\$ -	\$ -	\$ 580
-	-	-	85,125	-	-	-	56
124,385	-	243	-	-	-	-	-
-	-	-	-	-	-	-	-
932,351	333,381	-	43,598	-	-	-	-
<u>1,056,736</u>	<u>333,381</u>	<u>243</u>	<u>188,024</u>	<u>1,315</u>	<u>-</u>	<u>-</u>	<u>636</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
197,388	95,311	236,878	1,942,709	10,498	-	336,991	8,344
<u>197,388</u>	<u>95,311</u>	<u>236,878</u>	<u>1,942,709</u>	<u>10,498</u>	<u>-</u>	<u>336,991</u>	<u>8,344</u>
<u>\$ 1,254,124</u>	<u>\$ 428,692</u>	<u>\$ 237,121</u>	<u>\$ 2,130,733</u>	<u>\$ 11,813</u>	<u>\$ -</u>	<u>\$ 336,991</u>	<u>\$ 8,980</u>

Continued

ST. CLAIR COUNTY, MICHIGAN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2009

ASSETS	Special Revenue Funds		Debt Service Funds		
	Family Counseling	Tax Reserve	Communications	Building Authority	Jail/Juvenile Facility
Cash and cash equivalents	\$ 185,238	\$ -	\$ 796,118	\$ 1,739	\$ -
Investments	-	-	-	-	-
Receivables -					
Property taxes	-	-	-	-	-
Accounts and interest	-	-	-	-	-
Due from other governmental units -					
Federal/State	-	-	-	-	-
Local	-	-	8,615	-	-
	-	-	8,615	-	-
Total Assets	\$ 185,238	\$ -	\$ 804,733	\$ 1,739	\$ -
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	\$ 8,661	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-	-
Due to other governmental units -					
Federal/State	-	-	-	-	-
Due to other funds	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Total Liabilities	8,661	-	-	-	-
Fund Balance:					
Reserved -					
Capital Projects	-	-	-	-	-
Debt Services	-	-	804,733	1,739	-
Permanent Fund	-	-	-	-	-
Unreserved -					
Designated	-	-	-	-	-
Undesignated -					
Special Revenue Funds	176,577	-	-	-	-
Total Fund Balance	176,577	-	804,733	1,739	-
Total Liabilities and Fund Balance	\$ 185,238	\$ -	\$ 804,733	\$ 1,739	\$ -

Capital Projects Funds					Permanent Fund	
Municipal Building	DTNW Building	Mental Health Building	Development Revolving	Communications Construction	Lewis Memorial Endowment	Total
\$ 174,793	\$ 1,390,726	\$ 172,115	\$ 1,380,000	\$ 2,416,389	\$ 7,766	\$ 12,511,661
-	-	-	-	-	18,050	310,523
-	-	-	-	-	-	1,673,731
246	-	-	-	-	286	1,395,038
-	-	-	-	-	-	989,146
-	-	-	-	-	-	20,331
<u>\$ 175,039</u>	<u>\$ 1,390,726</u>	<u>\$ 172,115</u>	<u>\$ 1,380,000</u>	<u>\$ 2,416,389</u>	<u>\$ 26,102</u>	<u>\$ 16,900,430</u>
\$ 1,522	\$ 371,772	\$ 19,723	\$ -	\$ 27,000	\$ -	\$ 562,312
-	-	-	-	-	-	169,331
-	-	-	-	-	-	124,628
-	-	-	-	-	-	15,448
-	-	-	-	-	-	3,149,632
<u>1,522</u>	<u>371,772</u>	<u>19,723</u>	<u>-</u>	<u>27,000</u>	<u>-</u>	<u>4,021,351</u>
173,517	1,018,954	152,392	1,380,000	2,389,389	-	5,114,252
-	-	-	-	-	-	806,472
-	-	-	-	-	26,102	26,102
-	-	-	-	-	-	3,650
-	-	-	-	-	-	6,928,603
<u>173,517</u>	<u>1,018,954</u>	<u>152,392</u>	<u>1,380,000</u>	<u>2,389,389</u>	<u>26,102</u>	<u>12,879,079</u>
<u>\$ 175,039</u>	<u>\$ 1,390,726</u>	<u>\$ 172,115</u>	<u>\$ 1,380,000</u>	<u>\$ 2,416,389</u>	<u>\$ 26,102</u>	<u>\$ 16,900,430</u>

Concluded

ST. CLAIR COUNTY, MICHIGAN

NONMAJOR GOVERNMENTAL FUNDS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Friend of Court</u>	<u>County Planning</u>	<u>Brownfield Redevelopment</u>	<u>Public Improvement</u>	<u>Drug Task Force</u>	<u>Drug Law Enforcement</u>
Revenues:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,788,762	\$ -
Intergovernmental -						
Federal/State	199,552	355,078	-	-	28,490	-
Charges for services	56,480	9,914	-	-	401	-
Fines and forfeits	-	-	-	-	198	246,947
Interest and rent	2,318	-	-	-	305	-
Other	-	480	-	6,571	15	-
Total Revenues	<u>258,350</u>	<u>365,472</u>	<u>-</u>	<u>6,571</u>	<u>1,818,171</u>	<u>246,947</u>
Expenditures:						
Current -						
Judicial	256,845	-	-	-	-	-
General Government	-	-	-	-	-	-
Public Safety	-	-	-	-	1,500,876	68,450
Health and Welfare	-	-	-	-	-	-
Community and Economic Development	-	830,611	-	-	-	-
Capital Outlay	-	-	-	247,661	-	-
Debit Service -						
Principal	-	-	-	-	-	-
Interest and charges	-	-	-	-	-	-
Total Expenditures	<u>256,845</u>	<u>830,611</u>	<u>-</u>	<u>247,661</u>	<u>1,500,876</u>	<u>68,450</u>
Revenues over (under) expenditures	<u>1,505</u>	<u>(465,139)</u>	<u>-</u>	<u>(241,090)</u>	<u>317,295</u>	<u>178,497</u>
Other Financing Sources (Uses):						
Issuance of debt	-	-	-	-	-	-
Transfers from other funds	-	492,200	-	1,175,000	-	-
Transfers to other funds	-	(7,000)	-	(485,089)	(168,895)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>485,200</u>	<u>-</u>	<u>689,911</u>	<u>(168,895)</u>	<u>-</u>
Net Change in Fund Balances	1,505	20,061	-	448,821	148,400	178,497
Fund Balances at beginning of year	<u>273,693</u>	<u>212,759</u>	<u>27,800</u>	<u>2,319,856</u>	<u>92,192</u>	<u>203,973</u>
Fund Balances at end of year	<u>\$ 275,198</u>	<u>\$ 232,820</u>	<u>\$ 27,800</u>	<u>\$ 2,768,677</u>	<u>\$ 240,592</u>	<u>\$ 382,470</u>

Special Revenue Funds

<u>CDBG Housing</u>	<u>HUD Housing</u>	<u>Human Services</u>	<u>Child Care</u>	<u>Veterans' Trust</u>	<u>E - 911</u>	<u>Deeds Automation</u>	<u>Local Corrections And Training</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
70,819	-	528,438	3,854,787	22,124	-	-	-
-	-	-	139,186	-	769,182	137,263	32,125
-	-	-	-	-	-	-	-
2,372	-	-	-	-	-	1,248	-
34,174	-	100,164	20,659	60	-	-	-
<u>107,365</u>	<u>-</u>	<u>628,602</u>	<u>4,014,632</u>	<u>22,184</u>	<u>769,182</u>	<u>138,511</u>	<u>32,125</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	43,875	-
-	-	-	-	-	-	-	51,008
117,460	-	1,129,299	6,429,124	20,579	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>117,460</u>	<u>-</u>	<u>1,129,299</u>	<u>6,429,124</u>	<u>20,579</u>	<u>-</u>	<u>43,875</u>	<u>51,008</u>
(10,095)	-	(500,697)	(2,414,492)	1,605	769,182	94,636	(18,883)
-	-	-	-	-	-	-	-
10,000	-	609,750	4,105,108	-	-	-	-
-	-	(127,377)	(600,000)	-	(769,182)	-	-
<u>10,000</u>	<u>-</u>	<u>482,373</u>	<u>3,505,108</u>	<u>-</u>	<u>(769,182)</u>	<u>-</u>	<u>-</u>
(95)	-	(18,324)	1,090,616	1,605	-	94,636	(18,883)
<u>197,483</u>	<u>95,311</u>	<u>255,202</u>	<u>852,093</u>	<u>8,893</u>	<u>-</u>	<u>242,355</u>	<u>27,227</u>
<u>\$ 197,388</u>	<u>\$ 95,311</u>	<u>\$ 236,878</u>	<u>\$ 1,942,709</u>	<u>\$ 10,498</u>	<u>\$ -</u>	<u>\$ 336,991</u>	<u>\$ 8,344</u>

Continued

ST. CLAIR COUNTY, MICHIGAN

NONMAJOR GOVERNMENTAL FUNDS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Special Revenue Funds</u>		<u>Debt Service Funds</u>		
	<u>Family Counseling</u>	<u>Tax Reserve</u>	<u>Communications</u>	<u>Building Authority</u>	<u>Jail/Juvenile Facility</u>
Revenues:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental -					
Federal/State	-	-	-	-	-
Charges for services	13,425	-	335,161	-	-
Fines and forfeits	-	-	-	-	-
Interest and rent	-	-	-	-	-
Other	-	-	-	-	-
Total Revenues	<u>13,425</u>	<u>-</u>	<u>335,161</u>	<u>-</u>	<u>-</u>
Expenditures:					
Current -					
Judicial	31,785	-	-	-	-
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Health and Welfare	-	-	-	-	-
Community and Economic Development	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Debit Service -					
Principal	-	-	100,000	565,000	850,000
Interest and charges	-	-	136,213	342,695	1,258,675
Total Expenditures	<u>31,785</u>	<u>-</u>	<u>236,213</u>	<u>907,695</u>	<u>2,108,675</u>
Revenues over (under) expenditures	<u>(18,360)</u>	<u>-</u>	<u>98,948</u>	<u>(907,695)</u>	<u>(2,108,675)</u>
Other Financing Sources (Uses):					
Issuance of debt	-	-	-	-	-
Transfers from other funds	-	-	-	907,970	2,108,662
Transfers to other funds	-	(419,601)	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(419,601)</u>	<u>-</u>	<u>907,970</u>	<u>2,108,662</u>
Net Change in Fund Balances	(18,360)	(419,601)	98,948	275	(13)
Fund Balances at beginning of year	<u>194,937</u>	<u>419,601</u>	<u>705,785</u>	<u>1,464</u>	<u>13</u>
Fund Balances at end of year	<u>\$ 176,577</u>	<u>\$ -</u>	<u>\$ 804,733</u>	<u>\$ 1,739</u>	<u>\$ -</u>

Capital Projects Funds						Permanent Fund	
Municipal Building	DTNW Building	Mental Health Building	Development Revolving	Communications Construction	Lewis Memorial Endowment	Total	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,788,762	
-	-	-	-	-	-	5,059,288	
28,123	-	-	-	-	-	1,521,260	
-	-	-	-	-	-	247,145	
-	-	2,795	-	-	487	9,525	
-	-	-	-	-	-	162,123	
<u>28,123</u>	<u>-</u>	<u>2,795</u>	<u>-</u>	<u>-</u>	<u>487</u>	<u>8,788,103</u>	
-	-	-	-	-	-	288,630	
-	-	-	-	-	-	43,875	
-	-	-	-	-	-	1,620,334	
-	-	-	-	-	-	7,696,462	
-	-	-	-	-	-	830,611	
22,632	681,046	142,269	-	710,611	-	1,804,219	
-	-	-	-	-	-	1,515,000	
-	-	-	-	-	-	1,737,583	
<u>22,632</u>	<u>681,046</u>	<u>142,269</u>	<u>-</u>	<u>710,611</u>	<u>-</u>	<u>15,536,714</u>	
<u>5,491</u>	<u>(681,046)</u>	<u>(139,474)</u>	<u>-</u>	<u>(710,611)</u>	<u>487</u>	<u>(6,748,611)</u>	
-	-	-	-	3,000,000	-	3,000,000	
-	600,000	-	1,380,000	100,000	-	11,488,690	
-	-	-	-	-	-	(2,577,144)	
<u>-</u>	<u>600,000</u>	<u>-</u>	<u>1,380,000</u>	<u>3,100,000</u>	<u>-</u>	<u>11,911,546</u>	
5,491	(81,046)	(139,474)	1,380,000	2,389,389	487	5,162,935	
<u>168,026</u>	<u>1,100,000</u>	<u>291,866</u>	<u>-</u>	<u>-</u>	<u>25,615</u>	<u>7,716,144</u>	
<u>\$ 173,517</u>	<u>\$ 1,018,954</u>	<u>\$ 152,392</u>	<u>\$ 1,380,000</u>	<u>\$ 2,389,389</u>	<u>\$ 26,102</u>	<u>\$ 12,879,079</u>	

