



COMPREHENSIVE ANNUAL FINANCIAL REPORT

ST. CLAIR COUNTY, MICHIGAN

FOR THE YEAR ENDED DECEMBER 31, 2010

Current members of the BOARD OF COMMISSIONERS

**Jeffrey L. Bohm, Chairperson
Steven L. Simasko, Vice Chairperson
Bill Gratopp
Howard T. Heidemann
Terry London
David Rushing
Timothy M. Ward**

Prepared by: ADMINISTRATOR/CONTROLLER'S OFFICE

**William Kauffman, Administrator/Controller
Robert C. Kempf, Deputy Controller/Finance Director
Karry A. Hepting, CPA, Accounting Manager**

ST. CLAIR COUNTY, MICHIGAN

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June 24, 2011

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, 2010.

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, 2010, 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, 2010, 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 downtown Detroit and is the eastern terminus of two major interstate highways, I-94 and I-69, the site of an international airport, two international bridges, two international ferry services, and the site of an international train tunnel. The bridges and train tunnel play an integral part in the "trade corridor" created by the Free Trade Agreement between the United States and Canada. We are the second busiest northern border crossing in America and the third-ranked commercial point of entry in North America. St. Clair County is the nation's principal gateway for international trade with Canada with 27% of total North American land based international trade.

The County had experienced an influx of people from the metropolitan Detroit area, as they looked for an alternative to the "big city" lifestyle. The 2000 census reported that 164,235 citizens populated the County, which was a 12.8% increase over the 1990 census, and they lived in 62,072 households. The 2010 census report reported the population at 164,040, living in 63,841 households. The Southeastern Michigan Council of Governments currently estimates our population to grow to over 180,000 people by 2020. 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, the five member Land Bank Authority Board and the twelve member Community Mental Health Authority Board. These boards are governed and controlled by various public acts and statutes, and function as separate entities. Because of these appointments, and the fact that they may receive county appropriations they are reflected as discretely presented component units in the County's 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 2010 budget the Administrator/Controller's office prepared staffing budgets for the departments that adhered to the 2009 staffing levels but were brought up to the expected costs for 2010. All other expenses for 2010 were kept at 2009 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 October 2009, the Administrator/Controller submitted a balanced 2010 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 2010 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 about the same, 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 has opened their new 750,000 square foot Marysville plant to produce axles and drive train components for 2011 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 for production in 2010 and currently has approximately 300 employees.
- 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 180 people.
- ALD Thermal Treatment, Inc., is a high-tech vacuum carbonizing heat-treating process manufacturer for high-end customers and industrial processing. They moved a plant from South Carolina to Port Huron to a facility in the industrial park, adding 50 new jobs with a capital investment of approximately \$11 million.
- 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. 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.

- Engineered Plastic Components, of St. Clair, purchased 4 new buildings in 2010 and have expanded their workforce by approximately 100 jobs. They are a plastic injection molding company of components for the automotive and appliance industry.
- The County has invested in a new, Township built, water line in Casco and Ira Townships that will provide a sufficient quantity of clean water to supply the 26 Mile Road industrial corridor. The line will be completed this summer and businesses along that road will then be able to connect to that new source of water.

Because of what was noted earlier, we have experienced a net negative impact in our total taxable property values of \$675,320,163 (10.3%) from 2009 to 2010. A slight increase in commercial property of \$156,199 (less than .1%) was accompanied by decreases in residential property of \$452,553,277 (10.9%), agricultural property of \$8,682,891 (3.0%), industrial property of \$208,775,078 (22.5%), personal property of \$5,063,243 (.9%) and other property of \$401,873 (23.9%).

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 still 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. The Industrial property tax loss was driven by a write down in value of the DTE Energy plants in the County.

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 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 advanced decomposition at the landfill to produce electric power. Construction of the generating plant is in progress and it is expected to start producing electricity late in 2011. 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 and extend the life of 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 was completed in the spring of 2011.

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

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, the agency in the County largely responsible for economic development and of which the County is a member, is being reorganized. The goal of these changes is to ensure community-wide economic development efforts are conducted efficiently and are aligned with community economic goals.

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

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, with approximately 30 students, 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, which opened in late summer 2010, replaces the 100 year old facility they have been utilizing for the last several years.

In 2010 the County took possession of the 181 year old Fort Gratiot lighthouse, built in 1829, and the 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 is in the process of restoring the structures with grants and donations, and then they will maintain the structures and use the grounds as our newest county park.

In 2010, the voters of the County approved a new special voted millage of 1/10th of a mill, through 2016, for veteran's services. This millage will generate approximately \$600,000 per year and will greatly enhance our ability to service the veteran's population of our County.

In 2010, the voters of the County also reapproved special millages of .7 mills (through 2013) for Library services, .4954 mills (through 2015) for Parks and Recreations services and .5 mills (through 2013) for Senior Citizens services.

Awards and Acknowledgements

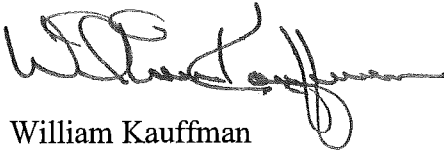
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to St. Clair County for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2009. This was our eighth consecutive award and our eighteenth award overall. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

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

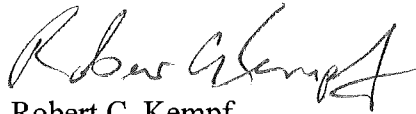
In addition, the County Health Department has met all standards set by the Michigan Local Public Health Accreditation Program and has been awarded accreditation for the period 2009-2012. This accreditation process looks at a mandatory, standards-based system for accrediting local public health departments.

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

Respectively submitted,



William Kauffman
Administrator/Controller



Robert C. Kempf
Deputy Controller/Finance Director

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

Elected Officials

Board of Commissioners

| | |
|---------------------|------------------|
| Jeffrey L. Bohm | Chairperson |
| Steven L. Simasko | Vice-Chairperson |
| Bill Gratopp | Member |
| Howard T. Heidemann | Member |
| Terry London | Member |
| David Rushing | Member |
| Timothy M. Ward | Member |

31st Circuit Court

| | |
|-----------------|---------------------|
| Daniel J. Kelly | Chief Circuit Judge |
| James P. Adair | Circuit Judge |
| Cynthia A. Lane | Circuit Judge |

72nd District Court

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

Probate Court

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

Other Elected Officials

| | |
|--------------------------|-------------------------|
| 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

| | |
|------------------|--------------------------|
| William Kauffman | Administrator/Controller |
|------------------|--------------------------|

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, 2009

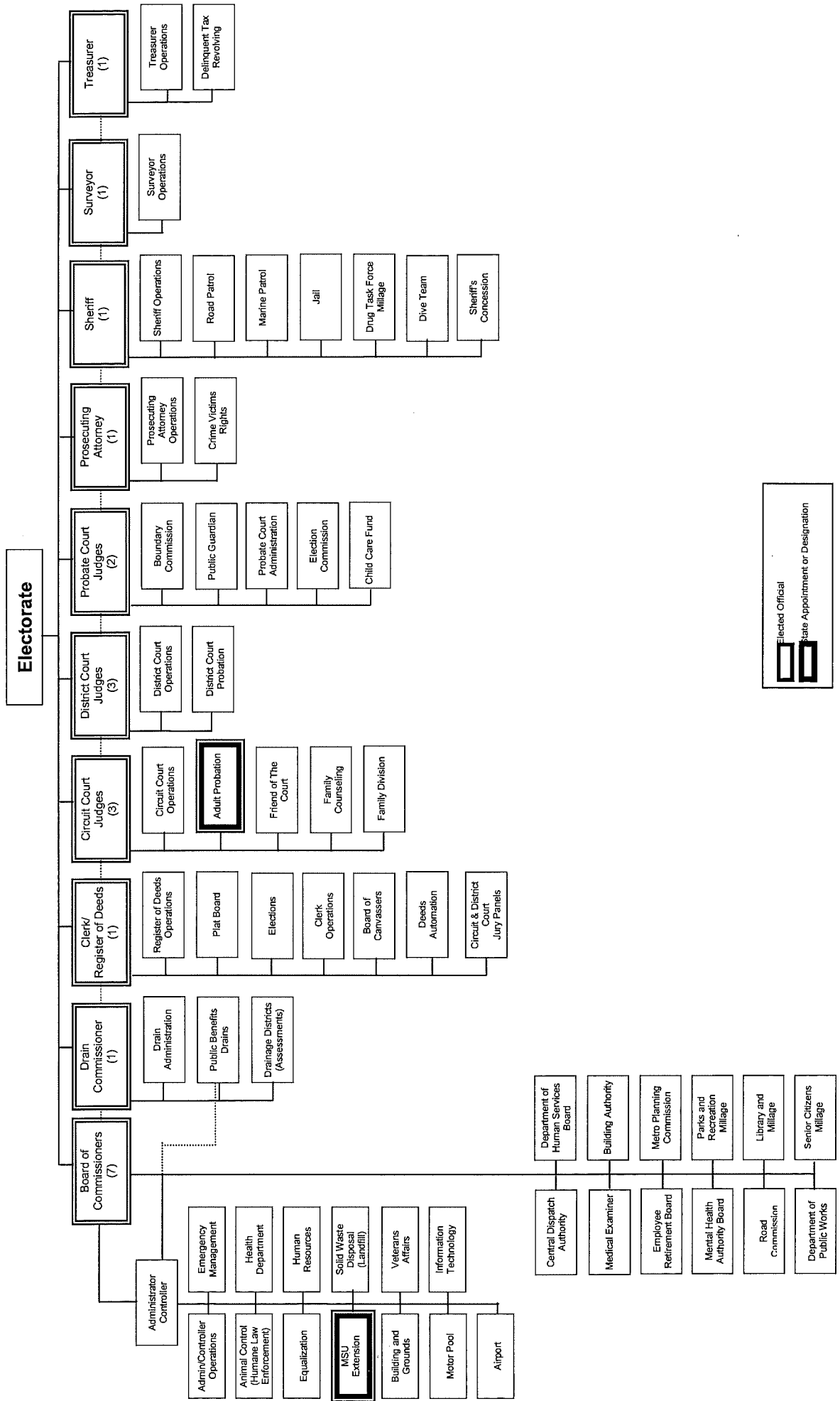
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

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, 2010, 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, 2010, and the respective changes in financial position and, where applicable, cash flows 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, 2011 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 of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be considered in assessing the results of our audit.

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 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, 2011

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, 2010. 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, 2010 by \$122,341,812. Of this amount \$25,458,272 may be used to meet the County's ongoing obligations to citizens and creditors. Additionally, \$25,997,427 has been restricted for specific purposes (ie. specific millage funds, substance abuse, revenue sharing, E-911, etc) and \$70,886,113 represents our investment in capital assets, net of related liabilities.
- The total net assets decreased by \$2,471,887 mainly due to the implementation of GASB Statement No 45 requiring governments to report the liability for other post employment benefits.
- At December 31, 2010 the County's governmental funds reported combined ending fund balances of \$37,316,166 a decrease of \$3,649,555.
- In 2010 the General Fund reported revenues over expenditures of \$244,666 which increased the fund balance to \$8,948,599. Of this amount \$3,054,335 is reserved for prepaid expenditures and advances to the Drain funds and \$6,040 has been designated for the criminal justice training grant.
- In 2010 the Board of Commissioners adopted a balanced budget for the 2011 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 Land Bank Authority, a legally separate Road Commission, legally separate Drain Commissioner projects, and a legally separate Department of Public Works for which the County is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 18-20 of this report.

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

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial 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 27-30 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The largest of the Fiduciary Funds are the County 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 31-32 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 37-92 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 93-101 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 102-125 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 \$122,341,812 at December 31, 2010.

The largest portion of the County's net assets (58 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 is available for ongoing obligations to citizens and creditors.

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

Net Assets

| | Governmental Activities | | Business-Type Activities | | Totals | |
|---|-------------------------|--------------------|--------------------------|-------------------|--------------------|--------------------|
| | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 |
| Current and Other Assets | 69,965,280 | 75,535,262 | 42,749,673 | 38,576,397 | 112,714,953 | 114,111,659 |
| Capital Assets, Net of Accumulated Depreciation | 94,881,921 | 93,581,508 | 23,094,688 | 15,990,783 | 117,976,609 | 109,572,291 |
| Total Assets | 164,847,201 | 169,116,770 | 65,844,361 | 54,567,180 | 230,691,562 | 223,683,950 |
| Current Liabilities | 17,390,056 | 18,873,228 | 2,376,954 | 757,709 | 19,767,010 | 19,630,937 |
| Other Liabilities | 74,607,894 | 70,616,119 | 13,974,846 | 8,623,195 | 88,582,740 | 79,239,314 |
| Total Liabilities | 91,997,950 | 89,489,347 | 16,351,800 | 9,380,904 | 108,349,750 | 98,870,251 |
| Net Assets | | | | | | |
| Investment in capital assets, Net of related debt | 52,621,921 | 49,646,508 | 18,264,192 | 15,990,783 | 70,886,113 | 65,637,291 |
| Restricted | 24,480,177 | 28,607,362 | 1,517,250 | 1,272,335 | 25,997,427 | 29,879,697 |
| Unrestricted | (4,252,847) | 1,373,553 | 29,711,119 | 27,923,158 | 25,458,272 | 29,296,711 |
| Total Net Assets | 72,849,251 | 79,627,423 | 49,492,561 | 45,186,276 | 122,341,812 | 124,813,699 |

A portion of the County's net assets (21 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (21 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 for the government as a whole. The same situation held true for the prior fiscal year.

The government's net assets decreased by \$2,471,887. 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 \$6,778,172. The key elements are as follows:

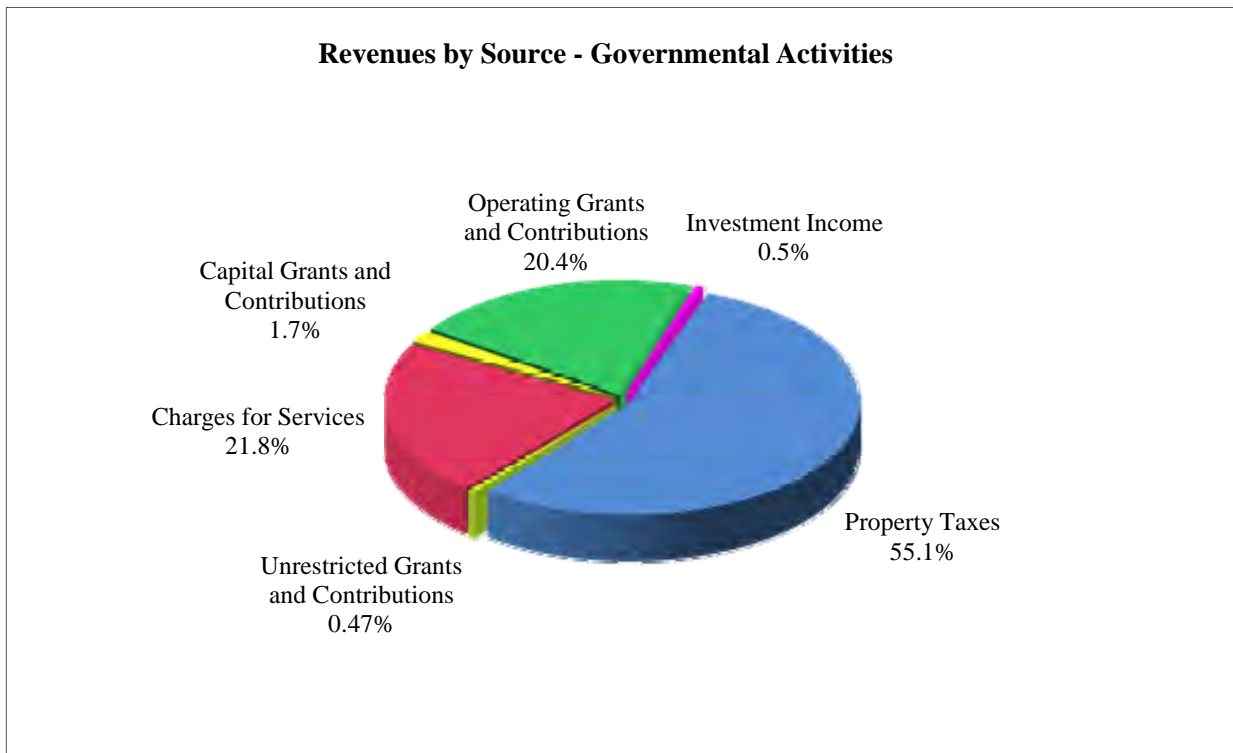
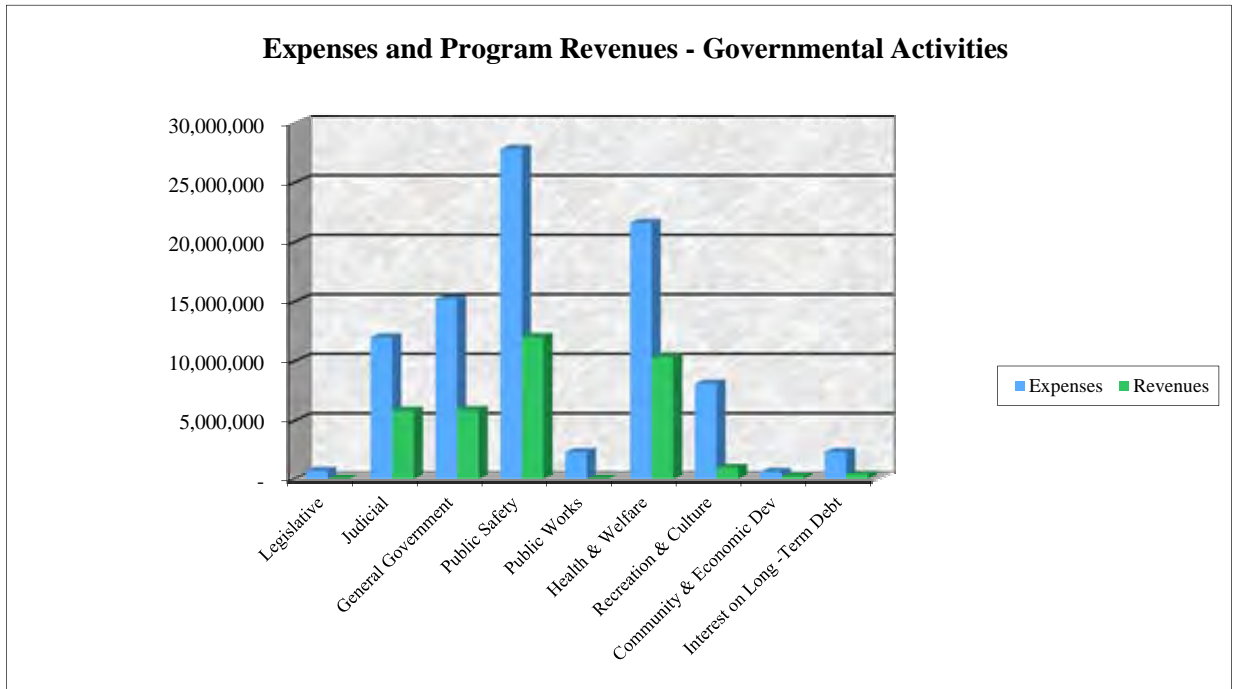
- The recording of other post employment benefit expenses of \$4,420,930.
- Decreased property tax revenues of \$2,522,279
- Decreased investment earnings.

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

Changes in Net Assets

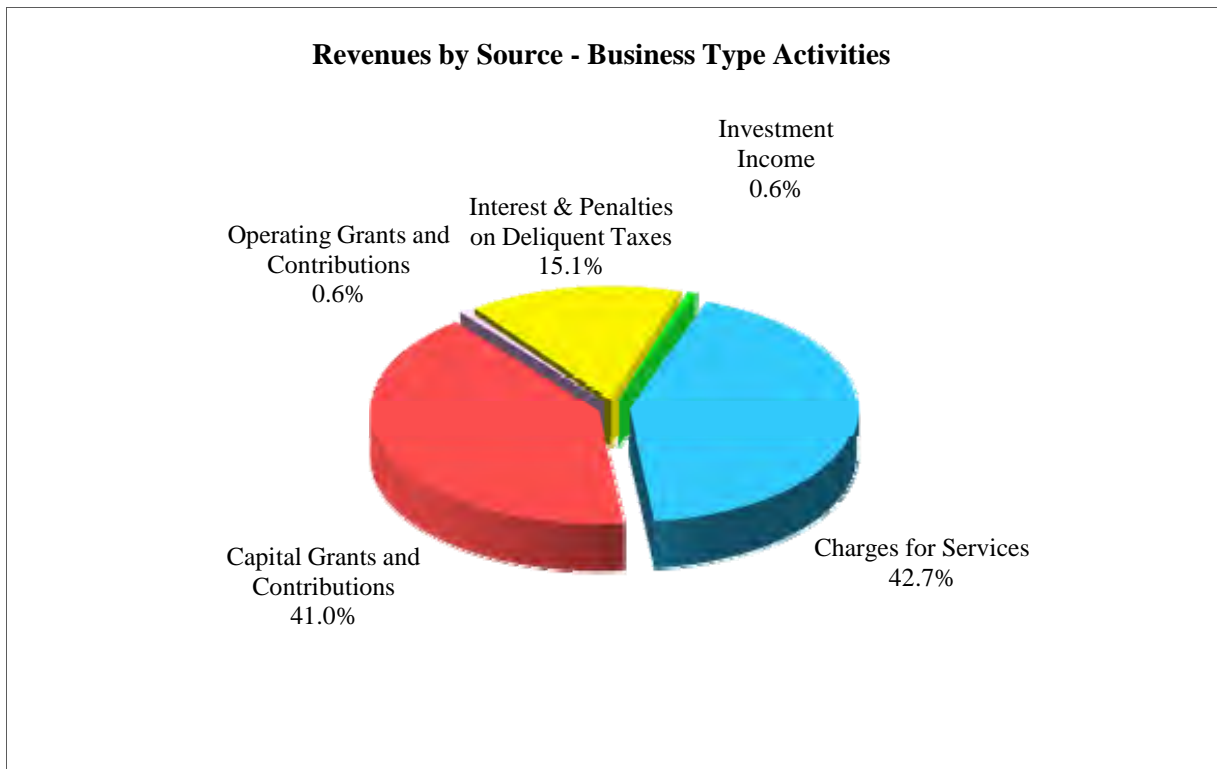
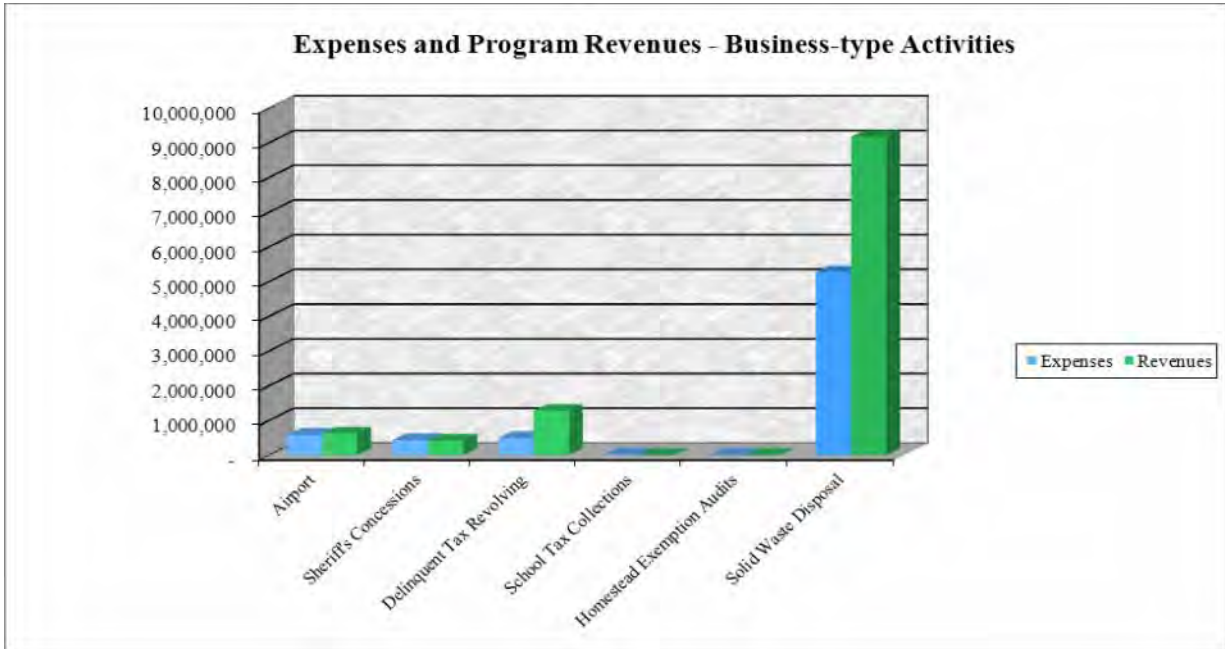
| | Governmental | | Business-Type | | Totals | |
|------------------------------------|-------------------|-------------------|-------------------|------------------|-------------------|-------------------|
| | Activities | | Activities | | | |
| | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | 17,660,587 | 16,702,453 | 5,798,964 | 5,545,804 | 23,459,551 | 22,248,257 |
| Operating Grants and Contributions | 16,531,138 | 15,777,224 | 83,916 | 168,327 | 16,615,054 | 15,945,551 |
| Capital Grants and Contributions | 1,398,456 | 1,235,809 | 5,575,949 | 122,037 | 6,974,405 | 1,357,846 |
| General revenues: | | | | | | |
| Property Taxes | 44,677,194 | 47,199,473 | - | - | 44,677,194 | 47,199,473 |
| Intergovernmental revenues | 381,624 | 387,238 | - | - | 381,624 | 387,238 |
| Investment earnings | 414,385 | 509,188 | 83,624 | 20,362 | 498,009 | 529,550 |
| Other revenues | 28,237 | 2,107 | 2,052,217 | 2,115,954 | 2,080,454 | 2,118,061 |
| Total Revenues | 81,091,621 | 81,813,492 | 13,594,670 | 7,972,484 | 94,686,291 | 89,785,976 |
| Expenses: | | | | | | |
| Legislative | 759,851 | 605,569 | - | - | 759,851 | 605,569 |
| Judicial | 11,984,463 | 12,834,001 | - | - | 11,984,463 | 12,834,001 |
| General Government | 15,196,596 | 15,609,824 | - | - | 15,196,596 | 15,609,824 |
| Public Safety | 27,820,260 | 28,314,472 | - | - | 27,820,260 | 28,314,472 |
| Public Works | 2,340,349 | 1,520,120 | - | - | 2,340,349 | 1,520,120 |
| Health and Welfare | 21,595,194 | 20,860,529 | - | - | 21,595,194 | 20,860,529 |
| Recreation and Culture | 8,087,019 | 8,321,198 | - | - | 8,087,019 | 8,321,198 |
| Community and Economic Development | 677,888 | 818,874 | - | - | 677,888 | 818,874 |
| Interest on Debt Service | 2,341,661 | 2,254,453 | - | - | 2,341,661 | 2,254,453 |
| Delinquent Tax Collections | - | - | 486,888 | 400,458 | 486,888 | 400,458 |
| Airport | - | - | 582,882 | 682,871 | 582,882 | 682,871 |
| Sheriff's Concession | - | - | 430,470 | 423,598 | 430,470 | 423,598 |
| School Tax Collections | - | - | 14,156 | 8,941 | 14,156 | 8,941 |
| Homestead Exemption Audits | - | - | 515 | 1,710 | 515 | 1,710 |
| Solid Waste Disposal | - | - | 5,260,148 | 4,530,585 | 5,260,148 | 4,530,585 |
| Total Expenses | 90,803,281 | 91,139,040 | 6,775,059 | 6,048,163 | 97,578,340 | 97,187,203 |
| Increase (Decrease) in Net Assets, | | | | | | |
| before transfers and Special Item | (9,711,660) | (9,325,548) | 6,819,611 | 1,924,321 | (2,892,049) | (7,401,227) |
| Transfers | 2,933,488 | 2,633,999 | (2,933,488) | (2,633,999) | - | - |
| Special Item-Contribution Refund | - | - | 420,162 | - | 420,162 | - |
| Increase (Decrease) in Net Assets | (6,778,172) | (6,691,549) | 4,306,285 | (709,678) | (2,471,887) | (7,401,227) |
| Net Assets January 1 | 79,627,423 | 86,318,972 | 45,186,276 | 45,895,954 | 124,813,699 | 132,214,926 |
| Net Assets December 31 | 72,849,251 | 79,627,423 | 49,492,561 | 45,186,276 | 122,341,812 | 124,813,699 |

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



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

Business-type activities. Business-type activities increased the County's net assets by \$4,306,285. This was primarily due to the issuance of debt through the Michigan Municipal Bond Authority in the Solid Waste Disposal fund for the construction of a leachate disposal system and a landfill gas to energy facility. Under this program, 36.3% of the debt principal is forgivable. The 2010 forgivable portion in the amount of \$5,096,000 has been recorded as a capital grant.



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, 2010, the County's governmental funds reported combined ending fund balances of \$37,316,166 a decrease of \$3,649,555 in comparison to the prior year. Most of this fund balance (\$30,994,655) constitutes unreserved fund balance which is available for spending at the County's discretion. A total of \$212,927 of the unreserved fund balance has been designated for projects in the Parks (\$203,000) and various other items (\$9,927), leaving \$30,781,728 for current use. The remainder of fund balance (\$6,321,511) 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 fund.

The General Fund is the chief operating fund of the County. At December 31, 2010, the general fund reported an ending fund balance of \$8,948,599. Of that amount \$5,888,224 is unreserved/undesignated, \$6,040 is unreserved/designated for various programs and \$3,054,335 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 9.7 percent of total general fund expenditures and transfers, while total fund balance represents 14.7 percent of total general fund expenditures and transfers.

The General Fund balance increased by \$244,666 during the current fiscal year. The key factors in this growth are as follows:

- A six month hiring delay resulted in positions remaining vacant longer.
- Increased revenues from the housing of federal prisoners.
- Careful spending practices by department heads to match shrinking revenues.

The Health Department reported fund balance of \$1,479,246 at December 31, 2010. Revenues and transfers in were reported at \$8,308,674 along with expenditures and transfers out of \$7,918,737. Fund balance increased \$389,937 over the prior year. This increase is mainly due to a liability recorded in 2005 for a contested Medicaid full cost reimbursement overpayment. After a State audit it was determined the County would be

St. Clair County Management's Discussion and Analysis

held harmless and the liability forgiven.

The third major governmental fund is the special millage Parks and Recreation Fund. At December 31, 2010, Parks and Recreation reported a fund balance of \$2,974,420. Of this amount, \$2,771,420 is available for operations of the park system and future development and \$203,000 has been designated for specific projects. Fund balance increased \$382,005 over the prior fiscal year. This increase was due to budgeted park improvements that did not occur before year end.