Concluded

ST. CLAIR COUNTY, MICHIGAN

**NONMAJOR SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Amended Budget</u>	<u>Actual</u>	Variance Positive (Negative)
FRIEND OF COURT			
Revenues:			
Intergovernmental -			
Federal/State	\$ 204,815	\$ 199,552	\$(5,263)
Charges for services	52,549	56,480	3,931
Interest and rent	25,000	2,318	(22,682)
Total Revenues	<u>282,364</u>	<u>258,350</u>	<u>(24,014)</u>
Expenditures:			
Judicial	<u>239,795</u>	<u>256,845</u>	<u>(17,050)</u>
Net Change in Fund Balance	42,569	1,505	(41,064)
Fund Balance at beginning of year	<u>273,693</u>	<u>273,693</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 316,262</u></u>	<u><u>\$ 275,198</u></u>	<u><u>\$(41,064)</u></u>

COUNTY PLANNING			
Revenues:			
Intergovernmental -			
Federal/State	\$ 234,847	\$ 355,078	\$ 120,231
Charges for services	3,500	9,914	6,414
Other	13,600	480	(13,120)
Total Revenues	<u>251,947</u>	<u>365,472</u>	<u>113,525</u>
Expenditures:			
Community and Economic Development	<u>860,158</u>	<u>830,611</u>	<u>29,547</u>
Revenues under expenditures	<u>(608,211)</u>	<u>(465,139)</u>	<u>143,072</u>
Other Financing Sources (Uses):			
Transfers from other funds	492,200	492,200	-
Transfers to other funds	(7,000)	(7,000)	-
Total Other Financing Sources	<u>485,200</u>	<u>485,200</u>	<u>-</u>
Net Change in Fund Balance	(123,011)	20,061	143,072
Fund Balance at beginning of year	<u>212,759</u>	<u>212,759</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 89,748</u></u>	<u><u>\$ 232,820</u></u>	<u><u>\$ 143,072</u></u>

Continued

ST. CLAIR COUNTY, MICHIGAN

**NONMAJOR SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Amended Budget</u>	<u>Actual</u>	Variance Positive (Negative)
BROWNFIELD REDEVELOPMENT			
Other Financing Sources:			
Transfers from other funds	\$ -	\$ -	\$ -
Fund Balance at beginning of year	<u>27,800</u>	<u>27,800</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 27,800</u></u>	<u><u>\$ 27,800</u></u>	<u><u>\$ -</u></u>
PUBLIC IMPROVEMENT			
Revenues:			
Other	\$ -	\$ 6,571	\$ 6,571
Expenditures:			
Capital Outlay	<u>600,000</u>	<u>247,661</u>	<u>352,339</u>
Revenues under expenditures	<u>(600,000)</u>	<u>(241,090)</u>	<u>358,910</u>
Other Financing Sources (Uses):			
Transfers from other funds	500,000	1,175,000	675,000
Transfer to other funds	<u>(480,000)</u>	<u>(485,089)</u>	<u>(5,089)</u>
Total Other Financing Sources (Uses)	<u>20,000</u>	<u>689,911</u>	<u>669,911</u>
Net Change in Fund Balance	<u>(580,000)</u>	448,821	1,028,821
Fund Balance at beginning of year	<u>2,319,856</u>	<u>2,319,856</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 1,739,856</u></u>	<u><u>\$ 2,768,677</u></u>	<u><u>\$ 1,028,821</u></u>

Continued

ST. CLAIR COUNTY, MICHIGAN

**NONMAJOR SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Amended Budget</u>	<u>Actual</u>	Variance Positive (Negative)
DRUG TASK FORCE			
Revenues:			
Taxes	\$ 1,796,379	\$ 1,788,762	\$(7,617)
Intergovernmental - Federal/State	20,000	28,490	8,490
Charges for services		401	401
Fines and forfeits	-	198	198
Interest and rent	500	305	(195)
Other	1,000	15	(985)
Total Revenues	<u>1,817,879</u>	<u>1,818,171</u>	<u>292</u>
Expenditures:			
Public Safety	<u>1,631,467</u>	<u>1,500,876</u>	<u>130,591</u>
Revenues over expenditures	186,412	317,295	130,883
Other Financing Uses:			
Transfers to other funds	<u>(168,895)</u>	<u>(168,895)</u>	<u>-</u>
Net Change in Fund Balance	17,517	148,400	130,883
Fund Balance at beginning of year	<u>92,192</u>	<u>92,192</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 109,709</u></u>	<u><u>\$ 240,592</u></u>	<u><u>\$ 130,883</u></u>
DRUG LAW ENFORCEMENT			
Revenues:			
Fines and forfeits	\$ 200,000	\$ 246,947	\$ 46,947
Expenditures:			
Public Safety	<u>125,000</u>	<u>68,450</u>	<u>56,550</u>
Revenues over expenditures	75,000	178,497	103,497
Fund Balance at beginning of year	<u>203,973</u>	<u>203,973</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 278,973</u></u>	<u><u>\$ 382,470</u></u>	<u><u>\$ 103,497</u></u>

Continued

ST. CLAIR COUNTY, MICHIGAN

**NONMAJOR SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Amended Budget</u>	<u>Actual</u>	Variance Positive (Negative)
CDBG HOUSING			
Revenues:			
Intergovernmental -			
Federal/State	\$ 147,400	\$ 70,819	\$(76,581)
Interest	-	2,372	2,372
Other	-	34,174	34,174
Total Revenues	<u>147,400</u>	<u>107,365</u>	<u>(40,035)</u>
Expenditures:			
Health and Welfare	<u>157,400</u>	<u>117,460</u>	<u>39,940</u>
Revenues under expenditures	(10,000)	(10,095)	(95)
Other Financing Sources:			
Transfers from other funds	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Net Change in Fund Balance	-	(95)	(95)
Fund Balance at beginning of year	<u>197,483</u>	<u>197,483</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 197,483</u></u>	<u><u>\$ 197,388</u></u>	<u><u>\$(95)</u></u>
HUD HOUSING			
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><u>\$ 95,311</u></u>	<u><u>\$ 95,311</u></u>	<u><u>\$ -</u></u>

Continued

ST. CLAIR COUNTY, MICHIGAN

**NONMAJOR SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Amended Budget</u>	<u>Actual</u>	Variance Positive (Negative)
HUMAN SERVICES			
Revenues:			
Intergovernmental -			
Federal/State	\$ 590,000	\$ 528,438	\$(61,562)
Other	3,500	100,164	96,664
Total Revenues	<u>593,500</u>	<u>628,602</u>	<u>35,102</u>
Expenditures:			
Health and Welfare	<u>1,203,250</u>	<u>1,129,299</u>	<u>73,951</u>
Revenues under expenditures	<u>(609,750)</u>	<u>(500,697)</u>	<u>109,053</u>
Other Financing Sources (Uses):			
Transfers from other funds	609,750	609,750	-
Transfers to other funds	<u>(127,377)</u>	<u>(127,377)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>482,373</u>	<u>482,373</u>	<u>-</u>
Net Change in Fund Balance	<u>(127,377)</u>	<u>(18,324)</u>	<u>109,053</u>
Fund Balance at beginning of year	<u>255,202</u>	<u>255,202</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 127,825</u></u>	<u><u>\$ 236,878</u></u>	<u><u>\$ 109,053</u></u>

CHILD CARE			
Revenues:			
Intergovernmental -			
Federal/State	\$ 2,632,620	\$ 3,854,787	\$ 1,222,167
Charges for services	110,000	139,186	29,186
Other	<u>17,500</u>	<u>20,659</u>	<u>3,159</u>
Total Revenues	<u>2,760,120</u>	<u>4,014,632</u>	<u>1,254,512</u>
Expenditures:			
Health and Welfare	<u>6,125,899</u>	<u>6,429,124</u>	<u>(303,225)</u>
Revenues under expenditures	<u>(3,365,779)</u>	<u>(2,414,492)</u>	<u>951,287</u>
Other Financing Sources (Uses):			
Transfers from other funds	4,588,772	4,105,108	(483,664)
Transfers to other funds	<u>(600,000)</u>	<u>(600,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>3,988,772</u>	<u>3,505,108</u>	<u>(483,664)</u>
Net Change in Fund Balance	<u>622,993</u>	<u>1,090,616</u>	<u>467,623</u>
Fund Balance at beginning of year	<u>852,093</u>	<u>852,093</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 1,475,086</u></u>	<u><u>\$ 1,942,709</u></u>	<u><u>\$ 467,623</u></u>

Continued

ST. CLAIR COUNTY, MICHIGAN

**NONMAJOR SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
VETERANS' TRUST			
Revenues:			
Intergovernmental -			
Federal/State	\$ 30,000	\$ 22,124	\$(7,876)
Other	-	60	60
Total Revenues	<u>30,000</u>	<u>22,184</u>	<u>(7,816)</u>
Expenditures:			
Health and Welfare	<u>30,000</u>	<u>20,579</u>	<u>9,421</u>
Net Change in Fund Balance	-	1,605	1,605
Fund Balance at beginning of year	<u>8,893</u>	<u>8,893</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 8,893</u></u>	<u><u>\$ 10,498</u></u>	<u><u>\$ 1,605</u></u>

E - 911

Revenues:			
Charges for services	\$ 765,833	\$ 769,182	\$ 3,349
Other Financing Uses :			
Transfers to other funds	<u>(765,833)</u>	<u>(769,182)</u>	<u>(3,349)</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>

Continued

ST. CLAIR COUNTY, MICHIGAN

**NONMAJOR SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Amended Budget</u>	<u>Actual</u>	Variance Positive (Negative)
DEEDS AUTOMATION			
Revenues:			
Charges for services	\$ 130,000	\$ 137,263	\$ 7,263
Interest	5,400	1,248	(4,152)
Total Revenues	<u>135,400</u>	<u>138,511</u>	<u>3,111</u>
Expenditures:			
General Government	<u>91,276</u>	<u>43,875</u>	<u>47,401</u>
Net Change in Fund Balance	44,124	94,636	50,512
Fund Balance at beginning of year	<u>242,355</u>	<u>242,355</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 286,479</u></u>	<u><u>\$ 336,991</u></u>	<u><u>\$ 50,512</u></u>

LOCAL CORRECTIONS AND TRAINING			
Revenues:			
Charges for services	\$ 40,000	\$ 32,125	\$(7,875)
Expenditures:			
Public Safety	<u>50,000</u>	<u>51,008</u>	<u>(1,008)</u>
Net Change in Fund Balance	(10,000)	(18,883)	(8,883)
Fund Balance at beginning of year	<u>27,227</u>	<u>27,227</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 17,227</u></u>	<u><u>\$ 8,344</u></u>	<u><u>\$(8,883)</u></u>

Continued

ST. CLAIR COUNTY, MICHIGAN

**NONMAJOR SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
FAMILY COUNSELING			
Revenues:			
Charges for services	\$ 20,000	\$ 13,425	\$(6,575)
Expenditures:			
Judicial	<u>20,000</u>	<u>31,785</u>	<u>(11,785)</u>
Net Change in Fund Balance	-	(18,360)	(18,360)
Fund Balance at beginning of year	<u>194,937</u>	<u>194,937</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 194,937</u></u>	<u><u>\$ 176,577</u></u>	<u><u>\$(18,360)</u></u>
TAX RESERVE			
Other Financing Uses:			
Transfers to other funds	\$(419,601)	\$(419,601)	\$ -
Fund Balance at beginning of year	<u>419,601</u>	<u>419,601</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</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 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

**NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET ASSETS
DECEMBER 31, 2009**

	<u>Airport Commission</u>	<u>Sheriff's Concession</u>	<u>Homestead Exemption Audits</u>	<u>School Tax Collection</u>	<u>Total</u>
ASSETS:					
Current Assets:					
Cash and cash equivalents	\$ 227,678	\$ 94,746	\$ 25,108	\$ 128,804	\$ 476,336
Accounts receivable					
Interest and accounts	7,072	29,674	42,971	-	79,717
Due from other governmental units -					
Local	136	-		-	136
Prepaid expenses	2,679	-	172	-	2,851
Total Current Assets	<u>237,565</u>	<u>124,420</u>	<u>68,251</u>	<u>128,804</u>	<u>559,040</u>
Property, Plant and Equipment:					
Property, plant and equipment	11,556,266	-	-	-	11,556,266
Less - accumulated depreciation	<u>(7,956,722)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,956,722)</u>
Total Property, Plant and Equipment (net of accumulated depreciation)	<u>3,599,544</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,599,544</u>
Total Assets	<u>3,837,109</u>	<u>124,420</u>	<u>68,251</u>	<u>128,804</u>	<u>4,158,584</u>
LIABILITIES:					
Current Liabilities:					
Accounts payable	39,882	15,920	-	-	55,802
Accrued expenses	2,894	304	-	-	3,198
Due to other governmental units -					
Local	-	-	40,699	-	40,699
Advances from component units	89,281	-	-	-	89,281
Unearned revenue	4,596	-	-	-	4,596
Total Current Liabilities	<u>136,653</u>	<u>16,224</u>	<u>40,699</u>	<u>-</u>	<u>193,576</u>
Long-Term Liabilities:					
Accrued vacation and sick (less current portion)	14,329	-	-	-	14,329
Net OPEB obligation	27,869	-	-	-	27,869
Total Long-Term Liabilities	<u>42,198</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>42,198</u>
Total Liabilities	<u>178,851</u>	<u>16,224</u>	<u>40,699</u>	<u>-</u>	<u>235,774</u>
NET ASSETS:					
Invested in capital assets, net of related debt	3,599,544	-	-	-	3,599,544
Unrestricted	58,714	108,196	27,552	128,804	323,266
Total Net Assets	<u>\$ 3,658,258</u>	<u>\$ 108,196</u>	<u>\$ 27,552</u>	<u>\$ 128,804</u>	<u>\$ 3,922,810</u>

ST. CLAIR COUNTY, MICHIGAN

NONMAJOR ENTERPRISE FUNDS

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Airport Commission</u>	<u>Sheriff's Concession</u>	<u>Homestead Exemption Audits</u>	<u>School Tax Collection</u>	<u>Total</u>
Operating Revenues:					
Intergovernmental -					
Federal/State	\$ 111,887	\$ -	\$ -	\$ -	\$ 111,887
Charges for services	5,078	395,000	-	4,652	404,730
Interest and rents	122,762	-	-	-	122,762
Other	1,807	4,578	-	-	6,385
Total Operating Revenues	<u>241,534</u>	<u>399,578</u>	<u>-</u>	<u>4,652</u>	<u>645,764</u>
Operating Expenses:					
Personal services	211,533	24,501	-	-	236,034
Supplies	24,582	25,934	-	-	50,516
Other services	189,502	373,163	1,710	8,941	573,316
Depreciation	257,254	-	-	-	257,254
Total Operating Expenses	<u>682,871</u>	<u>423,598</u>	<u>1,710</u>	<u>8,941</u>	<u>1,117,120</u>
Operating Loss	(441,337)	(24,020)	(1,710)	(4,289)	(471,356)
Capital Contributions	<u>122,037</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>122,037</u>
Net Income (Loss) Before Transfers	(319,300)	(24,020)	(1,710)	(4,289)	(349,319)
Transfers:					
Transfers from other funds	<u>224,663</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>224,663</u>
Change in Net Assets	(94,637)	(24,020)	(1,710)	(4,289)	(124,656)
Net Assets at beginning of year	<u>3,752,895</u>	<u>132,216</u>	<u>29,262</u>	<u>133,093</u>	<u>4,047,466</u>
Net Assets at end of year	<u>\$ 3,658,258</u>	<u>\$ 108,196</u>	<u>\$ 27,552</u>	<u>\$ 128,804</u>	<u>\$ 3,922,810</u>

ST. CLAIR COUNTY, MICHIGAN

**NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Airport Commission</u>	<u>Sheriff's Concession</u>	<u>Homestead Exemption Audits</u>	<u>School Tax Collection</u>	<u>Total</u>
Cash Flows From Operating Activities:					
Cash receipts from customers	\$ 129,155	\$ 400,746	\$ 11,171	\$ 4,652	\$ 545,724
Cash payments to suppliers	(103,250)	(401,239)	-	-	(504,489)
Cash payments to employees	(195,279)	(24,423)	-	-	(219,702)
Cash payments for interfund services	-	-	-	(8,941)	(8,941)
Other cash payments	-	-	-	(25,362)	(25,362)
Net Cash Provided (Used) by Operating Activities	<u>(169,374)</u>	<u>(24,916)</u>	11,171	<u>(29,651)</u>	<u>(212,770)</u>
Cash Flows From Noncapital Financing Activities:					
Operating transfers from other funds	224,663	-	-	-	224,663
Cash Flows From Capital and Related Financing Activities:					
Acquisition/construction of capital assets	<u>(93,626)</u>	-	-	-	<u>(93,626)</u>
Net Increase (Decrease) in Cash and Cash Equivalents for the year	<u>(38,337)</u>	<u>(24,916)</u>	11,171	<u>(29,651)</u>	<u>(81,733)</u>
Cash and Cash Equivalents at Beginning of Year	<u>266,015</u>	<u>119,662</u>	<u>13,937</u>	<u>158,455</u>	<u>558,069</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 227,678</u></u>	<u><u>\$ 94,746</u></u>	<u><u>\$ 25,108</u></u>	<u><u>\$ 128,804</u></u>	<u><u>\$ 476,336</u></u>
Reconciliation of Operating Loss to Net Cash Provided (Used) by Operating Activities:					
Operating income (loss) for the year	\$(441,337)	\$(24,020)	\$(1,710)	\$(4,289)	\$(471,356)
Adjustments to reconcile operating loss to net cash provided by operating activities -					
Depreciation	257,254	-	-	-	257,254
Change in assets and liabilities:					
Accounts receivable	(1,173)	1,168	80,645	-	80,640
Prepays and deposits	2,100	-	(172)	-	1,928
Accounts payable	(2,103)	(2,142)	(67,592)	(25,362)	(97,199)
Accrued expenses	16,254	78	-	-	16,332
Deferred revenue	(369)	-	-	-	(369)
Net Cash Provided (Used) by Operating Activities	<u><u>\$(169,374)</u></u>	<u><u>\$(24,916)</u></u>	<u><u>\$ 11,171</u></u>	<u><u>\$(29,651)</u></u>	<u><u>\$(212,770)</u></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 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.

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 payment 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 past employment benefits other than pension.

The Pension Fund is accounted for in essentially the same manner as Proprietary Funds, but with an important expanded emphasis on net assets available for pension 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 72nd 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 ASSETS
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUND
DECEMBER 31, 2009**

	<u>Basic Retirement System</u>	<u>Other Postemployment Benefits</u>	<u>Total</u>
ASSETS:			
Cash and cash equivalents	\$ 2,720,979	\$ 3,114,560	\$ 5,835,539
Investments, at fair value			
U.S. Government Securities	407,302	-	407,302
Corporate Debt	32,235,388	-	32,235,388
Equity Funds	42,561,853	1,827,985	44,389,838
Stocks	80,995,457	1,731,699	82,727,156
Foreign Bonds	16,501,174	-	16,501,174
Mutual Funds	201,139	2,015,201	2,216,340
Municipal Bonds	49,348	-	49,348
Receivables -			
Interest and dividends	733,850	5,876	739,726
Other	78,474	-	78,474
Internal balances	<u>(26,953,254)</u>	<u>26,953,254</u>	<u>-</u>
Total Assets	<u>149,531,710</u>	<u>35,648,575</u>	<u>185,180,285</u>
 LIABILITIES:			
Accounts payable	264,367	-	264,367
Accrued liabilities	<u>701,385</u>	<u>-</u>	<u>701,385</u>
Total Liabilities	<u>965,752</u>	<u>-</u>	<u>965,752</u>
 NET ASSETS:			
Net assets held in trust for pension benefits	148,565,958	-	148,565,958
Net assets held in trust for other postemployment benefits	<u>-</u>	<u>35,648,575</u>	<u>35,648,575</u>
	<u>\$ 148,565,958</u>	<u>\$ 35,648,575</u>	<u>\$ 184,214,533</u>

ST. CLAIR COUNTY, MICHIGAN

**COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET ASSETS
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Basic Retirement System			
	Member Contributions	Employer Contributions	Pension Payments	Total
Additions:				
Contributions				
Member contributions	\$ 2,356,288	\$ -	\$ -	\$ 2,356,288
Employer contributions	-	4,382,161	-	4,382,161
Rollover from MERS	-	768,239	-	768,239
Total Contributions	<u>2,356,288</u>	<u>5,150,400</u>	<u>-</u>	<u>7,506,688</u>
Investment income				
Net appreciation in fair value of investments	-	33,576,683	-	33,576,683
Interest/Dividends	-	2,471,583	-	2,471,583
Less investment expense	-	(758,830)	-	(758,830)
Net investment income	<u>-</u>	<u>35,289,436</u>	<u>-</u>	<u>35,289,436</u>
Other				
Medicare Part D reimbursements	-	-	-	-
Total Additions	<u>2,356,288</u>	<u>40,439,836</u>	<u>-</u>	<u>42,796,124</u>
Deductions:				
Retirement payroll	-	-	9,995,682	9,995,682
Health/dental insurance	-	-	-	-
Death benefits	-	52,500	-	52,500
Employee refunds	193,750	-	-	193,750
Administration	-	67,751	-	67,751
Professional fees	-	52,842	-	52,842
Other	-	40,000	-	40,000
Total Deductions	<u>193,750</u>	<u>213,093</u>	<u>9,995,682</u>	<u>10,402,525</u>
Net Increase (Decrease) Before Transfers	2,162,538	40,226,743	(9,995,682)	32,393,599
Interfund Transfers In (Out):				
Retirees obligation	(1,874,540)	(9,057,642)	10,932,182	-
Interest	<u>527,730</u>	<u>(6,086,626)</u>	<u>5,558,896</u>	<u>-</u>
Net Increase (Decrease)	815,728	25,082,475	6,495,396	32,393,599
Net assets held in trust for pension benefits and other postemployment benefits:				
Beginning of year	<u>25,850,473</u>	<u>1,607,399</u>	<u>88,714,487</u>	<u>116,172,359</u>
End of year	<u>\$ 26,666,201</u>	<u>\$ 26,689,874</u>	<u>\$ 95,209,883</u>	<u>\$ 148,565,958</u>