The fourth major governmental fund is the special millage Library Fund. It reported \$2,365,954 in fund balance at December 31, 2010. This entire amount is undesignated and available for operations of the County library system. Fund balance increased \$372,332 over the prior fiscal year due to higher than anticipated tax revenues as well as cost containment efforts to reduce expenditures.

The fifth major governmental fund is the Revenue Sharing Reserve Fund. This fund was created pursuant to Michigan Public Act 357 of 2004 and was designed to replace annual revenue sharing payments, which were suspended by the State as part of a budget balancing action in 2004. This statute accelerated the County's annual tax levy from a December 1 levy date to a July 1 levy date. As a result the County collected four years of taxes in a three year period. The additional levy was placed in this fund. Annually, an amount will be transferred from this fund to the General Fund to replace revenue sharing suspended by the State. Once this fund has been exhausted in 2013 the State has promised to reinstate the program. At December 31, 2010, this fund had \$9,442,566 in unreserved/undesignated fund balance. This fund transferred \$3,549,181 to the General Fund in 2010.

The sixth major governmental fund is the special millage Senior Citizens fund. It reported \$744,104 in fund balance at December 31, 2010. This entire amount is available for operations. This fund increased \$19,374 over the prior year due to cost containment efforts.

The seventh major governmental fund is the Mental Health Building Debt Fund. It reported a fund balance of \$935 at December 31, 2010. 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, 2010.

Net assets in the Solid Waste Disposal System at the end of the year amounted to \$17,564,637, of this amount \$14,408,013 is invested in capital assets. Net assets increased \$3,131,254 over the prior year due to capital grants discussed earlier for the construction of a leachate pretreatment system and a landfill gas to energy facility.

St. Clair County
Management's Discussion and Analysis

The Delinquent Tax Revolving Fund reported net assets of \$27,586,740, an increase of \$756,657 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 \$169,300. The 2010 amended budget of the General Fund had revenues and other financing sources of \$61,220,930 and expenditures and other financing uses of \$61,051,630. 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 \$5,049,800 (9.0%) and the expenditures and transfers out were adjusted up by \$4,880,500 (8.7%). Major changes can be summarized as follows:

- Intergovernmental revenues increased due to various grants received throughout the year.
- Charges for services were increased for additional revenues received for housing federal and immigration prisoners.
- Taxes were increased to reflect the actual tax levy.
- 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.
- Issuance of debt was increased to account for debt issued due to new obligations associated with the County Drain at Large assessments.
- Expenditures were increased primarily to account for the expenditure side of grants received.
- Insurance was increased to account for an additional amount allocated to retiree health insurance.
- Transfers out were increased to transfer funds to the public improvement fund for projects that were incomplete at year end.

Amended revenue and other financing sources budgets differed by \$278,295 from actual revenues and other financing sources. Significant differences between the amended budgets and actual results for revenues were as follows:

- Actual transfers in were \$772,530 less than the amended budget due to a transfer from the Landfill Fund that was budgeted twice in error.
- Charges for Services were greater than the amended budget by \$549,704 primarily due to greater than expected collections for jail inmate board and care.
- Interest revenues were \$63,490 less than the amended budget due to declines in interest rates.

St. Clair County Management's Discussion and Analysis

- Issuance of debt in the amount of \$201,715 greater than amended budget due to new obligations associated with the County Drain at Large Assessment.
- Taxes were \$213,647 less than the amended budget due to a larger than anticipated decline in property value as well as tax tribunal refunds.
- Other revenues were \$121,827 greater than amended budget due to reimbursements received by elections to cover election costs as well as recording a donation for an arson dog.

Amended expenditures and other financing uses differed \$353,661 from actual expenditures and other financing uses. Significant differences between the amended budgets and actual results for expenditures in the departments are as follows:

- Many departments were under their amended budgets due to positions held vacant throughout the year.
- Buildings and Grounds was under its amended budget by \$158,310 due to vacant positions. Cost saving measures implemented to save on energy costs also contributed to this savings.
- Drains were over budget by \$201,714 to show the corresponding expenditure associated with the issuance of debt for the County Drain at Large.
- Probate Court was under their amended budget by \$109,831 due to lower court appointed attorney costs as well as lower costs associated with the Mental Health Court Grant.
- Emergency Preparedness was under their amended budget by \$128,834 due to matching grant expenditures with grant revenues.
- Insurance was \$150,000 over its amended budget due to an additional transfer made to the internal service fund for claims.

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, 2010, amounted to \$117,976,609 (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 \$8,404,318 or 7.7%. The governmental activities recorded a 1.4% increase and the business-type activities had a 44.4% increase.

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

Capital Assets (net of depreciation)

| | Governmental Activities | | Business-Type Activities | | Totals | |
|-----------------------------------|----------------------------|------------|-----------------------------|------------|-------------|-------------|
| | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 |
| Land | 9,726,165 | 9,677,499 | 1,077,858 | 1,077,858 | 10,804,023 | 10,755,357 |
| Buildings and Improvements | 66,103,178 | 66,494,909 | 1,489,054 | 976,005 | 67,592,232 | 67,470,914 |
| Improvements other than Buildings | 4,547,915 | 3,318,014 | 10,223,760 | 10,355,152 | 14,771,675 | 13,673,166 |
| Equipment and Vehicles | 7,330,025 | 7,830,076 | 345,378 | 440,666 | 7,675,403 | 8,270,742 |
| Books | 2,484,061 | 2,635,303 | - | - | 2,484,061 | 2,635,303 |
| Construction in Progress | 4,690,577 | 3,625,707 | 9,958,638 | 3,141,102 | 14,649,215 | 6,766,809 |
| Total | 94,881,921 | 93,581,508 | 23,094,688 | 15,990,783 | 117,976,609 | 109,572,291 |

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 gas to energy facility, leachate pretreatment system and continued cell construction.
- Construction of a new Day Treatment Night Watch Facility located on the Jail/Juvenile Facility campus.
- Construction of the final phase of the communications system. This will include the construction of communications towers in the Village of Capac and acquiring and installing equipment to an existing water tower in the City of St. Clair.
- 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 56 of this report.

Long-term Debt. At December 31, 2010, the County had total debt outstanding of \$88,582,740 which was an increase of \$9,343,426.

Significant portions of the debt include the following:

- The general obligation bonds sold in 2010 to construct a landfill leachate system and a gas to energy facility (\$4,830,496), net of 36.3% of forgivable portion. This debt is issued through the State of Michigan Municipal Bond Authority.
- The general obligation bonds (Series A) sold in 2007 to construct a Mental Health Authority building (\$9,925,000).
- The general obligation bonds (Series B) sold in 2007 for the cost of acquiring and installing equipment related to 911 services (\$3,175,000).

St. Clair County
Management's Discussion and Analysis

- The general obligation bonds sold in 2003 to finance the construction of the Jail/Juvenile facility (\$28,850,000).
- The general obligation bonds sold in 2009 to construct a communications tower and acquire the required equipment (\$2,900,000).
- The outstanding portion of the 2004 refunding (refinanced) of the 1996 issue sold to finance the construction of the Administrative Building (\$7,335,000).
- In accordance with Governmental Accounting Standards Board Statement No. 45 an obligation for other post employment benefits has been recorded in the amount of \$15,388,264.
- 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 \$8,953,221.
- 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, 2010 is \$4,372,798.

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

Outstanding Debt

| | Governmental Activities | | Business-Type Activities | | Totals | |
|--|----------------------------|-------------------|-----------------------------|------------------|-------------------|-------------------|
| | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 |
| General Obligation Bonds | 52,185,000 | 54,060,000 | 4,830,496 | - | 57,015,496 | 54,060,000 |
| Landfill Closure and Post Closure | | | | | | |
| Costs | - | - | 8,953,221 | 8,481,786 | 8,953,221 | 8,481,786 |
| Drain Districts | 2,862,168 | 1,514,539 | - | - | 2,862,168 | 1,514,539 |
| Self-insurance Liability | 500,000 | 400,000 | - | - | 500,000 | 400,000 |
| Accumulated Employee Vacation, Sick and Compensatory Time | 4,331,567 | 4,382,274 | 41,231 | 33,188 | 4,372,798 | 4,415,462 |
| Other Post Employment Benefits | 15,238,366 | 10,817,436 | 149,898 | 108,221 | 15,388,264 | 10,925,657 |
| Deferred Amounts | (509,207) | (558,130) | - | - | (509,207) | (558,130) |
| Total | <u>74,607,894</u> | <u>70,616,119</u> | <u>13,974,846</u> | <u>8,623,195</u> | <u>88,582,740</u> | <u>79,239,314</u> |

Economic Factors and Next Year's Budgets and Rates

Many factors were considered in preparation of the County's budget for the 2011 fiscal year. Several of the more telling factors are as follows:

- The unemployment rate for the County is currently around 13.1 percent, which is a decrease over a year ago, however is still higher than the state average.
- The State of Michigan's budget situation continues to jeopardize payments to local units of government.
- The taxable value of real and personal property within the County is anticipated to continue to fall, specifically 3.9% in 2011.
- Funding for economic development initiatives to locate new businesses and jobs in our county.

The 2011 budgets are currently balanced and the Board of Commissioners will approve any amendments, as needed.

Requests for Information

This financial report is designed to provide a general overview of the County's finances for our citizens, taxpayers, customers, investors and creditors and to demonstrate the County's accountability for the taxpayer money we receive. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Administrator/Controller, 200 Grand River Ave., Suite 203, Port Huron, Michigan 48060, or contact us at 810-989-6905. You can also visit our website at www.stclaircounty.org 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, 2010**

| | Primary Government | | | Component Units |
|---|----------------------------|-----------------------------|-----------------------|-----------------------|
| | Governmental Activities | Business Type Activities | Total | |
| ASSETS: | | | | |
| Cash and cash equivalents | \$ 33,884,734 | \$ 20,262,117 | \$ 54,146,851 | \$ 18,046,499 |
| Investments | 10,292,472 | - | 10,292,472 | 131,511 |
| Receivables (net of allowance) | 29,397,872 | 14,639,753 | 44,037,625 | 24,576,074 |
| Prepaid expenses | 625,181 | 15,496 | 640,677 | 530,692 |
| Internal balances | (7,525,280) | 7,525,280 | - | - |
| Inventory | - | - | - | 1,439,258 |
| Long-term notes receivable | 2,929,000 | 222,540 | 3,151,540 | - |
| Advance to component units | 50,000 | - | 50,000 | - |
| Advance to primary government | - | - | - | 89,281 |
| Deferred charges | 293,251 | 84,487 | 377,738 | 276,904 |
| Restricted assets - | | | | |
| Cash and cash equivalents | 18,050 | - | 18,050 | 8,279,196 |
| Receivables | - | - | - | 28,730,865 |
| Deferred charges | - | - | - | 54,732 |
| Capital assets (net of accumulated depreciation) | | | | |
| Assets not being depreciated | 14,416,742 | 11,036,496 | 25,453,238 | 52,797,420 |
| Assets being depreciated | 80,465,179 | 12,058,192 | 92,523,371 | 128,666,137 |
| Total Assets | <u>164,847,201</u> | <u>65,844,361</u> | <u>230,691,562</u> | <u>263,618,569</u> |
| LIABILITIES: | | | | |
| Payables and accrued liabilities | 5,623,710 | 2,255,182 | 7,878,892 | 6,822,098 |
| Advances and deposits | 41,547 | - | 41,547 | 824,351 |
| Advances from component units | - | 89,281 | 89,281 | - |
| Advances from primary government | - | - | - | 50,000 |
| Unearned revenue | 11,724,799 | 32,491 | 11,757,290 | 4,150,871 |
| Liabilities Payable from restricted assets | - | - | - | 225,485 |
| Non-current liabilities - | | | | |
| Net OPEB Obligation | 15,238,366 | 149,898 | 15,388,264 | 10,631,210 |
| Due within one year | 2,665,191 | - | 2,665,191 | 8,490,243 |
| Due in more than one year | 56,704,337 | 13,824,948 | 70,529,285 | 53,796,298 |
| Total Liabilities | <u>91,997,950</u> | <u>16,351,800</u> | <u>108,349,750</u> | <u>84,990,556</u> |
| NET ASSETS (DEFICIT): | | | | |
| Investment in capital assets, net of related debt | 52,621,921 | 18,264,192 | 70,886,113 | 143,231,113 |
| Restricted - | | | | |
| Nonexpendable - Permanent Fund | 18,050 | - | 18,050 | - |
| Expendable - | | | | |
| Acquisition/construction of capital assets | 6,319,566 | - | 6,319,566 | 459,314 |
| Debt Service | 883,296 | - | 883,296 | 292,064 |
| Recreation and Cultural | 5,340,374 | - | 5,340,374 | - |
| Revenue Sharing Reserve | 9,442,566 | - | 9,442,566 | - |
| Health and Welfare | 1,031,053 | - | 1,031,053 | - |
| Public Safety | 723,709 | - | 723,709 | - |
| Other Purposes | 721,563 | 1,517,250 | 2,238,813 | 6,242,376 |
| Unrestricted | (4,252,847) | 29,711,119 | 25,458,272 | 28,403,146 |
| Total Net Assets | <u>\$ 72,849,251</u> | <u>\$ 49,492,561</u> | <u>\$ 122,341,812</u> | <u>\$ 178,628,013</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, 2010**