Other Postemployment Benefits

401H Health Care	Act 149 Health Care	Total	Total
\$ -	\$ 425,109	\$ 425,109	\$ 2,781,397
-	2,632,046	2,632,046	7,014,207
-	-	-	768,239
-	3,057,155	3,057,155	10,563,843
-	720,268	720,268	34,296,951
1,769,869	173,922	1,943,791	4,415,374
-	(36,671)	(36,671)	(795,501)
1,769,869	857,519	2,627,388	37,916,824
307,652	-	307,652	307,652
2,077,521	3,914,674	5,992,195	48,788,319
-	-	-	9,995,682
5,349,074	-	5,349,074	5,349,074
-	-	-	52,500
12,776	-	12,776	206,526
-	-	-	67,751
97,875	-	97,875	150,717
-	-	-	40,000
5,459,725	-	5,459,725	15,862,250
(3,382,204)	3,914,674	532,470	32,926,069
-	-	-	-
-	-	-	-
(3,382,204)	3,914,674	532,470	32,926,069
30,335,458	4,780,647	35,116,105	151,288,464
\$ 26,953,254	\$ 8,695,321	\$ 35,648,575	\$ 184,214,533

ST. CLAIR COUNTY, MICHIGAN

**COMBINING STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
DECEMBER 31, 2009**

	Agency Funds			
	Trust and Agency	Library Penal Fines	Payroll	Total
ASSETS				
Cash and cash equivalents	\$ 2,493,867	\$ 4,702	\$ 176,954	\$ 2,675,523
Investments	102,663	-	-	102,663
Receivables	10,545,352	3,268	-	10,548,620
Due from other funds	15,448	-	-	15,448
Total Assets	\$ 13,157,330	\$ 7,970	\$ 176,954	\$ 13,342,254
LIABILITIES				
Due to individuals and agencies	\$ 11,735,620	\$ -	\$ 1,748	\$ 11,737,368
Due to other governmental units -				
Federal/state	210,254	-	160,319	370,573
Local	1,211,456	7,970	14,887	1,234,313
Total Liabilities	\$ 13,157,330	\$ 7,970	\$ 176,954	\$ 13,342,254

ST. CLAIR COUNTY, MICHIGAN

**AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Balance January 1, 2009	Additions	Reductions	Balance December 31, 2009
TOTAL ALL AGENCY FUNDS				
Assets:				
Cash and cash equivalents	\$ 2,905,466	\$ 298,152,270	\$ 298,382,213	\$ 2,675,523
Investments	117,737	-	15,074	102,663
Receivables	10,360,942	502,157	314,479	10,548,620
Due from other funds	15,448	-	-	15,448
	<u>13,399,593</u>	<u>298,654,427</u>	<u>298,711,766</u>	<u>13,342,254</u>
Total Assets	<u>\$ 13,399,593</u>	<u>\$ 298,654,427</u>	<u>\$ 298,711,766</u>	<u>\$ 13,342,254</u>
Liabilities:				
Due to -				
Individuals and agencies	\$ 11,146,814	\$ 81,957,860	\$ 81,367,306	\$ 11,737,368
Other governmental units -				
Federal/State	409,555	16,224,457	16,263,439	370,573
Local	891,863	123,163,092	122,820,642	1,234,313
Other funds	951,361	34,900,116	35,851,477	-
	<u>13,399,593</u>	<u>256,245,525</u>	<u>256,302,864</u>	<u>13,342,254</u>
Total Liabilities	<u>\$ 13,399,593</u>	<u>\$ 256,245,525</u>	<u>\$ 256,302,864</u>	<u>\$ 13,342,254</u>
TRUST AND AGENCY				
Assets:				
Cash and cash equivalents	\$ 2,716,379	\$ 207,130,256	\$ 207,352,768	\$ 2,493,867
Investments	117,737	-	15,074	102,663
Due from other funds	15,448	-	-	15,448
Receivables	10,357,470	498,889	311,007	10,545,352
	<u>13,207,034</u>	<u>207,629,145</u>	<u>207,678,849</u>	<u>13,157,330</u>
Total Assets	<u>\$ 13,207,034</u>	<u>\$ 207,629,145</u>	<u>\$ 207,678,849</u>	<u>\$ 13,157,330</u>
Liabilities:				
Due to -				
Individuals and agencies	\$ 11,129,829	\$ 48,602,195	\$ 47,996,404	\$ 11,735,620
Other governmental units -				
State	259,333	4,206,793	4,255,872	210,254
Local	866,511	116,906,302	116,561,357	1,211,456
Other funds	951,361	78,698	1,030,059	-
	<u>13,207,034</u>	<u>169,793,988</u>	<u>169,843,692</u>	<u>13,157,330</u>
Total Liabilities	<u>\$ 13,207,034</u>	<u>\$ 169,793,988</u>	<u>\$ 169,843,692</u>	<u>\$ 13,157,330</u>

Continued

ST. CLAIR COUNTY, MICHIGAN

**AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Balance January 1, 2009	Additions	Reductions	Balance December 31, 2009
LIBRARY PENAL FINES				
Assets:				
Cash and cash equivalents	\$ 5,693	\$ 500,737	\$ 501,728	\$ 4,702
Accounts receivable	3,472	3,268	3,472	3,268
	<u>\$ 9,165</u>	<u>\$ 504,005</u>	<u>\$ 505,200</u>	<u>\$ 7,970</u>
Liabilities:				
Due to -				
Other governmental units -				
Local	\$ 9,165	\$ 16,383	\$ 17,578	\$ 7,970
Other funds	-	503,996	503,996	-
Total Liabilities	<u>\$ 9,165</u>	<u>\$ 520,379</u>	<u>\$ 521,574</u>	<u>\$ 7,970</u>

PAYROLL FUND

Assets:				
Cash and cash equivalents	<u>\$ 183,394</u>	<u>\$ 90,521,277</u>	<u>\$ 90,527,717</u>	<u>\$ 176,954</u>
Liabilities:				
Due to -				
Individuals and agencies	\$ 16,985	\$ 33,355,665	\$ 33,370,902	\$ 1,748
Other governmental units -				
Federal/State	150,222	12,017,664	12,007,567	160,319
Local	16,187	6,240,407	6,241,707	14,887
Other funds	-	34,317,422	34,317,422	-
Total Liabilities	<u>\$ 183,394</u>	<u>\$ 85,931,158</u>	<u>\$ 85,937,598</u>	<u>\$ 176,954</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, 2009**

	Balance January 1, 2009	Additions	Disposals/ Adjustments	Balance December 31, 2009
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
General County:				
Land	\$ 9,552,147	\$ 125,352	\$ -	\$ 9,677,499
Land improvements	5,416,537	15,250	-	5,431,787
Buildings	86,761,676	468,563	-	87,230,239
Equipment -				
Machinery	14,075,587	385,922	-	14,461,509
Marine	857,050	37,164	-	894,214
Vehicles	2,214,741	299,852	179,429	2,335,164
Books	10,600,371	512,139	928,464	10,184,046
	<u>129,478,109</u>	<u>1,844,242</u>	<u>1,107,893</u>	<u>130,214,458</u>
Less - Accumulated depreciation	<u>(37,246,244)</u>	<u>(4,187,100)</u>	<u>1,091,286</u>	<u>(40,342,058)</u>
	92,231,865	<u>(2,342,858)</u>	16,607	89,872,400
Construction in progress	<u>960,587</u>	<u>3,230,711</u>	<u>565,591</u>	<u>3,625,707</u>
Net Total Investment in Capital Assets	<u>\$ 93,192,452</u>	<u>\$ 887,853</u>	<u>\$ 582,198</u>	<u>\$ 93,498,107</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 assets.

ST. CLAIR COUNTY, MICHIGAN

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CAPITAL ASSETS BY FUNCTION AND ACTIVITY
DECEMBER 31, 2009**

	<u>Total</u>	<u>Land and Improvements</u>	<u>Buildings</u>	<u>Equipment</u>
Judicial:				
Circuit Court	\$ 185,932	\$ -	\$ -	\$ 185,932
Circuit Court - Family Division	71,612	-	-	71,612
District Court	670,592	66,034	336,698	267,860
Friend of Court	266,674	-	8,449	258,225
Public Improvement	41,182	-	-	41,182
	<u>1,235,992</u>	<u>66,034</u>	<u>345,147</u>	<u>824,811</u>
General Government:				
Administrator/Controller	10,000	-	-	10,000
Accounting	171,242	-	-	171,242
Information Technology	1,583,228	-	-	1,583,228
Clerk	41,528	-	-	41,528
Register of Deeds	103,798	-	14,700	89,098
Equalization	5,630	-	-	5,630
Prosecuting Attorney	27,871	-	-	27,871
Human Resources	15,741	-	-	15,741
Property Description	79,447	-	-	79,447
County Treasurer	13,000	-	7,500	5,500
Buildings and Grounds	160,132	-	72,016	88,116
Public Improvement	1,342,022	384,000	167,378	790,644
Drain Commissioner	221,132	-	-	221,132
	<u>3,774,771</u>	<u>384,000</u>	<u>261,594</u>	<u>3,129,177</u>
Public Safety:				
Sheriff and Patrol	1,232,309	-	-	1,232,309
Marine Law Enforcement	696,145	-	-	696,145
Jail	47,823,350	108,394	47,510,777	204,179
Juvenile Center	654,407	40,385	507,792	106,230
Radio/Communications	8,442,889	-	376,202	8,066,687
Secondary Road Patrol	20,661	-	-	20,661
Emergency Services	667,037	9,142	9,975	647,920
Hazardous Materials Handling	958,000	60,895	477,340	419,765
Animal Shelter	319,553	19,200	281,353	19,000
Drug Task Force	425,598	-	-	425,598
Public Improvement	407,169	-	105,941	301,228
Planning Commission	48,500	-	-	48,500
	<u>61,695,618</u>	<u>238,016</u>	<u>49,269,380</u>	<u>12,188,222</u>
Health and Welfare:				
Veterans Counselor	7,295	-	-	7,295
Day Treatment/Night Watch	328,540	134,525	109,915	84,100
Health Department	2,041,040	114,720	1,627,012	299,308
	<u>2,376,875</u>	<u>249,245</u>	<u>1,736,927</u>	<u>390,703</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, 2009**

	<u>Total</u>	<u>Land and Improvements</u>	<u>Buildings</u>	<u>Equipment</u>
Recreation and Cultural:				
Parks and Recreation	\$ 16,682,654	\$ 11,882,448	\$ 4,117,291	\$ 682,915
Public Library	11,547,152	95,164	792,883	10,659,105
	<u>28,229,806</u>	<u>11,977,612</u>	<u>4,910,174</u>	<u>11,342,020</u>
General:				
Land and improvements	2,194,379	2,194,379	-	-
Buildings	30,707,017	-	30,707,017	-
	<u>32,901,396</u>	<u>2,194,379</u>	<u>30,707,017</u>	<u>-</u>
Total General Fixed Assets	130,214,458	15,109,286	87,230,239	27,874,933
Less: Accumulated depreciation	<u>(40,342,058)</u>	<u>(2,113,773)</u>	<u>(20,818,731)</u>	<u>(17,409,554)</u>
	89,872,400	12,995,513	66,411,508	10,465,379
Construction in progress	<u>3,625,707</u>	<u>2,289,445</u>	<u>682,139</u>	<u>654,123</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>\$ 93,498,107</u>	<u>\$ 15,284,958</u>	<u>\$ 67,093,647</u>	<u>\$ 11,119,502</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 assets.