| Functions/Programs | Expenses | Program Revenues | | |
|--|----------------------|----------------------|------------------------------------|----------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary Government | | | | |
| Governmental activities: | | | | |
| Legislative | \$ 759,851 | \$ - | \$ - | \$ - |
| Judicial | 11,984,463 | 2,435,602 | 3,372,681 | - |
| General Government | 15,196,596 | 4,865,801 | 1,003,385 | - |
| Public Safety | 27,820,260 | 6,278,819 | 4,317,547 | 1,398,456 |
| Public Works | 2,340,349 | - | - | - |
| Health and Welfare | 21,595,194 | 2,737,384 | 7,559,220 | - |
| Community and Economic Development | 677,888 | 47,184 | 156,161 | - |
| Recreation and Culture | 8,087,019 | 882,184 | 122,144 | - |
| Interest on Long Term Debt | 2,341,661 | 413,613 | - | - |
| Total governmental activities | <u>90,803,281</u> | <u>17,660,587</u> | <u>16,531,138</u> | <u>1,398,456</u> |
| Business type activities: | | | | |
| Delinquent Tax Revolving | 486,888 | 1,271,517 | - | - |
| Airport Commission | 582,882 | 124,074 | 14,419 | 479,949 |
| Sheriff's Concession | 430,470 | 407,747 | - | - |
| School Tax Collections | 14,156 | - | - | - |
| Homestead Exemption Audits | 515 | 46 | - | - |
| Solid Waste Disposal System | 5,260,148 | 3,995,580 | 69,497 | 5,096,000 |
| Total business type activities | <u>6,775,059</u> | <u>5,798,964</u> | <u>83,916</u> | <u>5,575,949</u> |
| Total Primary Government | <u>\$ 97,578,340</u> | <u>\$ 23,459,551</u> | <u>\$ 16,615,054</u> | <u>\$ 6,974,405</u> |
| Component Units | | | | |
| Road Commission | 22,908,464 | 4,422,306 | 13,894,559 | 9,463,761 |
| Department of Public Works | 3,237,748 | 2,629,202 | - | - |
| Community Mental Health Authority | 86,940,640 | 936,092 | 85,355,728 | - |
| Land Bank Authority | - | - | - | - |
| Drainage Districts | 1,331,140 | 5,523,264 | - | 595,004 |
| Total Component Units | <u>\$114,417,992</u> | <u>\$ 13,510,864</u> | <u>\$ 99,250,287</u> | <u>\$ 10,058,765</u> |
| General revenues: | | | | |
| Property taxes | | | | |
| Grants and contributions not restricted to specific programs | | | | |
| Unrestricted investment income | | | | |
| Interest and penalties on delinquent taxes | | | | |
| Loss on sale of capital assets | | | | |
| Transfers | | | | |
| Special Item - Return of system contributions | | | | |
| Total general revenues, transfers, and special items | | | | |
| 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 |
| \$(759,851) | \$ - | \$(759,851) | \$ - |
| (6,176,180) | - | (6,176,180) | - |
| (9,327,410) | - | (9,327,410) | - |
| (15,825,438) | - | (15,825,438) | - |
| (2,340,349) | - | (2,340,349) | - |
| (11,298,590) | - | (11,298,590) | - |
| (474,543) | - | (474,543) | - |
| (7,082,691) | - | (7,082,691) | - |
| (1,928,048) | - | (1,928,048) | - |
| <u>(55,213,100)</u> | <u>-</u> | <u>(55,213,100)</u> | <u>-</u> |
| - | 784,629 | 784,629 | - |
| - | 35,560 | 35,560 | - |
| - | (22,723) | (22,723) | - |
| - | (14,156) | (14,156) | - |
| - | (469) | (469) | - |
| - | 3,900,929 | 3,900,929 | - |
| - | 4,683,770 | 4,683,770 | - |
| <u>(55,213,100)</u> | <u>4,683,770</u> | <u>(50,529,330)</u> | <u>-</u> |
| - | - | - | 4,872,162 |
| - | - | - | (608,546) |
| - | - | - | (648,820) |
| - | - | - | - |
| - | - | - | 4,787,128 |
| - | - | - | <u>8,401,924</u> |
| 44,677,194 | - | 44,677,194 | - |
| 381,624 | - | 381,624 | - |
| 414,385 | 83,624 | 498,009 | 169,441 |
| 28,237 | 2,052,217 | 2,080,454 | - |
| - | - | - | (36,483) |
| 2,933,488 | (2,933,488) | - | - |
| - | 420,162 | 420,162 | (761,668) |
| <u>48,434,928</u> | <u>(377,485)</u> | <u>48,057,443</u> | <u>(628,710)</u> |
| (6,778,172) | 4,306,285 | (2,471,887) | 7,773,214 |
| <u>79,627,423</u> | <u>45,186,276</u> | <u>124,813,699</u> | <u>170,854,799</u> |
| <u>\$ 72,849,251</u> | <u>\$ 49,492,561</u> | <u>\$ 122,341,812</u> | <u>\$ 178,628,013</u> |

ST. CLAIR COUNTY, MICHIGAN

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2010**

| | <u>General</u> | <u>Health Department</u> | <u>Parks and Recreation</u> | <u>Library</u> |
|---|----------------------|------------------------------|---------------------------------|---------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 41,670 | \$ 1,251,296 | \$ 3,505,840 | \$ 3,128,694 |
| Investments | 10,000,000 | - | - | - |
| Receivables - | | | | |
| Property taxes | 3,041,527 | - | 2,578,898 | 3,631,588 |
| Interest and accounts | 268,574 | 27,858 | - | 2,811 |
| Due from other governmental units - | | | | |
| Federal/State | 3,015,347 | 546,057 | - | - |
| Local | 390,834 | - | - | - |
| Due from other funds | - | - | - | - |
| Long-term notes receivable | 2,929,000 | - | - | - |
| Advances to component units | 50,000 | - | - | - |
| Prepayments and deposits | 27,969 | - | - | - |
| | <u>\$ 19,764,921</u> | <u>\$ 1,825,211</u> | <u>\$ 6,084,738</u> | <u>\$ 6,763,093</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 706,197 | \$ 35,554 | \$ 108,837 | \$ 130,592 |
| Accrued liabilities | 1,596,320 | 141,385 | 13,531 | 56,921 |
| Advances and deposits | - | 41,547 | - | - |
| Due to other governmental units - | | | | |
| Federal/State | 27,269 | 72,059 | - | - |
| Local | 5,455 | - | - | - |
| Due to other funds | 7,905,231 | - | - | - |
| Deferred revenue | 575,850 | 55,420 | 2,987,950 | 4,209,626 |
| | <u>10,816,322</u> | <u>345,965</u> | <u>3,110,318</u> | <u>4,397,139</u> |
| Fund Balances: | | | | |
| Reserved - | | | | |
| Long-term Notes Receivable/Advances/Prepays | 3,006,969 | - | - | - |
| Prosecutor's Drug Forfeiture | 47,366 | - | - | - |
| Capital Projects | - | - | - | - |
| Debt Service | - | - | - | - |
| Permanent Funds | - | - | - | - |
| Unreserved - | | | | |
| Designated - | | | | |
| General Fund | 6,040 | - | - | - |
| Special Revenue Funds | - | - | 203,000 | - |
| Undesignated - | | | | |
| General Fund | 5,888,224 | - | - | - |
| Special Revenue Funds | - | 1,479,246 | 2,771,420 | 2,365,954 |
| Total Equity | <u>8,948,599</u> | <u>1,479,246</u> | <u>2,974,420</u> | <u>2,365,954</u> |
| | <u>\$ 19,764,921</u> | <u>\$ 1,825,211</u> | <u>\$ 6,084,738</u> | <u>\$ 6,763,093</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> |
|--------------------------------|--------------------------------|------------------------------------|---------------------------------|---------------------------------|
| \$ 9,442,566 | \$ 1,365,836 | \$ 935 | \$ 11,450,815 | \$ 30,187,652 |
| - | - | - | 292,472 | 10,292,472 |
| - | 2,602,826 | - | 1,459,170 | 13,314,009 |
| - | - | - | 1,644,545 | 1,943,788 |
| - | - | - | 556,262 | 4,117,666 |
| - | - | 9,925,000 | 8,699 | 10,324,533 |
| - | - | - | 6,331 | 6,331 |
| - | - | - | - | 2,929,000 |
| - | - | - | - | 50,000 |
| - | - | - | - | 27,969 |
| <u>\$ 9,442,566</u> | <u>\$ 3,968,662</u> | <u>\$ 9,925,935</u> | <u>\$ 15,418,294</u> | <u>\$ 73,193,420</u> |
| \$ - | \$ 208,621 | \$ - | \$ 282,261 | \$ 1,472,062 |
| - | 252 | - | 229,662 | 2,038,071 |
| - | - | - | - | 41,547 |
| - | - | - | 124,385 | 223,713 |
| - | - | - | - | 5,455 |
| - | - | - | 21,779 | 7,927,010 |
| - | 3,015,685 | 9,925,000 | 3,399,865 | 24,169,396 |
| - | <u>3,224,558</u> | <u>9,925,000</u> | <u>4,057,952</u> | <u>35,877,254</u> |
| - | - | - | - | 3,006,969 |
| - | - | - | - | 47,366 |
| - | - | - | 2,357,652 | 2,357,652 |
| - | - | 935 | 882,361 | 883,296 |
| - | - | - | 26,228 | 26,228 |
| - | - | - | - | 6,040 |
| - | - | - | 3,887 | 206,887 |
| - | - | - | - | 5,888,224 |
| <u>9,442,566</u> | <u>744,104</u> | <u>-</u> | <u>8,090,214</u> | <u>24,893,504</u> |
| <u>9,442,566</u> | <u>744,104</u> | <u>935</u> | <u>11,360,342</u> | <u>37,316,166</u> |
| <u>\$ 9,442,566</u> | <u>\$ 3,968,662</u> | <u>\$ 9,925,935</u> | <u>\$ 15,418,294</u> | <u>\$ 73,193,420</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, 2010**

| | | |
|---|---------------------|-----------------------------|
| Fund Balances - total governmental funds | | \$ 37,316,166 |
| Amounts reported for governmental activities in the statement of net assets are different because: | | |
| Expenses recorded in the funds on the purchase method | | 232,583 |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. | | |
| Capital assets | | 137,976,645 |
| Accumulated depreciation | | (43,175,635) |
| 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) | 122,196 | |
| Housing Rehabilitation Loan | 1,412,021 | |
| Capital Lease Contract | 9,925,000 | |
| Interest Receivable on Capital Lease Contract | 102,872 | |
| Other | <u>418,200</u> | 11,980,289 |
| 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. | | 2,854,930 |
| 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 | (52,185,000) | |
| Drain District assessments payable | (2,862,168) | |
| Accrued interest on bonds/notes payable | (546,694) | |
| Net OPEB obligation | (15,212,756) | |
| Accrued compensated absences | <u>(4,331,567)</u> | (75,138,185) |
| Losses on refunding are not reported in the governmental funds, whereas they are capitalized and amortized from net assets, (netted against bonds payables) | | 559,129 |
| 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 | (216,600) | |
| Bond Discount | <u>166,678</u> | (49,922) |
| Bond Issuance costs reported as debt retirement in the governmental funds, where they are deferred and amortized from net assets | | <u>293,251</u> |
| Net Assets of governmental activities | | <u><u>\$ 72,849,251</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, 2010**

| | <u>General</u> | <u>Health Department</u> | <u>Parks and Recreation</u> | <u>Library</u> |
|--|---------------------|------------------------------|---------------------------------|---------------------|
| Revenues: | | | | |
| Taxes | \$ 31,933,159 | \$ - | \$ 3,213,717 | \$ 4,538,132 |
| Licenses and permits | 503,553 | 288,244 | - | - |
| Intergovernmental - | | | | |
| Federal/State | 7,827,662 | 3,694,400 | - | 114,144 |
| Local | 1,828,321 | 123,514 | - | 8,000 |
| Charges for services | 7,808,780 | 2,165,998 | 84,073 | 92,512 |
| Fines and forfeits | 333,435 | - | - | 621,559 |
| Interest and rent | 1,124,203 | - | 21,743 | 72,680 |
| Other | 2,799,254 | - | 19,260 | 12,102 |
| Total Revenues | <u>54,158,367</u> | <u>6,272,156</u> | <u>3,338,793</u> | <u>5,459,129</u> |
| Expenditures: | | | | |
| Current - | | | | |
| Legislative | 845,379 | - | - | - |
| Judicial | 10,910,190 | - | - | - |
| General Government | 11,864,535 | - | - | - |
| Public Safety | 22,488,096 | - | - | - |
| Public Works | 2,340,349 | - | - | - |
| Health and Welfare | 1,762,595 | 7,918,737 | - | - |
| Community and Economic Development | - | - | - | - |
| Recreation and Cultural | - | - | 2,956,788 | 5,086,797 |
| Other Activities | 1,156,520 | - | - | - |
| Capital Outlay | - | - | - | - |
| Debt Service - | | | | |
| Principal | 138,627 | - | - | - |
| Interest | 61,340 | - | - | - |
| Total Expenditures | <u>51,567,631</u> | <u>7,918,737</u> | <u>2,956,788</u> | <u>5,086,797</u> |
| Revenues over (under) expenditures | <u>2,590,736</u> | <u>(1,646,581)</u> | <u>382,005</u> | <u>372,332</u> |
| Other Financing Sources (Uses): | | | | |
| Issuance of debt | 1,486,256 | - | - | - |
| Transfers from other funds | 5,298,012 | 2,036,518 | - | - |
| Transfers to other funds | <u>(9,130,338)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Other Financing Sources (Uses) | <u>(2,346,070)</u> | <u>2,036,518</u> | <u>-</u> | <u>-</u> |
| Net Change in Fund Balances | 244,666 | 389,937 | 382,005 | 372,332 |
| Fund Balances at beginning of year | <u>8,703,933</u> | <u>1,089,309</u> | <u>2,592,415</u> | <u>1,993,622</u> |
| Fund Balances at end of year | <u>\$ 8,948,599</u> | <u>\$ 1,479,246</u> | <u>\$ 2,974,420</u> | <u>\$ 2,365,954</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> |
|--------------------------------|--------------------------------|------------------------------------|---------------------------------|---------------------------------|
| \$ - | \$ 3,243,303 | \$ - | \$ 1,818,391 | \$ 44,746,702 |
| - | - | - | - | 791,797 |
| - | - | - | 4,593,930 | 16,230,136 |
| - | - | 615,738 | - | 2,575,573 |
| - | 5,922 | - | 1,549,456 | 11,706,741 |
| - | - | - | 146,830 | 1,101,824 |
| 10,374 | 7,025 | - | 153,844 | 1,389,869 |
| - | - | - | 126,918 | 2,957,534 |
| <u>10,374</u> | <u>3,256,250</u> | <u>615,738</u> | <u>8,389,369</u> | <u>81,500,176</u> |
| - | - | - | - | 845,379 |
| - | - | - | 234,109 | 11,144,299 |
| - | - | - | 38,299 | 11,902,834 |
| - | - | - | 1,808,983 | 24,297,079 |
| - | - | - | - | 2,340,349 |
| - | 3,236,876 | - | 7,990,895 | 20,909,103 |
| - | - | - | 677,888 | 677,888 |
| - | - | - | - | 8,043,585 |
| - | - | - | - | 1,156,520 |
| - | - | - | 3,949,847 | 3,949,847 |
| - | - | 200,000 | 1,675,000 | 2,013,627 |
| - | - | 416,063 | 1,811,562 | 2,288,965 |
| <u>-</u> | <u>3,236,876</u> | <u>616,063</u> | <u>18,186,583</u> | <u>89,569,475</u> |
| <u>10,374</u> | <u>19,374</u> | <u>(325)</u> | <u>(9,797,214)</u> | <u>(8,069,299)</u> |
| - | - | - | - | 1,486,256 |
| - | - | - | 9,327,308 | 16,661,838 |
| <u>(3,549,181)</u> | <u>-</u> | <u>-</u> | <u>(1,048,831)</u> | <u>(13,728,350)</u> |
| <u>(3,549,181)</u> | <u>-</u> | <u>-</u> | <u>8,278,477</u> | <u>4,419,744</u> |
| (3,538,807) | 19,374 | (325) | (1,518,737) | (3,649,555) |
| <u>12,981,373</u> | <u>724,730</u> | <u>1,260</u> | <u>12,879,079</u> | <u>40,965,721</u> |
| <u>\$ 9,442,566</u> | <u>\$ 744,104</u> | <u>\$ 935</u> | <u>\$ 11,360,342</u> | <u>\$ 37,316,166</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, 2010**

| | | |
|---|--------------|------------------------------|
| Net change in fund balances - total governmental funds | | \$(3,649,555) |
| Change in prepaid expenses recorded in the funds on the purchase method | | (35,483) |
| <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 | | 5,548,028 |
| Depreciation expense | | (4,238,814) |
| Loss from sale/disposal of assets | | (6,311) |
| Revenue in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | | (408,555) |
| <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 | | 2,013,627 |
| Note proceeds from drain districts | | (1,486,256) |
| Amortization of bond premium | | 24,067 |
| Amortization of bond discount | | (10,863) |
| Amortization of issuance costs | | (23,547) |
| Amortization of deferred loss on refunding | | (62,127) |
| 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. | | (98,132) |
| 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. | | |
| Decrease in accrued interest payable | 19,774 | |
| Increase in net OPEB obligation | (4,414,732) | |
| Decrease in accrued compensated absences | 50,707 | (4,344,251) |
| | | |
| Change in net assets of governmental activities | | <u><u>\$(6,778,172)</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, 2010**

| | Business Type Activities-Enterprise Funds | | | | Governmental |
|---|---|----------------------|----------------------|----------------------|---------------------|
| | Solid Waste | Delinquent | Other | Total | Internal |
| | Disposal System | Tax Revolving | Proprietary Funds | | Service Fund |
| ASSETS: | | | | | |
| Current Assets: | | | | | |
| Cash and cash equivalents | \$ 3,862,732 | \$ 15,728,234 | \$ 671,151 | \$ 20,262,117 | \$ 3,715,132 |
| Accounts receivable (net of allowance) - | | | | | |
| Delinquent taxes | - | 11,481,783 | - | 11,481,783 | - |
| Interest and accounts | 793,347 | 6,233 | 62,075 | 861,655 | 155,266 |
| Due from other governmental units | 2,052,612 | 131,052 | - | 2,183,664 | 6,918 |
| Prepaid expenses | 2,176 | 10,645 | 2,675 | 15,496 | 364,629 |
| Due from other funds | 7,525,280 | - | - | 7,525,280 | - |
| Total Current Assets | <u>14,236,147</u> | <u>27,357,947</u> | <u>735,901</u> | <u>42,329,995</u> | <u>4,241,945</u> |
| Noncurrent Assets: | | | | | |
| Capital assets | 32,712,899 | 190,335 | 12,069,117 | 44,972,351 | 99,583 |
| Less - accumulated depreciation | (13,474,390) | (184,585) | (8,218,688) | (21,877,663) | (18,672) |
| Capital assets, net | <u>19,238,509</u> | <u>5,750</u> | <u>3,850,429</u> | <u>23,094,688</u> | <u>80,911</u> |
| Notes receivable | - | 335,191 | - | 335,191 | - |
| Deferred charges | 84,487 | - | - | 84,487 | - |
| Total Noncurrent Assets | <u>19,322,996</u> | <u>340,941</u> | <u>3,850,429</u> | <u>23,514,366</u> | <u>80,911</u> |
| Total Assets | <u>33,559,143</u> | <u>27,698,888</u> | <u>4,586,330</u> | <u>65,844,361</u> | <u>4,322,856</u> |
| LIABILITIES: | | | | | |
| Current Liabilities: | | | | | |
| Accounts payable | 2,045,133 | 93,789 | 53,720 | 2,192,642 | 168,973 |
| Accrued expenses | 7,574 | 1,763 | 3,542 | 12,879 | 773,343 |
| Due to other governmental units | 16,270 | - | 17,372 | 33,642 | - |
| Advances from component units | - | - | 89,281 | 89,281 | - |
| Accrued interest payable | 16,019 | - | - | 16,019 | - |
| Current portion of long-term liabilities | - | - | - | - | 270,000 |
| Unearned revenue | - | - | 32,491 | 32,491 | - |
| Total Current Liabilities | <u>2,084,996</u> | <u>95,552</u> | <u>196,406</u> | <u>2,376,954</u> | <u>1,212,316</u> |
| Long-Term Liabilities (less current portions): | | | | | |
| Accrued vacation and sick | 30,779 | - | 10,452 | 41,231 | - |
| Accrued insurance claims | - | - | - | - | 230,000 |
| Net OPEB obligation | 95,014 | 16,596 | 38,288 | 149,898 | 25,610 |
| Bonds payable | 4,830,496 | - | - | 4,830,496 | - |
| Estimated closure and post closure costs | 8,953,221 | - | - | 8,953,221 | - |
| Total Long-Term Liabilities | <u>13,909,510</u> | <u>16,596</u> | <u>48,740</u> | <u>13,974,846</u> | <u>255,610</u> |
| Total Liabilities | <u>15,994,506</u> | <u>112,148</u> | <u>245,146</u> | <u>16,351,800</u> | <u>1,467,926</u> |
| NET ASSETS: | | | | | |
| Investment in capital assets, net | 14,408,013 | 5,750 | 3,850,429 | 18,264,192 | 80,911 |
| Restricted - Foreclosure sales | - | 1,517,250 | - | 1,517,250 | - |
| Unrestricted | 3,156,624 | 26,063,740 | 490,755 | 29,711,119 | 2,774,019 |
| Total Net Assets | <u>\$ 17,564,637</u> | <u>\$ 27,586,740</u> | <u>\$ 4,341,184</u> | <u>\$ 49,492,561</u> | <u>\$ 2,854,930</u> |

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, 2010**

| | Business Type Activities-Enterprise Funds | | | | Governmental |
|--|---|----------------------|----------------------|----------------------|-----------------------------|
| | Solid Waste | Delinquent | Other | Total | Activities |
| | Disposal System | Tax Revolving | Proprietary Funds | | Internal Service Fund |
| Operating Revenues: | | | | | |
| Intergovernmental - | | | | | |
| Federal/State | \$ 69,497 | \$ - | \$ 14,419 | \$ 83,916 | \$ - |
| Charges for services | 3,987,027 | 1,271,517 | 413,852 | 5,672,396 | 14,549,129 |
| Interest and rents | - | 2,052,217 | 115,814 | 2,168,031 | - |
| Other | 8,553 | - | 2,201 | 10,754 | 232,298 |
| Total Operating Revenues | <u>4,065,077</u> | <u>3,323,734</u> | <u>546,286</u> | <u>7,935,097</u> | <u>14,781,427</u> |
| Operating Expenses: | | | | | |
| Personal services | 378,008 | 110,476 | 203,922 | 692,406 | 217,297 |
| Supplies | 186,736 | - | 38,366 | 225,102 | 7,893 |
| Other services | 3,510,669 | 336,528 | 523,769 | 4,370,966 | 14,651,879 |
| Depreciation | 1,168,716 | 39,884 | 261,966 | 1,470,566 | 2,490 |
| Total Operating Expenses | <u>5,244,129</u> | <u>486,888</u> | <u>1,028,023</u> | <u>6,759,040</u> | <u>14,879,559</u> |
| Operating Income (Loss) | <u>(1,179,052)</u> | <u>2,836,846</u> | <u>(481,737)</u> | <u>1,176,057</u> | <u>(98,132)</u> |
| Non-Operating Revenues (Expenses): | | | | | |
| Interest revenue | 30,325 | 53,299 | - | 83,624 | - |
| Interest expense | <u>(16,019)</u> | <u>-</u> | <u>-</u> | <u>(16,019)</u> | <u>-</u> |
| Total Non-Operating Revenues (Expenses) | <u>14,306</u> | <u>53,299</u> | <u>-</u> | <u>67,605</u> | <u>-</u> |
| Net Income (Loss) Before Contributions, Transfers, and Special Item | <u>(1,164,746)</u> | <u>2,890,145</u> | <u>(481,737)</u> | <u>1,243,662</u> | <u>(98,132)</u> |
| Capital Contributions | <u>5,096,000</u> | <u>-</u> | <u>479,949</u> | <u>5,575,949</u> | <u>-</u> |
| Net Income (Loss) Before Transfers and Special Item | <u>3,931,254</u> | <u>2,890,145</u> | <u>(1,788)</u> | <u>6,819,611</u> | <u>(98,132)</u> |
| Transfers: | | | | | |
| Transfers to other funds | <u>(800,000)</u> | <u>(2,133,488)</u> | <u>-</u> | <u>(2,933,488)</u> | <u>-</u> |
| Net Income (Loss) Before Special Item | <u>3,131,254</u> | <u>756,657</u> | <u>(1,788)</u> | <u>3,886,123</u> | <u>(98,132)</u> |
| Special Item: | | | | | |
| Return of system contributions | <u>-</u> | <u>-</u> | <u>420,162</u> | <u>420,162</u> | <u>-</u> |
| Change in Net Assets | <u>3,131,254</u> | <u>756,657</u> | <u>418,374</u> | <u>4,306,285</u> | <u>(98,132)</u> |
| Net Assets at beginning 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> |
| Net Assets end of year | <u>\$ 17,564,637</u> | <u>\$ 27,586,740</u> | <u>\$ 4,341,184</u> | <u>\$ 49,492,561</u> | <u>\$ 2,854,930</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, 2010**

| | Business Type Activities-Enterprise Funds | | | | Governmental |
|--|---|--------------------------|-------------------------|----------------------|-----------------------|
| | Solid Waste Disposal System | Delinquent Tax Revolving | Other Proprietary Funds | Total | Internal Service Fund |
| Cash Flows From Operating Activities: | | | | | |
| Cash receipts from customers | \$ 3,829,466 | \$ 21,271,277 | \$ 568,117 | \$ 25,668,860 | \$ 122,368 |
| Cash receipts from interfund services | - | - | - | - | 14,549,129 |
| Cash payments to suppliers | (3,512,260) | (19,313,650) | (549,370) | (23,375,280) | (14,367,736) |
| Cash payments to employees | (238,335) | (110,383) | (197,036) | (545,754) | (210,956) |
| Cash payments for interfund services | (96,055) | - | (14,156) | (110,211) | - |
| Other cash receipts | 78,050 | - | - | 78,050 | - |
| Net Cash Provided (Used) by Operating Activities | <u>60,866</u> | <u>1,847,244</u> | <u>(192,445)</u> | <u>1,715,665</u> | <u>92,805</u> |
| Cash Flows From Noncapital Financing Activities: | | | | | |
| Cash payments to other funds | (7,525,280) | - | - | (7,525,280) | - |
| Return of system contributions | - | - | 420,162 | 420,162 | - |
| Transfers to other funds | (800,000) | (2,133,488) | - | (2,933,488) | - |
| Net Cash Used by Noncapital Financing Activities | <u>(8,325,280)</u> | <u>(2,133,488)</u> | <u>420,162</u> | <u>(10,038,606)</u> | <u>-</u> |
| Cash Flows From Capital and Related Financing Activities: | | | | | |
| Capital contributions | 5,096,000 | - | - | 5,096,000 | - |
| Proceeds from sale of bonds | 2,914,778 | - | - | 2,914,778 | - |
| Acquisition and construction of capital assets | (6,230,099) | - | (32,902) | (6,263,001) | - |
| Net Cash Provided by Capital and Related Financing Activities | <u>1,780,679</u> | <u>-</u> | <u>(32,902)</u> | <u>1,747,777</u> | <u>-</u> |
| Cash Flows From Investing Activities: | | | | | |
| Interest earned | 30,325 | 53,299 | - | 83,624 | - |
| Notes receivable made | - | (257,177) | - | (257,177) | - |
| Sale of investments | - | 9,000,000 | - | 9,000,000 | - |
| Net Cash Provided by Investing Activities | <u>30,325</u> | <u>8,796,122</u> | <u>-</u> | <u>8,826,447</u> | <u>-</u> |
| Increase (Decrease) in Cash and Cash Equivalents for the year | (6,453,410) | 8,509,878 | 194,815 | 2,251,283 | 92,805 |
| Cash and Cash Equivalents at Beginning 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> |
| Cash and Cash Equivalents at End of Year | <u>\$ 3,862,732</u> | <u>\$ 15,728,234</u> | <u>\$ 671,151</u> | <u>\$ 20,262,117</u> | <u>\$ 3,715,132</u> |

ST. CLAIR COUNTY, MICHIGAN

**PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2010**

| | Business Type Activities-Enterprise Funds | | | | Governmental |
|--|---|--------------------------|-------------------------|---------------------|-----------------------|
| | Solid Waste Disposal System | Delinquent Tax Revolving | Other Proprietary Funds | Total | Internal Service Fund |
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: | | | | | |
| Operating income (loss) for the year | \$(1,179,052) | \$ 2,836,846 | \$(481,737) | \$ 1,176,057 | \$(98,132) |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities - | | | | | |
| Depreciation | 1,168,716 | 39,884 | 261,966 | 1,470,566 | 2,490 |
| Estimated closure and post closure costs | 471,435 | - | - | 471,435 | - |
| Change in assets and liabilities: | | | | | |
| Receivable | 1,799,856 | (968,793) | 17,778 | 848,841 | (109,930) |
| Prepays and deposits | - | (545) | 176 | (369) | 383,271 |
| Accounts payable/accrued expenses | (244,618) | 54,725 | (18,523) | (208,416) | (84,894) |
| Due to/from other governmental units | (1,955,471) | (114,873) | - | (2,070,344) | - |
| Unearned Revenue | - | - | 27,895 | 27,895 | - |
| Net Cash Provided (Used) By Operating Activities | <u>\$ 60,866</u> | <u>\$ 1,847,244</u> | <u>\$(192,445)</u> | <u>\$ 1,715,665</u> | <u>\$ 92,805</u> |
| Non-Cash Capital and Related Financing Activities: | | | | | |
| Capital contributions | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 479,949</u> | <u>\$ 479,949</u> | <u>\$ -</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, 2010**

| | Basic Retirement System | Other Postemployment Benefits | Landfill Private-Purpose Trust Fund | Agency Funds |
|---|-------------------------------|-------------------------------------|---|-----------------------------|
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| ASSETS: | | | | |
| Cash and cash equivalents | \$ 5,066,429 | \$ 3,155,358 | \$ 1,784,014 | \$ 1,634,570 |
| Investments - | | | | |
| U.S. Government Securities | 1,972,344 | - | - | - |
| Corporate Debt | 33,160,801 | - | - | - |
| Equity Funds | 48,320,869 | 309,033 | - | - |
| Stocks | 86,363,165 | 7,931,710 | - | - |
| Foreign Bonds | 16,702,736 | - | - | - |
| Mutual Funds | - | 1,395,853 | - | - |
| Municipal Bonds | 23,418 | - | - | - |
| Invested Court Appointed Trust | - | - | - | 94,881 |
| Receivables - | | | | |
| Interest/dividends and accounts | 705,466 | 4,283 | - | 11,065,343 |
| Other | 470,614 | 29,126 | 12,024 | - |
| Due from other funds | 204,850 | 23,125,721 | - | 15,448 |
| Prepayments and deposits | - | - | - | 3,472 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total Assets | <u>192,990,692</u> | <u>35,951,084</u> | <u>1,796,038</u> | <u>12,813,714</u> |
| LIABILITIES: | | | | |
| Accounts payable | 423,743 | - | - | - |
| Due to individuals and agencies | 284,393 | - | - | 11,833,530 |
| Due to other governmental units - | | | | |
| Federal/state | - | - | - | 391,238 |
| Local | - | - | - | 588,946 |
| Due to other funds | <u>22,785,721</u> | <u>164,899</u> | <u>-</u> | <u>-</u> |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total Liabilities | <u>23,493,857</u> | <u>164,899</u> | <u>-</u> | <u>\$ 12,813,714</u> |
| NET ASSETS: | | | | |
| Assets held in trust for pension benefits | 169,496,835 | - | - | |
| Assets held in trust for other | | | | |
| postemployment benefits | - | 35,786,185 | - | |
| Reserved for landfill perpetual care | <u>-</u> | <u>-</u> | <u>1,796,038</u> | |
| | <u> </u> | <u> </u> | <u> </u> | |
| Total Net Assets | <u>\$ 169,496,835</u> | <u>\$ 35,786,185</u> | <u>\$ 1,796,038</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, 2010**