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, 2009**

	Balance January 1, 2009	Additions	Disposals and Adjustments	Balance December 31, 2009
Judicial:				
Circuit Court	\$ 185,932	\$ -	\$ -	\$ 185,932
Circuit Court - Family Division	71,612	-	-	71,612
District Court	650,747	19,845	-	670,592
Friend of Court	266,674	-	-	266,674
Public Improvement	41,182	-	-	41,182
Probate Court - Juvenile	-	-	-	-
Total Judicial	<u>1,216,147</u>	<u>19,845</u>	<u>-</u>	<u>1,235,992</u>
General Government:				
Administrator/Controller	10,000	-	-	10,000
Accounting	171,242	-	-	171,242
Information Technology	1,583,227	-	-	1,583,227
Clerk/Register	41,528	-	-	41,528
Register of Deeds	103,799	-	-	103,799
Equalization	5,630	-	-	5,630
Prosecuting Attorney	27,871	-	-	27,871
Human Resources	15,741	-	-	15,741
Property Description	79,447	-	-	79,447
County Treasurer	13,000	-	-	13,000
Buildings and Grounds	160,132	-	-	160,132
Public Improvement	1,296,378	45,644	-	1,342,022
Drain Commissioner	221,132	-	-	221,132
Total General Government	<u>3,729,127</u>	<u>45,644</u>	<u>-</u>	<u>3,774,771</u>
Public Safety:				
Sheriff and Patrol	1,091,891	223,489	83,071	1,232,309
Marine Law Enforcement	658,981	37,164	-	696,145
Jail	47,823,350	-	-	47,823,350
Juvenile Center	654,407	-	-	654,407
Radio/Communications	8,442,889	-	-	8,442,889
Secondary Road Patrol	20,661	-	-	20,661
Emergency Services	649,799	17,238	-	667,037
Hazardous Materials Handling	958,000	-	-	958,000
Animal Shelter	319,553	-	-	319,553
Drug Task Force	442,441	23,015	39,858	425,598
Public Improvement	321,157	105,941	19,929	407,169
Planning Commission	48,500	-	-	48,500
Total Public Safety	<u>61,431,629</u>	<u>406,847</u>	<u>142,858</u>	<u>61,695,618</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, 2009**

	Balance January 1, 2009	Additions	Disposals and Adjustments	Balance December 31, 2009
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Health and Welfare:				
Veterans Counselor	\$ 7,295	\$ -	\$ -	\$ 7,295
Day Treatment/Night Watch	203,188	125,352	-	328,540
Health Department	2,029,315	11,725	-	2,041,040
Total Health and Welfare	<u>2,239,798</u>	<u>137,077</u>	<u>-</u>	<u>2,376,875</u>
Recreation and Cultural:				
Parks and Recreation	16,133,485	585,740	36,571	16,682,654
Public Library	11,826,527	649,089	928,464	11,547,152
Total Recreation and Cultural	<u>27,960,012</u>	<u>1,234,829</u>	<u>965,035</u>	<u>28,229,806</u>
General:				
Land and improvements	2,194,379	-	-	2,194,379
Buildings	30,707,017	-	-	30,707,017
Total General	<u>32,901,396</u>	<u>-</u>	<u>-</u>	<u>32,901,396</u>
Construction in progress	<u>960,587</u>	<u>3,230,711</u>	<u>565,591</u>	<u>3,625,707</u>
 Total Capital Assets	 <u>\$ 130,438,696</u>	 <u>\$ 5,074,953</u>	 <u>\$ 1,673,484</u>	 <u>\$ 133,840,165</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 assets.

Concluded

DRAIN COMMISSIONER

ST. CLAIR COUNTY, MICHIGAN

**DRAIN FUNDS
BALANCE SHEET/STATEMENT OF NET ASSETS
DECEMBER 31, 2009**

	<u>County Drain</u>	<u>Drain Revolving</u>	<u>Special Services</u>	<u>Drain Debt</u>
ASSETS				
Cash and cash equivalents	\$ 3,569,548	\$ 194,998	\$ 32,500	\$ 33,295
Investment	-	-	-	-
Special assessments receivable	125,139	-	-	13,161,395
Due from other governmental units	927,021	-	-	-
Prepays and deposits	116	-	-	-
Deferred charges	-	-	-	-
Due from other funds	400,000	206,178	-	-
Capital assets (net of accumulated depreciation) -				
Assets not being depreciated	-	-	-	-
Assets being depreciated	-	-	-	-
	<u>5,021,824</u>	<u>401,176</u>	<u>32,500</u>	<u>13,194,690</u>
Total Assets				

LIABILITIES AND FUND BALANCE

Liabilities:				
Accounts payable	\$ 1,153,345	\$ -	\$ -	\$ -
Accrued interest	-	-	-	-
Due to other funds	206,178	-	-	400,000
Due to component units	20,015	-	-	-
Advances from primary government	-	50,000	-	-
Deferred revenue	125,139	-	-	13,161,395
Non-current liabilities				
Due within one year	-	-	-	-
Due in more than one year	-	-	-	-
Total Liabilities	<u>1,504,677</u>	<u>50,000</u>	<u>-</u>	<u>13,561,395</u>
Fund Balance:				
Unreserved -				
Undesignated	<u>3,517,147</u>	<u>351,176</u>	<u>32,500</u>	<u>(366,705)</u>
Total Liabilities and Fund Balance	<u>5,021,824</u>	<u>401,176</u>	<u>32,500</u>	<u>13,194,690</u>

Net Assets:
Invested in capital assets, net of related debt
Restricted
Unrestricted

Total Net Assets

<u>Mill Creek Debt</u>	<u>Equipment Rental</u>	<u>Total</u>	<u>GASB 34 Adjustments</u>	<u>Statement of Net Assets</u>
\$ 172,377	\$ 71,826	\$ 4,074,544	\$ -	\$ 4,074,544
167,511	-	167,511	-	167,511
1,417,146	-	14,703,680	-	14,703,680
10,544	-	937,565	-	937,565
-	-	116	-	116
-	-	-	174,144	174,144
-	-	606,178	(606,178)	-
-	-	-	8,803,193	8,803,193
-	-	-	14,640,027	14,640,027
<u>\$ 1,767,578</u>	<u>\$ 71,826</u>	<u>\$ 20,489,594</u>	<u>23,011,186</u>	<u>43,500,780</u>

\$ -	\$ 672	\$ 1,154,017	-	1,154,017
-	-	-	208,388	208,388
-	-	606,178	(606,178)	-
-	-	20,015	-	20,015
-	-	50,000	-	50,000
1,417,146	-	14,703,680	(14,703,680)	-
-	-	-	2,863,018	2,863,018
-	-	-	14,214,040	14,214,040
<u>1,417,146</u>	<u>672</u>	<u>16,533,890</u>	<u>1,975,588</u>	<u>18,509,478</u>

<u>350,432</u>	<u>71,154</u>	<u>3,955,704</u>	<u>(3,955,704)</u>	<u>-</u>
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<u>\$ 1,767,578</u>	<u>\$ 71,826</u>	<u>\$ 20,489,594</u>		
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6,366,162	6,366,162
350,432	350,432
<u>18,274,708</u>	<u>18,274,708</u>
<u>\$ 24,991,302</u>	<u>\$ 24,991,302</u>

ST. CLAIR COUNTY, MICHIGAN

**RECONCILIATION OF FUND BALANCES ON THE BALANCE SHEET FOR
DRAIN FUND TO NET ASSETS OF DRAIN ACTIVITIES
ON THE STATEMENT OF NET ASSETS
DECEMBER 31, 2009**

Fund Balances - Drain Funds		\$ 3,955,704
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		
Capital assets		28,291,364
Accumulated depreciation		(4,848,144)
Other long term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds		
Special Assessments		14,703,680
Discounts and premiums on bonds are reported as other financing sources or uses in the governmental funds, where they are capitalized and amortized from net assets (netted against long-term debt)		
Bond premium		(93,878)
Bond discount		135,219
Bond Issuance costs reported as debt retirement in the governmental funds, where they are deferred and amortized from net assets		
		174,144
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	(4,789,900)	
Bonds payable	(8,606,860)	
Clean water revolving loan	(3,721,639)	
Accrued interest on bonds/notes payable	(208,388)	(17,326,787)
Net Assets of Drain Commissioner		<u>\$ 24,991,302</u>

ST. CLAIR COUNTY, MICHIGAN

**DRAIN FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES/STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>County Drain</u>	<u>Drain Revolving</u>	<u>Special Services</u>	<u>Drain Debt</u>
Revenues:				
Intergovernmental -				
Federal/State	\$ 347,136	\$ -	\$ -	\$ -
Charges for services	1,725,131	-	8,060	1,172,467
Interest and rent	8,765	-	-	-
Other	82,214	-	-	-
Total Revenues	<u>2,163,246</u>	<u>-</u>	<u>8,060</u>	<u>1,172,467</u>
Expenditures/Expenses:				
Public Works	3,562,405	-	8,633	-
Debt Service	7,262,000	-	-	869,534
Total Expenditures/Expenses	<u>10,824,405</u>	<u>-</u>	<u>8,633</u>	<u>869,534</u>
Revenues over (under) expenditures	<u>(8,661,159)</u>	<u>-</u>	<u>(573)</u>	<u>302,933</u>
Other Financing Sources (Uses):				
Issuance of debt	11,118,163	-	-	-
Issuance discount on long-term debt	(142,336)	-	-	-
Transfer from other funds	24,852	-	-	-
Transfer to other funds	-	-	(7,100)	-
	<u>11,000,679</u>	<u>-</u>	<u>(7,100)</u>	<u>-</u>
Net Change in Fund Balance/Net Assets	2,339,520	-	(7,673)	302,933
Fund Balances/Net Assets at beginning of year	<u>1,177,627</u>	<u>351,176</u>	<u>40,173</u>	<u>(669,638)</u>
Fund Balances/Net Assets at end of year	<u>\$ 3,517,147</u>	<u>\$ 351,176</u>	<u>\$ 32,500</u>	<u>\$ (366,705)</u>

<u>Mill Creek Debt</u>	<u>Equipment Rental</u>	<u>Total</u>	<u>GASB 34 Adjustments</u>	<u>Statement of Activities</u>
\$ -	\$ -	\$ 347,136	\$ -	\$ 347,136
340,834	-	3,246,492	6,936,818	10,183,310
-	-	8,765	-	8,765
-	71,213	153,427	-	153,427
<u>340,834</u>	<u>71,213</u>	<u>3,755,820</u>	<u>6,936,818</u>	<u>10,692,638</u>
-	15,847	3,586,885	(2,951,581)	635,304
290,816	-	8,422,350	(7,911,585)	510,765
<u>290,816</u>	<u>15,847</u>	<u>12,009,235</u>	<u>(10,863,166)</u>	<u>1,146,069</u>
<u>50,018</u>	<u>55,366</u>	<u>(8,253,415)</u>	<u>17,799,984</u>	<u>9,546,569</u>
-	-	11,118,163	(11,118,163)	-
-	-	(142,336)	142,336	-
-	-	24,852	(24,852)	-
-	(17,752)	(24,852)	24,852	-
<u>-</u>	<u>(17,752)</u>	<u>10,975,827</u>	<u>(10,975,827)</u>	<u>-</u>
50,018	37,614	2,722,412	6,824,157	9,546,569
<u>300,414</u>	<u>33,540</u>	<u>1,233,292</u>	<u>14,211,441</u>	<u>15,444,733</u>
<u>\$ 350,432</u>	<u>\$ 71,154</u>	<u>\$ 3,955,704</u>	<u>\$ 21,035,598</u>	<u>\$ 24,991,302</u>

ST. CLAIR COUNTY, MICHIGAN

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF DRAIN FUND
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2009**

Net change in fund balances - Drain Fund	\$ 2,722,412
<p>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.</p>	
Capital outlay	3,059,049
Depreciation expense	(288,682)
<p>Revenue in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>	
	6,936,818
<p>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 assets.</p>	
Principal payments on long term liabilities	7,905,002
Note proceeds	(3,292,000)
Bond/loan proceeds	(7,683,827)
Issuance costs	181,214
Amortization of bond premium	77,541
Amortization of bond discount	(7,117)
Amortization of issuance costs	(7,070)
<p>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.</p>	
Increase in accrued interest payable	<u>(56,771)</u>
Change in net assets of Drain Commissioner	<u><u>\$ 9,546,569</u></u>