| | <u>Basic Retirement System</u> | <u>Other Postemployment Benefits</u> | <u>Landfill Private-Purpose Trust Fund</u> |
|--|--|--|--|
| Additions: | | | |
| Contributions - | | | |
| Member contributions | \$ 2,292,960 | \$ 545,338 | \$ - |
| Employer contributions | 5,067,619 | 3,030,988 | - |
| Closure/postclosure | - | - | 70,332 |
| Total Contributions | <u>7,360,579</u> | <u>3,576,326</u> | <u>70,332</u> |
| Investment income - | | | |
| Net appreciation in fair value of investments | 22,676,221 | 574,057 | - |
| Interest/dividends | 2,636,755 | 1,778,662 | 186 |
| Less investment expense | <u>(866,477)</u> | <u>(46,602)</u> | <u>(2,293)</u> |
| Net investment income | <u>24,446,499</u> | <u>2,306,117</u> | <u>(2,107)</u> |
| Other - | | | |
| Medicare Part D reimbursements | - | 422,980 | - |
| Total Additions | <u>31,807,078</u> | <u>6,305,423</u> | <u>68,225</u> |
| Deductions: | | | |
| Retirement payroll | 10,351,447 | - | - |
| Health insurance | - | 6,044,047 | - |
| Death benefits | 63,000 | - | - |
| Employee refunds | 334,506 | 22,614 | - |
| Administration | 81,936 | - | - |
| Professional fees | 45,312 | 101,152 | - |
| Total Deductions | <u>10,876,201</u> | <u>6,167,813</u> | <u>-</u> |
| Net increase (decrease) | 20,930,877 | 137,610 | 68,225 |
| Net assets held in trust - | | | |
| Beginning of year | <u>148,565,958</u> | <u>35,648,575</u> | <u>1,727,813</u> |
| End of year | <u>\$ 169,496,835</u> | <u>\$ 35,786,185</u> | <u>\$ 1,796,038</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, 2010**

| | <u>Road Commission</u> | <u>Department of Public Works</u> | <u>Community Mental Health Authority</u> |
|--|------------------------------|---|--|
| ASSETS | | | |
| Cash and cash equivalents | \$ 4,610,954 | \$ 339,540 | \$ 11,773,071 |
| Investments | - | - | - |
| Receivables (net of allowance) | 3,627,888 | 380,572 | 1,889,318 |
| Prepaid expenses | 153,975 | - | 178,694 |
| Inventory | 1,398,358 | - | - |
| Deferred charges | 37,049 | - | 61,135 |
| Advance to primary government | - | 89,281 | - |
| Restricted Assets - | | | |
| Cash and cash equivalents | - | 1,198,609 | 7,080,587 |
| Receivables | - | 28,730,865 | - |
| Deferred charges | - | 54,732 | - |
| Capital Assets (net of accum. depreciation) | | | |
| Assets not being depreciated | 36,778,826 | 705,522 | 1,752,758 |
| Assets being depreciated | <u>87,542,493</u> | <u>15,269,211</u> | <u>11,176,675</u> |
| Total Assets | <u>134,149,543</u> | <u>46,768,332</u> | <u>33,912,238</u> |
| LIABILITIES | | | |
| Payables and accrued liabilities | 650,070 | 93,866 | 5,095,844 |
| Accrued interest | 27,661 | - | 1,511 |
| Advances and deposits | 692,521 | 131,830 | - |
| Advance from primary government | - | - | - |
| Unearned revenue | - | - | 4,150,871 |
| Liabilities payable from restricted assets | - | 225,485 | - |
| Non-current liabilities - | | | |
| Net OPEB obligation | 6,389,717 | - | 4,241,493 |
| Due within one year | 982,000 | 3,025,720 | 1,409,109 |
| Due in more than one year | <u>1,626,000</u> | <u>26,301,154</u> | <u>10,943,816</u> |
| Total Liabilities | <u>10,367,969</u> | <u>29,778,055</u> | <u>25,842,644</u> |
| NET ASSETS (DEFICIT) | | | |
| Investments in Capital Assets, net of related liabilities | 115,048,348 | 15,974,733 | 1,927,802 |
| Restricted for: | | | |
| Risk corridor financing | - | - | 5,735,854 |
| Substance abuse | - | - | 506,522 |
| Equipment replacement | - | 459,314 | - |
| Debt service | - | - | - |
| Unrestricted | <u>8,733,226</u> | <u>556,230</u> | <u>(100,584)</u> |
| Total Net Assets | <u><u>\$ 123,781,574</u></u> | <u><u>\$ 16,990,277</u></u> | <u><u>\$ 8,069,594</u></u> |

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

| <u>Land Bank Authority</u> | <u>Drainage Districts</u> | <u>Totals</u> |
|--------------------------------|-------------------------------|-----------------------|
| \$ - | \$ 1,322,934 | \$ 18,046,499 |
| - | 131,511 | 131,511 |
| - | 18,678,296 | 24,576,074 |
| - | 198,023 | 530,692 |
| 40,900 | - | 1,439,258 |
| - | 178,720 | 276,904 |
| - | - | 89,281 |
| - | - | 8,279,196 |
| - | - | 28,730,865 |
| - | - | 54,732 |
| - | 13,560,314 | 52,797,420 |
| - | 14,677,758 | 128,666,137 |
| <u>40,900</u> | <u>48,747,556</u> | <u>263,618,569</u> |
| - | 841,267 | 6,681,047 |
| - | 111,879 | 141,051 |
| - | - | 824,351 |
| - | 50,000 | 50,000 |
| - | - | 4,150,871 |
| - | - | 225,485 |
| - | - | 10,631,210 |
| - | 3,073,414 | 8,490,243 |
| 40,900 | 14,884,428 | 53,796,298 |
| <u>40,900</u> | <u>18,960,988</u> | <u>84,990,556</u> |
| - | 10,280,230 | 143,231,113 |
| - | - | 5,735,854 |
| - | - | 506,522 |
| - | - | 459,314 |
| - | 292,064 | 292,064 |
| - | 19,214,274 | 28,403,146 |
| <u>\$ -</u> | <u>\$ 29,786,568</u> | <u>\$ 178,628,013</u> |

ST. CLAIR COUNTY, MICHIGAN

**COMBINING STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 2010**

| Functions/Programs | Expenses | Program Revenues | | |
|--|-----------------------|----------------------|------------------------------------|----------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Road Commission | | | | |
| Governmental activities: | | | | |
| Highways and streets | \$ 22,884,439 | \$ 4,422,306 | \$ 13,894,559 | \$ 9,463,761 |
| Debt service | 24,025 | - | - | - |
| Total Road Commission | <u>22,908,464</u> | <u>4,422,306</u> | <u>13,894,559</u> | <u>9,463,761</u> |
| Department of Public Works | | | | |
| Governmental activities: | | | | |
| Debt service | 1,098,566 | 1,098,566 | - | - |
| Business type activities: | | | | |
| Water and Sewer | <u>2,139,182</u> | <u>1,530,636</u> | - | - |
| Total Department of Public Works | <u>3,237,748</u> | <u>2,629,202</u> | - | - |
| Community Mental Health Authority | | | | |
| Governmental activities: | | | | |
| Health and Welfare | 86,453,662 | 936,092 | 85,355,728 | - |
| Debt service | <u>486,978</u> | - | - | - |
| Total Community Mental Health Authority | <u>86,940,640</u> | <u>936,092</u> | <u>85,355,728</u> | - |
| Land Bank Authority | | | | |
| Governmental activities: | | | | |
| Community and Economic Development | - | - | - | - |
| Drainage Districts | | | | |
| Governmental activities: | | | | |
| Public works | 664,550 | 5,523,264 | - | 595,004 |
| Interest on Long Term Debt | <u>666,590</u> | - | - | - |
| Total Drains | <u>1,331,140</u> | <u>5,523,264</u> | - | <u>595,004</u> |
| Total Component Units | <u>\$ 114,417,992</u> | <u>\$ 13,510,864</u> | <u>\$ 99,250,287</u> | <u>\$ 10,058,765</u> |

General Revenues:
 Unrestricted investment income
 Loss on disposal of fixed assets
Special Item - Return of system contributions
 Total general revenues and special items

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 | Land Bank Authority | Drainage Districts | Total |
|-----------------------|----------------------------------|---|------------------------|-----------------------|-----------------------|
| \$ 4,896,187 | | | | | \$ 4,896,187 |
| <u>(24,025)</u> | | | | | <u>(24,025)</u> |
| <u>4,872,162</u> | | | | | |
| | \$ - | | | | - |
| | <u>(608,546)</u> | | | | <u>(608,546)</u> |
| | <u>(608,546)</u> | | | | |
| | | \$(161,842) | | | (161,842) |
| | | <u>(486,978)</u> | | | <u>(486,978)</u> |
| | | <u>(648,820)</u> | | | |
| | | | <u>\$ -</u> | | - |
| | | | | \$ 5,453,718 | 5,453,718 |
| | | | | <u>(666,590)</u> | <u>(666,590)</u> |
| | | | | <u>4,787,128</u> | |
| | | | | | 8,401,924 |
| 70,149 | 6,217 | 84,937 | - | 8,138 | 169,441 |
| - | (36,483) | - | - | - | (36,483) |
| - | (761,668) | - | - | - | (761,668) |
| <u>70,149</u> | <u>(791,934)</u> | <u>84,937</u> | <u>-</u> | <u>8,138</u> | <u>(628,710)</u> |
| 4,942,311 | (1,400,480) | (563,883) | - | 4,795,266 | 7,773,214 |
| <u>118,839,263</u> | <u>18,390,757</u> | <u>8,633,477</u> | <u>-</u> | <u>24,991,302</u> | <u>170,854,799</u> |
| <u>\$ 123,781,574</u> | <u>\$ 16,990,277</u> | <u>\$ 8,069,594</u> | <u>\$ -</u> | <u>\$ 29,786,568</u> | <u>\$ 178,628,013</u> |

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Reporting Entity -

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

These financial statements present the County and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the County.

BLENDED COMPONENT UNIT -

ST. CLAIR COUNTY BUILDING AUTHORITY - 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 Utility Operations and Maintenance Receiving and Wastewater Treatment Funds. The DPW operates under a Board, which consists of three commissioners, who are appointed by the County Commissioners. 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, 2010**

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

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

ST. CLAIR COUNTY LAND BANK AUTHORITY - Established pursuant to the Michigan Land Bank Fast Track Public Act 258 and an Intergovernmental Agreement entered into between the Michigan Land Bank Fast Track Authority and the St. Clair County Treasurer. The Land Bank Authority is governed by a five-member board including the St. Clair County Treasurer, who is, by law, its Chairperson, and four other members appointed by the St. Clair County Board of Commissioners. The Land Bank Authority was created to acquire, hold, manage and develop tax-foreclosed properties, as well as other vacant and abandoned properties. The County Board of Commissioners can significantly influence the operations of the Land Bank Authority.

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

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

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

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

ST. CLAIR COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2010

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

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

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

B. Government-wide and fund financial statements -

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

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are normally collected within 60 days of the end of the current fiscal period except for reimbursement grants, which are recognized if collected within 90 days. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

State shared revenue, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and therefore have been recognized as revenues of the current fiscal period. Property taxes are recognized as revenue in the year for which they are levied. Also only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The County reports the following major governmental funds:

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 a 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.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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

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 County 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.

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.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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

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 and intergovernmental operating grants. Operating expenses from Enterprise and Internal Service Funds include costs of sales and services, administrative expense, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as 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.

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

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

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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

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, except the Road Commission (component unit) that is stated at the average cost, using the first in/first out (FIFO) method, except for the Land Bank Authority (component unit) that uses the specific identification method. Inventories of governmental funds are recorded as expenditures when purchased, except the Road Commission and the Land Bank Authority, 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.

Property Tax Calendar -

The property taxes for the County’s general fund are levied on July 1 (the lien date), with all special purpose taxes levied on December 1 (the lien date), based on the taxable value of property located in the County as of the preceding December 31, by the various municipalities within the County. The July 1 taxes are due on or before September 15 and the December 1 taxes are due on or before February 15. The general fund levy is recognized in the year of the levy. The special purpose taxes that are levied on December 1 are recorded as a receivable and deferral 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.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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

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

| | Years | | | | |
|-----------------------|---------------------------|------------------------|----------------------|------------------------------|---------------|
| | <u>Primary Government</u> | <u>Road Commission</u> | <u>Mental Health</u> | <u>Dept. of Public Works</u> | <u>Drains</u> |
| Building/Improvements | 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 | - | - | - | - |

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.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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

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 financing 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, 2011, under separate cover as supplementary information to the Annual Financial Report.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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

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

During the year ended December 31, 2010, the County (primary government) incurred expenditures in the General Fund and Special Revenue Funds, which were in excess of the amounts appropriated at the activity level for the General Fund and functional level for the Special Revenue Funds as follows:

Excess of Expenditures over Appropriations -

PRIMARY GOVERNMENT -

| <u>Fund Type/Function/Activity</u> | <u>Appropriations</u> | <u>Expended</u> | <u>Variance</u> |
|------------------------------------|-----------------------|-----------------|-----------------|
| General Fund - | | | |
| General Government - | | | |
| Human Resources | \$ 369,275 | \$ 374,823 | \$ 5,548 |
| Register of Deeds | 186,098 | 197,557 | 11,459 |
| Cooperative Extension | 413,262 | 425,996 | 12,734 |
| Information Technology | 2,146,341 | 2,160,703 | 14,362 |
| Public Safety - | | | |
| Marine Law Enforcement | 268,631 | 274,151 | 5,520 |
| Other Corrections Activities | 280,000 | 304,834 | 24,834 |
| Animal Shelter/Dog Warden | 373,016 | 378,731 | 5,715 |
| Hazardous Material Handling | 18,172 | 19,666 | 1,494 |
| Public Works - | | | |
| Drains | 1,426,917 | 1,628,631 | 201,714 |
| Health and Welfare - | | | |
| Public Guardian | 323,583 | 342,769 | 19,186 |
| Veterans' Burial | 12,000 | 12,300 | 300 |
| Other - | | | |
| Insurance | 1,006,520 | 1,156,520 | 150,000 |
| Special Revenue Funds - | | | |
| Health Department - | | | |
| Health and Welfare | 7,012,763 | 7,918,737 | 905,974 |

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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> |
|------------------------------------|-----------------------|-----------------|-----------------|
| Drug Task Force – | | | |
| Public Safety | \$ 1,540,857 | \$ 1,660,390 | \$ 119,533 |
| Transfers to Other Funds | 162,643 | 168,895 | 6,252 |
| Drug Law Enforcement – | | | |
| Public Safety | 125,000 | 144,074 | 19,074 |
| Child Care – | | | |
| Health and Welfare | 5,691,154 | 6,250,541 | 559,387 |
| Transfers to Other Funds | - | 100,000 | 100,000 |
| Veterans' Trust – | | | |
| Health and Welfare | 20,000 | 24,245 | 4,245 |

Undesignated Fund Balance Deficit -

The Drain Debt fund (component unit fund) has an undesignated fund balance deficit of \$313,185 at December 31, 2010 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, 2010**

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

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

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

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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 | \$ 17,252 | \$ 3,775 | \$ 1,200 | \$ 22,227 |
| Deposits with Financial Institutions - | | | | |
| Checking | 10,553,267 | 25,919,155 | 3,216,820 | 39,689,242 |
| Savings/Certificates of Deposit/Money Market | <u>52,870,755</u> | <u>402,765</u> | <u>265,661</u> | <u>53,539,181</u> |
| Total | <u>63,424,022</u> | <u>26,321,920</u> | <u>3,482,481</u> | <u>93,228,423</u> |
| Investments - | | | | |
| Investment Trust Funds | 1,016,099 | - | 8,156,690 | 9,172,789 |
| U.S. Government Securities | - | 131,511 | 1,972,344 | 2,103,855 |
| Corporate Debt | - | - | 33,160,801 | 33,160,801 |
| Stocks | - | - | 94,294,875 | 94,294,875 |
| Equity Funds | - | - | 48,629,902 | 48,629,902 |
| Foreign Bonds | - | - | 16,702,736 | 16,702,736 |
| Mutual Funds | - | - | 1,395,853 | 1,395,853 |
| Municipal Bonds | - | - | 23,418 | 23,418 |
| Investments Held by Broker | - | - | 94,881 | 94,881 |
| Total Investments | <u>1,016,099</u> | <u>131,511</u> | <u>204,431,500</u> | <u>205,579,110</u> |
| Grand Total | <u>\$ 64,457,373</u> | <u>\$ 26,457,206</u> | <u>\$ 207,915,181</u> | <u>\$ 298,829,760</u> |

Reconciliation To Combined Balance Sheet -

| | |
|---|-----------------------|
| Reported as Cash and Cash Equivalents - | |
| Petty Cash and Cash on Hand | \$ 22,227 |
| Cash in Checking | 39,689,242 |
| Cash in Savings/Money Market/Certificate of Deposit | 43,246,709 |
| Investment Trust Funds | <u>9,172,789</u> |
| Total Cash and Cash Equivalents Reported on Combined Balance Sheet | <u>92,130,967</u> |
| Reported as Investments - | |
| Certificates of Deposits | 10,292,472 |
| U.S. Government Securities | 2,103,855 |
| Corporate Debt | 33,160,801 |
| Stocks | 94,294,875 |
| Equity Funds | 48,629,902 |
| Foreign Bonds | 16,702,736 |
| Mutual Funds | 1,395,853 |
| Municipal Bonds | 23,418 |
| Investments Held by Broker-Dealer | <u>94,881</u> |
| Total Investments Reported on Combined Balance Sheet | <u>206,698,793</u> |
| Grand Total - Combined Balance Sheet | <u>\$ 298,829,760</u> |

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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, 2010, the book value of the County's deposits was \$93,228,423 with a corresponding bank balance of \$94,440,994. Insured deposits were \$52,766,084, collateralized by securities held by the pledging financial institution were \$41,628,249, and the remaining \$46,661 were uninsured, uncollateralized, and in the County's name.

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

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

The County believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the County evaluates each financial institution and assesses the level of risk. The County uses only those financial institutions with an acceptable estimated risk level as depositories.

Investments (Excluding Retirement)

Credit Risk - Investments - The County has \$2,865,724 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 | \$ 1,016,099 | AAAm | Standard & Poors | 46 |
| Fiduciary Unit - Federated Treasury Obligations | 1,849,625 | AAAm | Standard & Poors | 42 |

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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 | \$ 1,016,099 | \$ 1,016,099 | \$ - |
| Fiduciary Unit | 1,849,625 | 1,849,625 | - |
| Certificates of Deposit (1) - | | | |
| Primary Government | 10,292,472 | 5,792,472 | 4,500,000 |

(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, 2010**

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 Aaa/AAA or above at the time of purchase.

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, 2010 the Retirement System had five investment advisors. As of December 31, 2010, 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 | \$ 1,972,344 | 0.97% |
| Corporate Debt - Other | 33,160,801 | 16.38 |
| Municipal Bonds | 23,418 | 0.01 |
| Foreign Bonds | 16,702,736 | 8.25 |
| Stocks | 94,294,875 | 46.57 |
| Mutual Funds | 1,395,853 | 0.69 |
| Equity Funds - | | |
| Other | 32,488,718 | 16.04 |
| Index Funds | <u>16,141,184</u> | <u>7.97</u> |
| | 196,179,929 | 96.88 |
| Investment Trust Funds (1) | <u>6,307,065</u> | <u>3.12</u> |
| Total | <u>\$ 202,486,994</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 | \$ 2,935,346 | AAAm | Standard & Poors | 53 |
| Fifth Third Institutional Money Market | 2,570,680 | AAAm | Standard & Poors | 45 |
| Federated Govt. Obligations Tx Mgd Fund | 801,039 | AAAm | Standard & Poors | 45 |

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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

Credit Risk - The Board's adopted Statement of Investment Policies Procedures and Objectives states that all debt securities, except Treasuries and Agencies, must have a quality rating of B or above at the time of issue and allows up to 25% of the portfolio in BB to CCC rated securities. If more than allowed value of securities are within that investment grade, it shall be reported to the Retirement Board immediately along with a proposed plan of action. As of December 31, 2010, 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> |
|----------------------|----------------|
| \$ 6,881,258 | AAA |
| 1,916,978 | AA+ |
| 804,576 | AA |
| 692,955 | AA- |
| 959,914 | A+ |
| 3,690,343 | A |
| 5,742,465 | A- |
| 4,139,655 | BBB+ |
| 4,658,031 | BBB |
| 10,025,556 | BBB- |
| 1,088,817 | BB+ |
| 2,133,323 | BB |
| 1,453,350 | BB- |
| 442,980 | B+ |
| 904,169 | B |
| 391,356 | B- |
| 841,561 | CCC |
| 3,378 | CC |
| <u>3,116,290</u> | No Rating |
| <u>\$ 49,886,955</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, 2010, \$202,486,994 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, 2010**

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, 2010, the Retirement System's investments had the following maturities:

| Investment | Fair Value | Years | | | |
|----------------------|----------------------|-------------------|----------------------|----------------------|----------------------|
| | | <1 | 1-5 | 5-10 | 10> |
| Corporate Debt Other | \$ 33,160,801 | \$ 167,430 | \$ 4,159,371 | \$ 13,370,973 | \$ 15,463,027 |
| Municipal Bonds | 23,418 | - | - | - | 23,418 |
| Foreign Bonds | <u>16,702,736</u> | <u>-</u> | <u>9,526,163</u> | <u>4,409,674</u> | <u>2,766,899</u> |
| | <u>\$ 49,886,955</u> | <u>\$ 167,430</u> | <u>\$ 13,685,534</u> | <u>\$ 17,780,647</u> | <u>\$ 18,253,344</u> |

NOTE 4 - RECEIVABLES:

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

| | Governmental Activities | Business-type Activities |
|------------------------------------|----------------------------|-----------------------------|
| Property taxes | \$ 13,314,009 | \$ 11,481,783 |
| Interest and accounts | 2,099,054 | 993,655 |
| Notes receivable | - | 112,651 |
| Intergovernmental - | | |
| Federal/State | 4,124,584 | 2,052,612 |
| Local | <u>10,427,405</u> | <u>131,052</u> |
| | 29,965,052 | 14,771,753 |
| Less - allowance for uncollectible | <u>(567,180)</u> | <u>(132,000)</u> |
| | <u>\$ 29,397,872</u> | <u>\$ 14,639,753</u> |

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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 | \$ 504,472 | \$ - |
| | Grants | 70,140 | - |
| | Fees and Other | <u>1,238</u> | <u>-</u> |
| | | <u>575,850</u> | <u>-</u> |
| Health Department | Grants | <u>49,562</u> | <u>5,858</u> |
| Parks and Recreation | Property Taxes | <u>49,315</u> | <u>2,938,635</u> |
| Library | Property Taxes | <u>57,932</u> | <u>4,151,694</u> |
| Senior Citizens Millage | Property Taxes | <u>49,569</u> | <u>2,966,116</u> |
| Mental Health Building Debt | Lease Contract | <u>9,925,000</u> | <u>-</u> |
| Non-Major Governmental Funds | Property Taxes | 28,088 | 1,662,496 |
| | Grants | 20,321 | - |
| | Revolving Loan | 1,412,021 | - |
| | Fees | <u>276,939</u> | <u>-</u> |
| | | <u>1,737,369</u> | <u>1,662,496</u> |
| Total deferred/unearned revenue in governmental funds | | <u>\$ 12,444,597</u> | <u>\$ 11,724,799</u> |

NOTE 5 - CAPITAL ASSETS:

Primary Government

Capital asset activity of the primary government for the year ended December 31, 2010 was as follows:

| | <u>Balance January 1, 2010</u> | <u>Additions</u> | <u>Disposals/ Adjustments</u> | <u>Balance December 31, 2010</u> |
|---|--|------------------|-----------------------------------|--|
| Governmental Activities: | | | | |
| Capital assets, not being depreciated | | | | |
| Land | \$ 9,677,499 | \$ 48,666 | \$ - | \$ 9,726,165 |
| Construction in progress | <u>3,625,707</u> | <u>4,060,790</u> | <u>2,995,920</u> | <u>4,690,577</u> |
| Total capital assets, not being depreciated | <u>13,303,206</u> | <u>4,109,456</u> | <u>2,995,920</u> | <u>14,416,742</u> |

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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

| | <u>Balance January 1, 2010</u> | <u>Additions</u> | <u>Disposals/ Adjustments</u> | <u>Balance December 31, 2010</u> |
|---|--|---------------------|-----------------------------------|--|
| Capital assets, being depreciated | | | | |
| Buildings | \$ 87,329,822 | \$ 1,669,353 | \$ - | \$ 88,999,175 |
| Improvements other than buildings | 5,431,787 | 1,454,032 | - | 6,885,819 |
| Machinery and equipment | 17,690,887 | 790,322 | 234,144 | 18,247,065 |
| Books | <u>10,184,046</u> | <u>520,785</u> | <u>1,177,404</u> | <u>9,527,427</u> |
| Total capital assets being depreciated | <u>120,636,542</u> | <u>4,434,492</u> | <u>1,411,548</u> | <u>123,659,486</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | 20,834,913 | 2,061,084 | - | 22,895,997 |
| Improvements other than buildings | 2,113,773 | 224,131 | - | 2,337,904 |
| Machinery and equipment | 9,860,811 | 1,284,062 | 227,833 | 10,917,040 |
| Books | <u>7,548,743</u> | <u>672,027</u> | <u>1,177,404</u> | <u>7,043,366</u> |
| Total accumulated depreciation | <u>40,358,240</u> | <u>4,241,304</u> | <u>1,405,237</u> | <u>43,194,307</u> |
| Total capital assets being depreciated, net | <u>80,278,302</u> | <u>193,188</u> | <u>6,311</u> | <u>80,465,179</u> |
| Governmental activities capital assets, net | <u>\$ 93,581,508</u> | <u>\$ 4,302,644</u> | <u>\$ 3,002,231</u> | <u>\$ 94,881,921</u> |
| Business-type Activities: | | | | |
| Capital assets, not being depreciated | | | | |
| Land | \$ 1,077,858 | \$ - | \$ - | \$ 1,077,858 |
| Construction in progress | <u>3,141,102</u> | <u>7,528,915</u> | <u>711,379</u> | <u>9,958,638</u> |
| Total capital assets, not being depreciated | <u>4,218,960</u> | <u>7,528,915</u> | <u>711,379</u> | <u>11,036,496</u> |
| Capital assets, being depreciated | | | | |
| Building | 1,447,631 | 580,239 | - | 2,027,870 |
| Improvements other than buildings | 29,574,920 | 1,163,651 | - | 30,738,571 |
| Machinery and equipment | <u>1,156,369</u> | <u>13,045</u> | <u>-</u> | <u>1,169,414</u> |
| Total capital assets being depreciated | <u>32,178,920</u> | <u>1,756,935</u> | <u>-</u> | <u>33,935,855</u> |
| Less accumulated depreciation for: | | | | |
| Building | 471,626 | 67,190 | - | 538,816 |
| Improvements other than buildings | 19,219,768 | 1,295,043 | - | 20,514,811 |
| Machinery and equipment | <u>715,703</u> | <u>108,333</u> | <u>-</u> | <u>824,036</u> |
| | <u>20,407,097</u> | <u>1,470,566</u> | <u>-</u> | <u>21,877,663</u> |
| Total capital assets being depreciated, net | <u>11,771,823</u> | <u>286,369</u> | <u>-</u> | <u>12,058,192</u> |
| Business type activities capital assets, net | <u>\$ 15,990,783</u> | <u>\$ 7,815,284</u> | <u>\$ 711,379</u> | <u>\$ 23,094,688</u> |

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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

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

| | | |
|---|--|---------------------|
| Governmental activities: | | |
| Judicial | | \$ 40,550 |
| General Government | | 814,750 |
| Public Safety | | 2,195,744 |
| Health and Welfare | | 94,469 |
| Recreation and Cultural | | <u>1,093,301</u> |
| Total depreciation expense-governmental activities | | 4,238,814 |
| Depreciation in the internal service fund | | <u>2,490</u> |
| | | <u>\$ 4,241,304</u> |
| Business-type activities: | | |
| Solid Waste Disposal System | | \$ 1,168,716 |
| Delinquent Tax Revolving | | 39,884 |
| Airport Commission | | <u>261,966</u> |
| Total depreciation expense-business-type activities | | <u>\$ 1,470,566</u> |

Construction/Purchase Commitments

The County has committed to the following contracts at December 31, 2010 (These commitments do not include change orders made after December 31, 2010):

| | <u>Contract Amount</u> | <u>Payments Through 12/31/10</u> | <u>Accounts Payable/ Retention</u> | <u>Remaining Balance 12/31/10</u> |
|--|----------------------------|--|--|---|
| Road at Chrysler Plant (a) Leachate Pretreatment, Transportation & Disposal System Construction (b) | \$ 480,000 | \$ - | \$ - | \$ 480,000 |
| Communications Systems Construction (c) | 7,278,300 | 4,744,705 | 1,706,147 | 827,448 |
| Central Dispatch Console Upgrade (d) | 3,323,284 | 2,996,222 | - | 327,062 |
| Network Fiber (e) | 549,616 | - | - | 549,616 |
| | 148,000 | - | 11,840 | 136,160 |

- 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 the leachate system at the landfill.
- c) The County has contracted for the next phase in the construction of a communications system.
- d) The County has contracted for upgrades to the central dispatch console.
- e) The County has contracted for network fiber to be run from the Intervention Center to the Health Department and to the Court House.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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

Discretely Presented Component Units

Drainage Districts. Activity for the Drainage Districts for the year ended December 31, 2010 was as follows:

| | Balance January 1, 2010 | Additions | Deletions | Balance December 31, 2010 |
|--|-------------------------------|---------------------|-----------------|---------------------------------|
| Capital assets, not being depreciated: | | | | |
| Right of Ways | \$ 212,815 | \$ 222,540 | \$ - | \$ 435,355 |
| Construction in progress | 8,590,378 | 4,534,581 | - | 13,124,959 |
| | <u>8,803,193</u> | <u>4,757,121</u> | <u>-</u> | <u>13,560,314</u> |
| Capital assets, being depreciated: | | | | |
| Infrastructure | 19,452,954 | 323,569 | - | 19,776,523 |
| Equipment | 35,217 | 8,350 | 5,500 | 38,067 |
| | <u>19,488,171</u> | <u>331,919</u> | <u>5,500</u> | <u>19,814,590</u> |
| Less accumulated depreciation for: | | | | |
| Infrastructure | 4,823,380 | 285,383 | - | 5,108,763 |
| Equipment | 24,764 | 7,614 | 4,309 | 28,069 |
| | <u>4,848,144</u> | <u>292,997</u> | <u>4,309</u> | <u>5,136,832</u> |
| Total capital assets being depreciated, net | <u>14,640,027</u> | <u>38,922</u> | <u>1,191</u> | <u>14,677,758</u> |
| Total capital assets, net | <u>\$ 23,443,220</u> | <u>\$ 4,796,043</u> | <u>\$ 1,191</u> | <u>\$ 28,238,072</u> |

Depreciation expense for 2010 was \$292,997.