**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.

<u>Contents</u>	<u>Page</u>
Financial Trends	
<i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	S - 1 to S - 6
Revenue Capacity	
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	S - 7 to S - 10
Debt Capacity	
<i>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.</i>	S - 11 to S - 14
Demographic and Economic Information	
<i>These schedules offer demographic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	S - 15 to S - 16
Operating Information	
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	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 ASSETS BY COMPONENT
 LAST TEN FISCAL YEARS (A) - UNAUDITED
 (accrual basis of accounting)
 (amounts expressed in thousands)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Governmental Activities										
Invested in capital assets, net of related debt	\$ -	\$ -	\$ 27,953	\$ 29,358	\$ 35,995	\$ 45,828	\$ 47,087	\$ 50,693	\$ 50,828	\$ 49,646
Restricted	-	-	200	183	18,143	24,711	32,161	30,141	28,469	28,607
Unrestricted	-	-	29,117	25,068	12,517	11,786	13,764	15,253	7,022	1,374
Total Governmental Activities Net Assets	\$ -	\$ -	\$ 57,270	\$ 54,609	\$ 66,655	\$ 82,325	\$ 93,012	\$ 96,087	\$ 86,319	\$ 79,627
Business-Type Activities										
Invested in capital assets, net of related debt	\$ -	\$ -	\$ 5,541	\$ 8,905	\$ 9,605	\$ 12,804	\$ 12,514	\$ 15,424	\$ 15,145	\$ 15,991
Restricted	-	-	-	-	-	85	316	535	935	1,272
Unrestricted	-	-	35,221	39,279	36,431	29,523	28,239	25,257	29,816	27,923
Total Business-Type Activities Net Assets	\$ -	\$ -	\$ 40,762	\$ 48,184	\$ 46,036	\$ 42,412	\$ 41,069	\$ 41,216	\$ 45,896	\$ 45,186
Primary Government										
Invested in capital assets, net of related debt	\$ -	\$ -	\$ 33,494	\$ 38,263	\$ 45,600	\$ 58,632	\$ 59,601	\$ 66,117	\$ 65,973	\$ 65,637
Restricted	-	-	200	183	18,143	24,796	32,477	30,676	29,404	29,879
Unrestricted	-	-	64,338	64,347	48,948	41,309	42,003	40,510	36,838	29,297
Total Primary Government Net Assets	\$ -	\$ -	\$ 98,032	\$ 102,793	\$ 112,691	\$ 124,737	\$ 134,081	\$ 137,303	\$ 132,215	\$ 124,813

(A) - The County implemented GASB Statement No. 34 as of and for the year ended December 31, 2002. Accordingly the data prior to 2002 is not available.

* The Change of the balances between 2007 and 2008 for the Net Assets 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 ASSETS
 LAST TEN FISCAL YEARS (A) - UNAUDITED
 (accrual basis of accounting)
 (amounts expressed in thousands)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Expenses										
Governmental Activities:										
Legislative	\$ -	\$ -	\$ 1,198	\$ 788	\$ 1,154	\$ 1,000	\$ 1,349	\$ 786	\$ 648	\$ 606
Judicial	-	-	9,971	10,767	10,893	11,074	11,850	12,240	12,813	12,834
General Government	-	-	11,909	12,575	13,673	13,432	14,519	14,798	17,057	15,610
Public Safety	-	-	14,564	15,628	17,721	20,780	22,012	23,708	25,937	28,314
Public Works	-	-	1,339	968	826	607	737	551	1,134	1,520
Health and Welfare	-	-	17,362	19,354	18,448	19,140	20,301	22,473	22,970	20,861
Community and Economic Development	-	-	-	-	-	-	633	693	652	819
Recreation and Culture	-	-	5,951	5,589	6,109	6,056	6,672	7,340	8,217	8,321
Other Activities	-	-	1,200	1,002	800	800	-	-	-	-
Interest on Long Term Debt	-	-	597	1,448	151	1,797	1,751	2,165	2,300	2,254
Total Governmental Activities Expenses	-	-	64,091	68,119	69,775	74,686	79,824	84,754	91,728	91,139
Business-Type Activities										
Delinquent Revolving Tax	-	-	1	15	57	76	231	239	316	400
Airport Commission	-	-	856	691	534	688	510	474	569	683
Sheriff Concession	-	-	101	142	157	163	354	350	380	424
School Tax Collection	-	-	-	-	-	-	-	4	6	9
Homestead Exemption Audits	-	-	-	-	-	-	-	-	-	2
Solid Waste Disposal System	-	-	4,681	2,408	4,699	4,935	5,504	4,631	4,842	4,530
Total Business-Type Activities Expenses	-	-	5,639	3,256	5,447	5,862	6,599	5,698	6,113	6,048
Total Primary Government Expenses	\$ -	\$ -	\$ 69,730	\$ 71,375	\$ 75,222	\$ 80,548	\$ 86,423	\$ 90,452	\$ 97,841	\$ 97,187
Program Revenues										
Governmental Activities										
Charges for Services:										
Legislative	\$ -	\$ -	\$ -	\$ 58	\$ 123	\$ 7	\$ -	\$ -	\$ -	\$ 2
Judicial	-	-	2,766	2,830	3,060	3,227	3,077	3,113	2,809	2,581
General Government	-	-	3,365	3,984	4,737	4,429	4,635	4,305	4,927	5,175
Public Safety	-	-	2,866	2,993	3,151	3,561	4,472	5,353	4,484	4,801
Health and Welfare	-	-	1,994	2,132	1,632	1,760	1,929	2,487	2,103	2,534
Community and Economic Development	-	-	-	-	-	-	51	37	36	10
Recreation and Culture	-	-	1,022	1,143	1,151	1,113	1,051	983	895	842
Interest on Long-term Debt	-	-	-	-	-	-	-	370	731	757
Operating Grants and Contributions	-	-	12,329	12,379	13,353	14,807	14,549	13,973	16,538	15,777
Capital Grants and Contributions	-	-	383	674	877	3,597	1,580	4,146	934	1,236
Total Governmental Activities Program Revenues	-	-	24,725	26,193	28,084	32,501	31,344	34,767	33,457	33,715

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Business-Type Activities:										
Charges for Services:										
Delinquent Revolving Tax	\$ -	\$ -	\$ 446	\$ 454	\$ 442	\$ 570	\$ 897	\$ 995	\$ 1,415	\$ 1,226
Airport Commission	-	-	194	173	168	298	197	74	150	130
Sheriff Concession	-	-	112	104	145	151	357	361	389	400
School Tax Collection	-	-	-	-	-	-	32	48	58	5
Homestead Exemption Audits	-	-	-	-	-	-	-	-	1	-
Solid Waste Disposal System	-	-	4,328	6,484	5,182	5,130	4,468	4,950	4,355	3,785
Operating Grants and Contributions	-	-	76	80	342	403	133	143	134	168
Capital Grants and Contributions	-	-	60	894	26	702	342	46	-	122
Total Business-Type Activities Program Revenues	-	-	5,216	8,189	6,305	7,254	6,426	6,617	6,502	5,836
Total Primary Government Program Revenues	\$ -	\$ -	\$ 29,941	\$ 34,382	\$ 34,389	\$ 39,755	\$ 37,770	\$ 41,384	\$ 39,959	\$ 39,551
Net (expense)/revenue										
Governmental Activities	\$ -	\$ -	\$ (39,366)	\$ (41,926)	\$ (41,691)	\$ (42,185)	\$ (48,480)	\$ (49,987)	\$ (58,271)	\$ (57,424)
Business-Type Activities	-	-	(423)	4,933	858	1,392	(173)	919	389	(212)
Total Primary Government Net Expense	\$ -	\$ -	\$ (39,789)	\$ (36,993)	\$ (40,833)	\$ (40,793)	\$ (48,653)	\$ (49,068)	\$ (57,882)	\$ (57,636)
General Revenues and Other Changes in Net Assets										
Governmental Activities:										
Property Taxes	\$ -	\$ -	\$ 33,629	\$ 35,910	\$ 47,254	\$ 49,590	\$ 52,637	\$ 46,895	\$ 46,594	\$ 47,200
Unrestricted Grants and Contributions	-	-	4,231	3,809	1,331	378	393	46	386	387
Unrestricted Investment Income	-	-	1,423	876	871	2,026	3,119	3,626	1,880	509
Interest and Penalties on Delinquent Taxes	-	-	-	3	9	21	29	17	21	2
Gain (Loss) on Disposal/Sale of Capital Assets	-	-	-	(86)	-	-	-	-	-	-
Transfers	-	-	(60)	(1,246)	4,271	7,323	2,989	2,478	3,779	2,634
Special Item - Tribunal Settlement	-	-	-	-	-	-	-	-	(4,157)	-
Total Governmental Activities	-	-	39,223	39,266	53,736	59,338	59,167	53,062	48,503	50,732
Business-Type Activities										
Unrestricted Investment Income	-	-	553	352	379	728	1,819	1,137	551	20
Interest and Penalties on Delinquent Taxes	-	-	903	891	887	856	-	1,110	1,455	2,116
Gain on Sale of Capital Assets	-	-	84	-	-	30	-	59	-	-
Other/Road Commission	-	-	-	-	-	-	-	(600)	-	-
Transfers	-	-	60	1,246	(4,271)	(7,323)	(2,989)	(2,478)	(3,779)	(2,634)
Total Business-Type Activities	-	-	1,600	2,489	(3,005)	(5,709)	(1,170)	(772)	(1,773)	(498)
Total Primary Government	\$ -	\$ -	\$ 40,823	\$ 41,755	\$ 50,731	\$ 53,629	\$ 57,997	\$ 52,290	\$ 46,730	\$ 50,234
Change in Net Assets										
Governmental Activities	\$ -	\$ -	\$ (143)	\$ (2,660)	\$ 12,045	\$ 17,153	\$ 10,687	\$ 3,075	\$ (9,768)	\$ (6,692)
Business-Type Activities	-	-	1,177	7,422	(2,147)	(4,317)	(1,343)	147	(1,384)	(710)
Total Primary Government	\$ -	\$ -	\$ 1,034	\$ 4,762	\$ 9,898	\$ 12,836	\$ 9,344	\$ 3,222	\$ (11,152)	\$ (7,402)

(A) - The County implemented GASB Statement No. 34 as of and for the year ended December 31, 2002. Accordingly the data prior to 2002 is not available.

(Concluded)

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)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Fund										
Reserved	\$ 85	\$ 90	\$ 94	\$ 92	\$ 92	\$ 92	\$ 92	\$ 65	\$ 66	\$ 2,785
Unreserved	10,193	11,378	8,714	8,333	8,693	7,880	7,842	8,082	8,406	5,919
Total General Fund	<u>\$ 10,278</u>	<u>\$ 11,468</u>	<u>\$ 8,808</u>	<u>\$ 8,425</u>	<u>\$ 8,785</u>	<u>\$ 7,972</u>	<u>\$ 7,934</u>	<u>\$ 8,147</u>	<u>\$ 8,472</u>	<u>\$ 8,704</u>
All other Governmental Funds										
Reserved	\$ 50	\$ 184	\$ 515	\$ 25,182	\$ 3,397	\$ 644	\$ 715	\$ 8,440	\$ 2,309	\$ 5,961
Unrestricted, reported in:										
Special Revenue Funds	15,278	16,076	14,325	12,335	20,870	26,818	31,284	33,936	29,311	26,301
Debt Service Funds	-	-	4,000	3,492	1,598	135	418	-	-	-
Capital Project Funds	967	8	-	-	-	-	-	-	-	-
Total all other Governmental Funds	<u>\$ 16,295</u>	<u>\$ 16,268</u>	<u>\$ 18,840</u>	<u>\$ 41,009</u>	<u>\$ 25,865</u>	<u>\$ 27,597</u>	<u>\$ 32,417</u>	<u>\$ 42,376</u>	<u>\$ 31,620</u>	<u>\$ 32,262</u>

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>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Revenues:					
Taxes	\$ 29,797	\$ 31,801	\$ 33,566	\$ 35,883	\$ 47,233
Licenses and Permits	547	653	767	589	669
Intergovernmental	16,072	17,253	17,093	16,810	15,135
Charges for Services	6,631	6,945	8,036	9,128	8,912
Fines and Forfeits	1,420	1,701	1,660	1,744	1,808
Interest and Rent	4,549	3,749	2,210	1,968	1,937
Other	1,146	878	749	713	1,854
Total Revenues	<u>60,162</u>	<u>62,980</u>	<u>64,081</u>	<u>66,835</u>	<u>77,548</u>
Expenditures:					
Legislative	457	609	1,198	683	1,151
Judicial	8,820	9,385	9,756	10,338	10,649
General Government	7,955	8,708	10,110	10,827	11,946
Public Safety	13,593	13,930	13,840	15,055	18,250
Public Works	97	270	1,339	980	828
Health and Welfare	12,779	13,621	17,404	18,952	18,390
Community and Economic Development	-	-	-	-	-
Recreation and Cultural	4,684	4,140	4,396	4,364	6,052
Other Activities	1,087	1,100	1,200	1,002	800
Capital Outlay	6,155	9,304	8,326	10,899	26,173
Debt Service					
Principal	352	263	363	3,363	920
Interest/Issuance Costs	648	721	602	1,274	1,777
Total Expenditures	<u>56,627</u>	<u>62,051</u>	<u>68,534</u>	<u>77,737</u>	<u>96,936</u>
Revenues over (under) expenditures	<u>3,535</u>	<u>929</u>	<u>(4,453)</u>	<u>(10,902)</u>	<u>(19,388)</u>
Other Financing Sources (Uses):					
Transfers In	10,282	9,916	23,402	11,218	16,150
Transfers Out	(12,380)	(9,683)	(23,462)	(12,464)	(11,878)
Issuance of debt	-	-	3,000	33,935	9,625
Premium on Debt	-	-	55	-	385
Payment to Refunding Bond Escrow Agent	-	-	-	-	(10,094)
Total Other Financing Sources (Uses)	<u>(2,098)</u>	<u>233</u>	<u>2,995</u>	<u>32,689</u>	<u>4,188</u>
Special Item - Tribunal Settlement	-	-	-	-	-
Net Change in Fund Balances	<u>\$ 1,437</u>	<u>\$ 1,162</u>	<u>\$ (1,458)</u>	<u>\$ 21,787</u>	<u>\$ (15,200)</u>
Debt Service as a Percentage of Noncapital Expenditures	<u>1.98%</u>	<u>1.74%</u>	<u>1.55%</u>	<u>6.86%</u>	<u>4.05%</u>

SCHEDULE 4

2005	2006	2007	2008	2009
\$ 49,609	\$ 52,700	\$ 46,969	\$ 46,539	\$ 47,172
536	737	746	780	776
19,473	18,872	22,015	17,749	18,386
7,835	7,742	8,059	9,671	10,705
1,534	1,417	1,431	1,280	1,243
2,908	4,162	4,683	2,750	1,350
2,149	2,157	1,834	3,299	2,524
<u>84,044</u>	<u>87,787</u>	<u>85,737</u>	<u>82,068</u>	<u>82,156</u>
1,016	1,362	788	625	582
11,289	12,088	12,083	11,715	11,730
12,828	13,448	13,329	13,569	12,689
20,463	20,401	21,573	21,666	23,485
628	755	68	677	1,521
19,327	20,436	22,596	22,354	20,597
-	633	630	640	831
9,810	8,603	10,232	8,474	9,784
800	650	802	450	700
11,528	4,724	6,646	8,076	1,804
1,008	1,208	1,327	1,634	1,840
1,751	1,708	1,959	2,242	2,220
<u>90,448</u>	<u>86,016</u>	<u>92,033</u>	<u>92,122</u>	<u>87,783</u>
<u>(6,404)</u>	<u>1,771</u>	<u>(6,296)</u>	<u>(10,054)</u>	<u>(5,627)</u>
19,672	16,775	18,268	21,805	20,163
(12,348)	(13,787)	(15,790)	(18,026)	(17,529)
-	23	13,990	-	3,867
-	-	-	-	-
-	-	-	-	-
<u>7,324</u>	<u>3,011</u>	<u>16,468</u>	<u>3,779</u>	<u>6,501</u>
-	-	-	(4,157)	-
<u>\$ 920</u>	<u>\$ 4,782</u>	<u>\$ 10,172</u>	<u>\$ (10,432)</u>	<u>\$ 874</u>
<u>3.64%</u>	<u>3.74%</u>	<u>3.86%</u>	<u>4.35%</u>	<u>4.88%</u>

ST. CLAIR COUNTY, MICHIGAN

SCHEDULE 5

**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS - UNAUDITED**

Fiscal Year Ended December 31,	Real Property				Total Personal Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property	Industrial Property	Other Property					
2000	\$4,798,497,754	*	*	*	\$519,731,001	\$5,318,228,755	7.1508	\$10,696,159,098	49.72%
2001	3,597,084,752	480,990,376	776,933,297	394,077,256	543,671,941	5,792,757,622	7.1201	11,678,642,907	49.60%
2002	3,963,247,697	528,342,214	885,601,668	454,144,141	540,086,157	6,371,421,877	7.1040	12,805,888,897	49.75%
2003	4,236,291,363	566,571,526	906,270,043	490,771,702	517,807,765	6,717,712,399	7.1040	13,499,930,792	49.76%
2004	4,490,834,960	599,504,098	913,180,592	518,309,171	534,108,319	7,055,937,140	7.1040	14,191,013,880	49.72%
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%

* Previously, this information was not shown in the statistical section. Unable to locate the forms prior to 2001, therefore, all real property was shown as residential property.

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				
2000	2.16	18.28	5.38	0.50	0.28	0.50	0.50	1.90	3.47	28.82	61.79
2001	2.07	17.98	5.34	0.50	0.28	0.50	0.50	1.89	3.46	29.29	61.81
2002	2.21	17.67	5.33	0.50	0.28	0.50	0.50	1.89	3.45	29.21	61.54
2003	2.22	15.85	5.33	0.50	0.28	0.50	0.50	1.89	3.46	27.89	58.42
2004	2.74	15.74	5.33	0.50	0.28	0.50	0.50	1.89	3.45	28.06	58.99
2005	2.52	15.51	5.33	0.50	0.28	0.50	0.50	1.89	3.45	28.18	58.66
2006	2.36	15.38	5.33	0.50	0.28	0.70	0.50	1.89	3.43	28.13	58.50
2007	2.50	15.87	5.33	0.50	0.28	0.70	0.50	1.89	3.43	23.25	54.25
2008	2.55	15.39	5.33	0.50	0.28	0.70	0.50	1.89	3.43	26.90	57.47
2009	2.30	15.30	5.33	0.50	0.28	0.70	0.50	1.89	3.24	28.90	58.94

** Average from Townships, Cities and Villages, and Local Schools are presented as these units have varying rates.

Rounded to two (2) decimal places.

Source: Equalization Department

ST. CLAIR COUNTY, MICHIGAN

SCHEDULE 7

PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO - UNAUDITED

		2009			2000		
		Taxable	Rank	Percentage	Taxable	Rank	Percentage
		Valuation		of Total	Valuation		of Total
				Taxable Value			Taxable Value
Detroit Edison	Electrical Utility	\$ 752,301,283	1	11.45%	\$ 815,575,200	1	17.99%
Michigan Consolidated Gas Co.	Natural Gas Storage and Pipeline	50,152,400	2	0.76%	20,860,983	5	0.46%
International Transmission	Electrical Utility	24,330,600	3	0.37%	N/A	-	N/A
Acheson Ventures L.L.C.	Community Development	23,151,800	4	0.35%	N/A	-	N/A
Daimler Chrysler	Automotive Parts Storage	20,733,300	5	0.32%	N/A	-	N/A
Blue Water Gass Storage	Natural Gas Storage	15,116,300	6	0.23%	N/A	-	N/A
Birchwood Mall	Mall	14,391,458	7	0.22%	11,946,331	10	0.26%
Acheson Ventures L.L.C.	Community Development	13,504,000	8	0.21%	N/A	-	N/A
E.B. Eddy	Paper Manufacturing	11,862,100	9	0.18%	24,225,925	4	0.53%
Mueller Brass Co. & Affiliates	Brass Rod Manufacturing	10,790,100	10	0.16%	16,394,680	7	0.36%
Consumers Energy	Liquid Natural Gas Storage	9,377,300	11	N/A	24,785,746	3	0.55%
SEMCO Energy & Affiliates	Gas Storage	N/A	-	N/A	31,885,133	2	0.70%
American Natural Resources		N/A	-	N/A	19,284,384	6	0.43%
Huntsman Polypropylene Corp.		N/A	-	N/A	13,554,481	8	0.30%
Great Lakes Gas Transmission		N/A	-	N/A	13,388,981	9	0.30%
		<u>\$ 945,710,641</u>		14.26%	<u>\$ 991,901,844</u>		21.88%

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>
2000	\$ 32,906,101	\$ 30,982,152	94.2%	\$ 1,757,285	\$ 32,739,437	99.5%	\$ 166,664	0.5%
2001	34,525,033	32,392,459	93.8%	1,895,853	34,288,312	99.3%	236,721	0.7%
2002	35,906,956	34,037,073	94.8%	1,801,235	35,838,308	99.8%	68,648	0.2%
2003	37,388,505	34,862,827	93.2%	2,309,117	37,171,944	99.4%	216,561	0.6%
2004	39,237,971	36,507,284	93.0%	2,647,560	39,154,844	99.8%	83,127	0.2%
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%

** 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 four extra-voted millages (Senior Citizens, Drug Task Force, Library 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	Closure & Post-Closure Costs	Capital Leases			
2000	\$ 10,800,000	\$ -	\$ 446,472	\$ 7,841,103	\$ -	\$ 19,087,575	0.42%	\$ 116.22
2001	10,600,000	-	289,040	9,368,123	-	20,257,163	0.44%	123.34
2002	13,400,000	-	126,000	11,936,594	-	25,462,594	0.54%	155.04
2003	44,100,000	-	78,021	11,445,280	-	55,623,301	1.13%	338.68
2004	43,775,000	-	7,738	12,450,088	-	56,232,826	1.13%	342.39
2005	42,775,000	-	-	13,514,656	162,335	56,451,991	1.10%	343.73
2006	41,575,000	-	14,523	14,665,611	121,751	56,376,885	1.10%	343.27
2007	54,315,000	414,379	6,551	15,122,032	121,751	69,979,713	1.37%	426.10
2008	52,775,000	772,882	-	8,769,616	40,584	62,358,082	1.22%	379.69
2009	54,060,000	1,514,539	-	8,481,786	-	64,056,325	1.25%	390.03

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

Fiscal Year	Population *	Assessed Value (000)	Gross Bonded Debt	Less: Amounts Available in Debt Service Funds	Less: Self-Supporting Debt **	Total	Ratio of Net Bonded Debt to Assessed Value	Per Capita
2000	164,235	\$ 5,318,229	\$ 41,105,000	\$ 7,750	\$ 30,305,000	\$ 10,792,250	0.20	\$ 65.71
2001	164,235	5,792,758	45,145,000	7,575	34,545,000	10,592,425	0.18	64.50
2002	164,235	6,371,422	42,875,000	-	32,475,000	10,400,000	0.16	63.32
2003	164,235	6,717,712	77,920,000	3,483,783	33,820,000	40,616,217	0.60	247.31
2004	164,235	7,055,937	72,275,000	1,597,972	28,500,000	42,177,028	0.60	256.81
2005	164,235	7,845,357	69,215,000	134,898	26,440,000	42,640,102	0.54	259.63
2006	164,235	8,181,349	67,723,902	417,854	22,413,902	44,892,146	0.55	273.34
2007	164,235	8,461,610	78,533,902	616,976	20,873,902	57,043,024	0.67	347.33
2008	164,235	8,491,388	76,244,012	708,847	20,534,012	55,001,153	0.65	334.89
2009	164,235	8,003,907	84,596,908	807,732	27,986,908	55,802,268	0.70	339.77

* U.S. Census

** Gross Bonded Debt and Self-Supporting Debt includes the Component Unit G.O. Bonds the County is contingently liable for.

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, 2009 - UNAUDITED

Direct Debt:

Building Authority	\$ 7,885,000
Jail Construction - General Obligation Bonds	29,750,000
Communication System - General Obligation Bonds	3,300,000
Comm. Mental Health - General Obligation Bonds	10,125,000
Communication System - General Obligation Bonds	3,000,000
Community Mental Health Loans	1,192,683
Water and Sewer Systems - General Obligation Bonds and Loans	33,777,554 *
Michigan Transportation Fund Bonds	2,550,000
Michigan Transportation Fund Notes	500,000
Drain Bonds	8,606,860 *
Drain Revolving Loan	3,721,639 *
Drain Notes	4,789,900
	<u>109,198,636</u>
Less: Self-Supporting Debt *	<u>46,106,053</u>
Net Direct Debt	63,092,583

Overlapping Debt:

Cities	\$ 101,686,073
Townships	35,128,371
Villages	817,678
School Districts	263,863,018
Intermediate School District	5,300,105
Community College	3,974,826
	<u>410,770,071</u>

Net Direct and Overlapping Debt \$ 473,862,654

Note: Debt information provided by Municipal Advisory Council of Michigan and Bendzinski and Co., Detroit, Michigan

ST. CLAIR COUNTY, MICHIGAN

SCHEDULE 12

**LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS - UNAUDITED**

Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin
2000	\$ 531,822,876	\$ 58,618,971	\$ 473,203,905
2001	579,275,762	65,846,305	513,429,457
2002	637,142,188	65,913,100	571,229,088
2003	671,771,239	97,239,721	574,531,518
2004	705,593,714	90,826,838	614,766,876
2005	784,535,788	88,613,950	695,921,838
2006	817,931,908	89,910,979	728,020,929
2007	845,645,189	103,185,559	742,459,630
2008	849,227,458	105,871,959	743,355,499
2009	800,388,624	109,198,636	691,971,579

Legal Debt Margin Calculation for Fiscal Year 2009

State Equalized Value	<u>\$ 8,003,886,237</u>
Legal Debt Limit (10% of State Equalized Value)	\$ 800,388,624
Less: Total Long-Term Debt	<u>109,198,636</u>
Legal Debt Margin	<u>\$ 691,189,988</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**

<u>Fiscal Year</u>	<u>Population *</u>	<u>U. S. Census</u>	<u>Personal Income *****</u>	<u>Per Capita Income **</u>	<u>K - 12 School Enrollment ***</u>	<u>Unemployment Rate ****</u>
2000	164,235	164,235	\$ 4,584,752	\$ 27,831	27,762	4.2
2001	166,541	164,235	4,571,141	27,710	27,952	6.9
2002	167,712	164,235	4,702,627	28,102	28,835	7.8
2003	170,572	164,235	4,912,828	29,005	28,383	9.2
2004	171,661	164,235	4,955,516	29,017	28,211	9.4
2005	172,546	164,235	5,119,100	29,922	28,235	7.6
2006	172,866	164,235	5,119,100	30,845	27,692	8.4
2007	174,954	164,235	5,119,100	30,942	26,890	9.1
2008	171,017	164,235	5,119,100	31,956	26,132	10.4
2009	166,842	164,235	5,119,100	31,956	25,477	17.5

Sources

- * Southeast Michigan Council of Governments
- ** U.S. Department of Commerce - Bureau of Economic Analysis
- *** St. Clair County Regional Educational Service Agency
- **** Michigan Department of Labor and Economic Growth
- ***** U.S. Census Bureau - Expressed in Thousands

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 NINE YEARS AGO - UNAUDITED**

<u>Employer</u>	<u>Product/Service</u>	<u>2009</u>			<u>2000</u>		
		<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Port Huron School District	Public Education	1,462	1	2.12%	N/A	N/A	N/A
Port Huron Hospital	Health Care Services	1,057	2	1.53%	1,150	1	2.03%
DTE Energy	Public Utility	1,044	3	1.52%	920	4	1.63%
K-Mart Corporation	Retail Merchandise	850	4	1.23%	380	12	0.67%
St. Clair County	Municipal Government	832	5	1.21%	1,011	3	1.79%
Mercy Hospital	Health Care Services	693	6	1.01%	900	5	1.59%
East China Public Schools	Public Education	594	7	0.86%	N/A	N/A	N/A
Visiocorp	Rearview Mirrors	500	8	0.73%	N/A	N/A	N/A
AT&T	Public Utility	459	9	0.67%	N/A	N/A	N/A
International Automotive Comp.	Automotive Carpeting	450	10	0.65%	N/A	N/A	N/A
Mueller Brass Company	Metal Forgings	400	12	0.58%	430	7	0.76%
River District Hospital	Health Care Services	393	13	0.57%	425	9	0.75%
Cargill Salt	Salt, Condiments	260	21	0.38%	475	6	0.84%
Huron Manufacturing	Tubular Products	N/A	N/A	N/A	428	8	0.76%
Britax Rainsford	Glass Products	N/A	N/A	N/A	370	13	0.65%
Blue Water Plastics	Plastics	N/A	N/A	N/A	1,017	2	1.80%
Davidson Interior Trim Textron	Automotive Interior Trim	N/A	N/A	N/A	400	10	0.71%
		<u>8,994</u>		<u>11.82%</u>	<u>7,906</u>		<u>13.97%</u>

Source: St. Clair County Metropolitan Planning, Bendzinski & Co., Economic Development Alliance of St. Clair County

ST. CLAIR COUNTY, MICHIGAN

SCHEDULE 15

FULL - TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS - UNAUDITED

Function	Full - Time Equivalent Employees as of December 31,									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Legislative										
Board of Commissioners	7	7	7	7	7	7	7	7	7	7
Judicial										
Circuit Court	17	16	16	15	13	14	14	14	13	13
District Court	35	21	26	25	27	29	28	28	30	30
Courthouse Security	0	5	6	6	7	7	7	7	7	7
Friend of the Court	37	37	38	38	33	40	41	40	40	40
Probate Court - Adult	10	8	10	9	9	7	10	10	9	9
Probate Court - Juvenile	23	22	23	24	27	28	23	23	23	23
Probation - Adult	0	5	5	5	6	7	8	8	8	8
General Government										
Administrator/Controller	8	3	4	4	5	4	4	4	3	3
Elections	1	1	1	1	1	1	1	1	1	1
Accounting	0	4	6	6	5	5	5	4	4	4
Purchasing	0	0	0	0	0	0	2	3	3	2
Clerk	14	16	16	14	11	11	11	11	11	11
Equalization	7	7	7	7	7	9	11	11	11	11
Human Resources	5	6	7	7	8	8	8	5	6	6
Staff Resource Pool	0	5	5	6	6	6	0	0	0	0
Prosecuting Attorney	26	26	26	26	26	26	26	26	25	25
Register of Deeds	0	6	5	6	6	6	6	6	4	4
Lands and Graphics/Property Description	4	4	5	5	5	0	0	0	0	0
Treasurer	8	8	8	7	7	7	8	8	7	7
Cooperative Extension	5	5	5	5	5	5	5	5	4	4
Information Technology	3	4	4	6	11	11	16	16	14	14
Buildings and Grounds	29	32	31	30	27	27	25	27	23	23
Drain Commissioner	4	4	6	7	8	9	9	9	8	8
Public Safety										
Sheriff Department	64	65	70	73	78	80	85	86	76	76
Communications	11	11	12	14	15	15	15	15	23	23
Marine Patrol	1	1	1	1	1	1	1	1	1	1
Jail	39	45	49	50	55	94	94	94	97	97
Emergency Services	2	2	2	3	3	4	5	5	4	4
Animal Control	4	4	4	5	5	5	4	4	3	3
Metropolitan Planning	6	7	7	7	7	7	7	7	7	7

Function	Full - Time Equivalent Employees as of December 31,									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Health and Welfare										
Medical Examiner	0	0	0	0	0	0	0	1	1	1
Veterans Counselor	2	2	3	3	3	3	4	4	3	2
Public Guardian	3	3	3	3	3	3	4	3	3	3
Health Department	85	84	86	85	93	93	93	93	79	79
Child Care	30	30	31	24	27	34	45	47	50	50
Recreation and Culture										
Parks and Recreation	5	5	6	7	7	7	7	7	9	9
Library	30	29	33	39	38	35	37	37	37	37
Proprietary Activities										
Landfill	2	2	2	2	3	3	3	3	3	3
Airport	2	2	3	3	4	4	3	3	2	2

(Concluded)

Source: Accounting Department, Annual Budget by Department Sheets

ST. CLAIR COUNTY, MICHIGAN

SCHEDULE 16

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS - UNAUDITED

Function	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Judicial										
Circuit Court Cases Filed	(1)	(1)	4,464	4,645	4,487	4,232	4,337	4,359	4,293	4,138
Circuit Court Cases Disposition:	(1)	(1)	4,527	4,643	4,952	4,423	4,327	4,647	4,429	4,295
General Government										
Marriage licenses	1,205	1,246	1,172	1,121	1,080	1,108	1,124	945	946	880
Births Certificates	2,013	1,917	1,847	1,912	1,948	1,891	1,860	1,798	1,746	1,705
Divorces Recorded	700	767	763	711	705	635	687	625	638	621
Death Certificates	1,451	1,411	1,599	1,490	1,420	1,454	1,445	1,487	1,535	1,517
Public Safety										
Inmate bookings	5,669	5,776	6,049	6,034	5,789	5,652	5,960	6,052	6,165	5,908
Dispatch Calls	40,386	41,210	41,420	41,119	47,961	56,061	58,623	66,814	88,680	100,242
Dog Licenses Issued	23,327	23,827	23,127	23,525	23,267	23,550	24,996	26,000	24,198	22,196
Airport										
Take-offs and Landings (2)	50,000	50,000	50,000	50,000	50,000	50,000	50,000	30,000	36,000	27,000
Landfill										
Tons of Waste Collected	(3)	(3)	33,548	390,266	268,059	241,074	207,483	245,662	219,362	190,680

Source: Various County Departments

(1) Due to the reorganization of the Circuit Court System, the numbers were not comparable prior to 2002.

(2) These numbers were estimates

(3) Due to a change in the software used the information was not available for prior to 2002 and only a partial year was available for 2002.

ST. CLAIR COUNTY, MICHIGAN

SCHEDULE 17

CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS - UNAUDITED

Function	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Judicial										
Buildings	1	1	1	1	1	1	1	1	1	1
Vehicles	1	1	1	1	1	1	1	1	1	1
General Government										
Buildings	3	3	3	3	3	3	3	3	3	3
Vehicles	10	8	8	8	10	11	11	12	11	11
Public Safety										
Buildings	3	3	3	3	4	5	5	5	5	5
Jail Beds Available	170	170	170	170	170	400	400	400	450	450
Vehicles										
Patrol	44	48	47	58	54	50	49	47	44	46
Other	16	19	16	15	16	19	20	20	19	20
Health & Welfare										
Buildings	2	2	2	2	2	2	2	2	2	2
Vehicles	1	2	2	2	2	2	2	2	5	5
Recreation & Cultural										
Buildings	36	36	36	36	36	36	37	37	37	37
Vehicles	3	4	5	6	6	6	8	8	8	9
Park Acreage	121	121	121	121	121	137	232	523	559	559
Airport										
Buildings	6	6	6	7	7	7	7	7	7	7
Vehicles	2	2	2	2	2	2	3	2	2	2
Landfill										
Buildings	1	1	1	1	1	1	1	1	1	1
Vehicles	0	0	0	0	0	0	0	0	0	1

Source: Accounting Department