Road Commission. Activity for the Road Commission for the year ended December 31, 2010 was as follows:

| | | | | |
|--|-------------------|------------------|----------|-------------------|
| Capital assets, not being depreciated - | | | | |
| Land | \$ 65,629 | \$ - | \$ - | \$ 65,629 |
| Land Improvements | 34,301,812 | 382,437 | - | 34,684,249 |
| Right of Ways | 1,284,115 | 744,833 | - | 2,028,948 |
| Total capital assets, not being depreciated | <u>35,651,556</u> | <u>1,127,270</u> | <u>-</u> | <u>36,778,826</u> |

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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

| | <u>Balance January 1, 2010</u> | <u>Additions</u> | <u>Deletions/ Removals</u> | <u>Balance December 31, 2010</u> |
|--|--|---------------------|--------------------------------|--|
| Capital assets, being depreciated - | | | | |
| Building and Improvements | \$ 4,659,917 | \$ 3,150 | \$ - | \$ 4,663,067 |
| Road Equipment | 11,734,953 | 506,213 | 587,590 | 11,653,576 |
| Shop Equipment | 676,798 | 41,800 | 17,700 | 700,898 |
| Office Equipment | 263,223 | - | - | 263,223 |
| Engineering Equipment | 331,134 | 11,701 | - | 342,835 |
| Infrastructure - | | | | |
| Roads | 94,327,192 | 2,995,865 | 2,191,264 | 95,131,793 |
| Bridges | 35,862,297 | 7,483,096 | - | 43,345,393 |
| Traffic Signals | 423,008 | - | - | 423,008 |
| Depletable Assets - | | | | |
| Gravel Pits | <u>163,455</u> | <u>-</u> | <u>-</u> | <u>163,455</u> |
| | <u>148,441,977</u> | <u>11,041,825</u> | <u>2,796,554</u> | <u>156,687,248</u> |
| Less - accumulated depreciation for - | | | | |
| Buildings and Improvements | 2,506,153 | 102,054 | - | 2,608,207 |
| Road Equipment | 10,685,791 | 458,918 | 583,327 | 10,561,382 |
| Shop Equipment | 532,293 | 19,722 | 17,700 | 534,315 |
| Office Equipment | 240,424 | 8,047 | - | 248,471 |
| Engineering Equipment | 255,945 | 18,312 | - | 274,257 |
| Infrastructure - | | | | |
| Roads | 37,868,400 | 4,492,603 | 2,191,264 | 40,169,739 |
| Bridges | 13,557,729 | 825,847 | - | 14,383,576 |
| Traffic Signals | 302,108 | 16,358 | - | 318,466 |
| Depletable Assets | <u>46,342</u> | <u>-</u> | <u>-</u> | <u>46,342</u> |
| | <u>65,995,185</u> | <u>5,941,861</u> | <u>2,792,291</u> | <u>69,144,755</u> |
| Total capital assets, being depreciated, net | <u>82,446,792</u> | <u>5,099,964</u> | <u>4,263</u> | <u>87,542,493</u> |
| Total capital asset, net | <u>\$118,098,348</u> | <u>\$ 6,227,234</u> | <u>\$ 4,263</u> | <u>\$124,321,319</u> |

Depreciation expense for 2010 was \$5,941,861.

Department of Public Works. Activity for the Department of Public Works for the year ended December 31, 2010 was as follows:

Business-type activities:

 Capital assets, not being depreciated -

| | | | | |
|--------------------------|----------------|----------|----------------|----------------|
| Land | \$ 705,522 | \$ - | \$ - | \$ 705,522 |
| Construction in progress | <u>144,241</u> | <u>-</u> | <u>144,241</u> | <u>-</u> |
| | <u>849,763</u> | <u>-</u> | <u>144,241</u> | <u>705,522</u> |

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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

| | Balance January 1, 2010 | Additions | Deletions | Balance December 31, 2010 |
|--|-------------------------------|---------------------|-------------------|---------------------------------|
| Capital assets being depreciated - | | | | |
| Site Development | \$ 351,218 | \$ - | \$ - | \$ 351,218 |
| Plant | 10,638,819 | 22,523 | 8,990 | 10,652,352 |
| Utility System | 18,820,015 | 199,260 | - | 19,019,275 |
| Machinery and Equipment | <u>1,490,080</u> | <u>14,635</u> | <u>360,763</u> | <u>1,143,952</u> |
| | <u>31,300,132</u> | <u>236,418</u> | <u>369,753</u> | <u>31,166,797</u> |
| Less - accumulated depreciation for - | | | | |
| Site Development | 152,011 | 16,205 | - | 168,216 |
| Plant | 4,594,609 | 212,822 | 3,105 | 4,804,326 |
| Utility System | 10,000,140 | 317,072 | - | 10,317,212 |
| Machinery and Equipment | <u>879,374</u> | <u>58,623</u> | <u>330,165</u> | <u>607,832</u> |
| | <u>15,626,134</u> | <u>604,722</u> | <u>333,270</u> | <u>15,897,586</u> |
| Total capital assets, being depreciated, net | <u>15,673,998</u> | <u>(368,304)</u> | <u>36,483</u> | <u>15,269,211</u> |
| Total capital assets, net | <u>\$ 16,523,761</u> | <u>\$(368,304)</u> | <u>\$ 180,724</u> | <u>\$ 15,974,733</u> |

Depreciation expense was charged to function/programs as follows:

| | |
|----------------------------|-------------------|
| Business-type activities - | |
| Water and Sewer | <u>\$ 604,722</u> |

Community Mental Health Authority. Activity for the Community Mental Health Authority for the year ended September 30, 2010 was as follows:

| | Balance October 1, 2009 | Additions | Disposals/ Adjustments | Balance September 30, 2010 |
|---|-------------------------------|---------------------|---------------------------|----------------------------------|
| Capital assets not being depreciated - | | | | |
| Land | \$ 1,752,758 | \$ - | \$ - | \$ 1,752,758 |
| Capital assets being depreciated - | | | | |
| Building | 11,537,985 | 25,110 | - | 11,563,095 |
| Leasehold improvements | 54,980 | - | - | 54,980 |
| Equipment and Furniture | <u>2,182,186</u> | <u>395,245</u> | <u>67,234</u> | <u>2,510,197</u> |
| | <u>13,775,151</u> | <u>420,355</u> | <u>67,234</u> | <u>14,128,272</u> |
| Less accumulated depreciation for - | | | | |
| Building | 888,331 | 636,646 | - | 1,524,977 |
| Leasehold improvements | 35,737 | 5,498 | - | 41,235 |
| Equipment | <u>1,138,757</u> | <u>313,862</u> | <u>67,234</u> | <u>1,385,385</u> |
| | <u>2,062,825</u> | <u>956,006</u> | <u>67,234</u> | <u>2,951,597</u> |
| Total capital assets being depreciated, net | <u>11,712,326</u> | <u>(535,651)</u> | <u>-</u> | <u>11,176,675</u> |
| Total capital assets, net | <u>\$ 13,465,084</u> | <u>\$(535,651)</u> | <u>\$ -</u> | <u>\$ 12,929,433</u> |

Depreciation expense for 2010 was \$956,006.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010**

NOTE 6 - PAYABLES:

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

| | <u>Governmental Activities</u> | <u>Business-type Activities</u> |
|-----------------------------------|------------------------------------|-------------------------------------|
| Accounts payable/accrued expenses | \$ 1,641,035 | \$ 2,192,642 |
| Wages and fringe benefits | 2,811,414 | 12,879 |
| Accrued interest | 546,694 | 16,019 |
| Intergovernmental - | | |
| Federal/State | 223,713 | - |
| Local | 5,455 | 33,642 |
| Due to fiduciary funds - | <u>395,399</u> | <u>-</u> |
| | <u>\$ 5,623,710</u> | <u>\$ 2,255,182</u> |

NOTE 7 - INTERFUND RECEIVABLE, PAYABLE AND TRANSFERS:

The composition of interfund balances as of December 31, 2010:

Due To/From Other Funds -

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|-------------------------------|----------------------------------|-----------------------|
| Primary Government – | | |
| HUD Housing | CDBG Housing | \$ 6,331 (7) |
| Solid Waste Disposal | General fund | 7,525,280 (6) |
| Fiduciary Funds - | | |
| Trust and Agency | Drug Task Force | 15,448 (1) |
| Basic Retirement System | General Fund | 39,951 (2) |
| | Other Postemployment Benefits | 164,899 (3) |
| Other Postemployment Benefits | General Fund | 340,000 (4) |
| | Basic Retirement System | <u>22,785,721 (5)</u> |
| | | <u>\$ 30,877,630</u> |

- (1) Reclassification
- (2) Actuarially determined amount due for employees taking incentive
- (3) To adjust contribution between pension funds
- (4) Additional contribution made to fund the system
- (5) Amount due for 401(h) plan monies invested with the Basic Retirement System
- (6) Amount due between funds for short fall in common cash
- (7) Amount borrowed for cash flows

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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

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 | Primary Government - Airport Commission | \$ <u>89,281</u> (1) |

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

Transfers From/To Other Funds -

| <u>Receiving Fund</u> | <u>Expending Fund</u> | <u>Amount</u> |
|---------------------------------------|-----------------------------|----------------------|
| General | Drug Task Force | \$ 168,895 (4) |
| | Solid Waste Disposal System | 711,718 (6)* |
| | | 88,282 (4)* |
| | Revenue Sharing Reserve | 3,549,181 (5) |
| | E-911 | 779,936 (4) |
| Health Department | General | 2,036,518 (1) |
| Nonmajor Governmental Funds - | | |
| Planning Commission | General | 440,439 (1) |
| Public Improvement - | General | 1,450,000 (3) |
| CDBG Housing | General | 10,000 (1) |
| Human Services | General | 479,262 (1) |
| Child Care | General | 2,908,176 (1) |
| | | 700,000 (4) |
| Jail/Juvenile Facility Debt | Delinquent Tax Revolving | 2,133,488 (2)* |
| Day Treatment/Night Watch Building | Child Care | 100,000 (3) |
| Building Authority Debt | General | 876,245 (2) |
| Communications Construction | General | 9,000 (3) |
| Communications Debt | General | <u>220,698</u> (2) |
| Total Transfers | | <u>\$ 16,661,838</u> |

(1) Annual appropriations for operations

(2) Transfers for the payment of debt

(3) Transfers for construction/equipment

*Transfer Between Governmental and Business-type Activities

(4) Transfers to cover cost

(5) Substitution for State Revenue Sharing

(6) Transfer to cover Road Appropriation

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010**

NOTE 8 - LEASES:

Primary Government

Leasee Leases - The County has entered into an operating lease agreement for the use of copiers. The agreement calls for fixed annual payments of \$45,510 and additional per copy charges based on usage. The operating lease expires June 1, 2015. The entire cost of the contract is not to exceed \$221,474. The County also entered into a maintenance agreement for their existing copiers for a one time fee of \$75,000 plus the cost of copies. The County has the option to terminate the contract with 90 days notice.

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.

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

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

| | <u>Principal</u> | <u>Interest</u> |
|------------------|---------------------|---------------------|
| 2011 | \$ 250,000 | \$ 406,331 |
| 2012 | 250,000 | 396,174 |
| 2013 | 275,000 | 385,674 |
| 2014 | 300,000 | 374,175 |
| 2015 | 400,000 | 360,175 |
| 2016-2020 | 3,050,000 | 1,491,375 |
| 2021-2025 | 4,450,000 | 688,762 |
| 2026 | <u>950,000</u> | <u>20,425</u> |
| Total Receivable | <u>\$ 9,925,000</u> | <u>\$ 4,123,091</u> |

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010**

NOTE 8 - LEASES - (cont'd):

Department of Public Works

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

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

| | <u>Principal</u> | <u>Interest</u> |
|-----------|----------------------|---------------------|
| 2011 | \$ 3,030,000 | \$ 999,938 |
| 2012 | 2,970,000 | 907,093 |
| 2013 | 2,775,000 | 816,085 |
| 2014 | 2,670,000 | 727,034 |
| 2015 | 2,735,000 | 637,641 |
| 2016-2020 | 10,970,600 | 1,924,084 |
| 2021-2025 | 2,930,000 | 437,840 |
| 2026-2029 | <u>1,271,954</u> | <u>70,065</u> |
| | <u>\$ 29,352,554</u> | <u>\$ 6,519,780</u> |

The aggregate future capital lease payments necessary for the retirement of the debt principal and accrued interest payable at December 31, 2010 have been reported net of available cash as a capital lease receivable.

| | |
|------------------------|----------------------|
| Principal due | \$ 29,352,554 |
| Accrued interest | 196,825 |
| Net premium (discount) | <u>(25,680)</u> |
| | 29,523,699 |
| Less - | |
| Cash available after | |
| current liabilities | <u>(738,102)</u> |
| Deferred charges | <u>(54,732)</u> |
| | <u>\$ 28,730,865</u> |

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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, 2010:

| | Balance January 1, 2010 | Additions | Reductions | Balance December 31, 2010 | Due Within One Year |
|--|-------------------------------|----------------------|---------------------|---------------------------------|------------------------|
| <u>Governmental Activities:</u> | | | | | |
| Governmental Funds - | | | | | |
| 2007 General Obligation Bonds, Series A | \$ 10,125,000 | \$ - | \$ 200,000 | \$ 9,925,000 | \$ 250,000 |
| 2007 General Obligation Bonds, Series B | 3,300,000 | - | 125,000 | 3,175,000 | 150,000 |
| 2003 General Obligation Bonds | 29,750,000 | - | 900,000 | 28,850,000 | 950,000 |
| 2009 General Obligation Bonds | 3,000,000 | - | 100,000 | 2,900,000 | 100,000 |
| 2004 Building Authority Refunding Bonds | 7,885,000 | - | 550,000 | 7,335,000 | 550,000 |
| Drain Districts | 1,514,539 | 1,486,256 | 138,627 | 2,862,168 | 174,112 |
| Accumulated Vacation, Sick & Compensatory Leave | 4,382,274 | 2,707,511 | 2,758,218 | 4,331,567 | 270,000 |
| Other Postemployment Benefits | 10,798,024 | 6,720,357 | 2,305,625 | 15,212,756 | - |
| Deferred amounts for - | | | | | |
| Issuance Discounts | (177,541) | - | (10,863) | (166,678) | (10,863) |
| Issuance Premiums | 240,667 | - | 24,067 | 216,600 | 24,067 |
| Refunding Loss | (621,256) | - | (62,127) | (559,129) | (62,125) |
| Total Governmental Funds | <u>70,196,707</u> | <u>10,914,124</u> | <u>7,028,547</u> | <u>74,082,284</u> | <u>2,395,191</u> |
| Internal Service Fund - | | | | | |
| Worker's Compensation Claims Liability | 200,000 | 283,057 | 183,057 | 300,000 | 170,000 |
| General, Auto and Property Insurance Claims Liability | 200,000 | 43,536 | 43,536 | 200,000 | 100,000 |
| Other Postemployment Benefits | 19,412 | 9,434 | 3,236 | 25,610 | - |
| Total Internal Service Fund | <u>419,412</u> | <u>336,027</u> | <u>229,829</u> | <u>525,610</u> | <u>270,000</u> |
| Total Governmental Activities | <u>70,616,119</u> | <u>11,250,151</u> | <u>7,258,376</u> | <u>74,607,894</u> | <u>2,665,191</u> |
| <u>Business Activities:</u> | | | | | |
| Enterprise Funds - | | | | | |
| Solid Waste Disposal System - | | | | | |
| General Obligation Bonds 2010 | - | 4,830,496 | - | 4,830,496 | - |
| Closure and Post-closure Costs | 8,481,786 | 471,435 | - | 8,953,221 | - |
| Accumulated Vacation, Sick & Compensatory Leave | 18,859 | 11,920 | - | 30,779 | - |
| Other Postemployment Benefits | 63,756 | 47,583 | 16,325 | 95,014 | - |
| Delinquent Tax Revolving - | | | | | |
| Other Postemployment Benefits | 16,596 | - | - | 16,596 | - |
| Airport Commission - | | | | | |
| Accumulated Vacation, Sick & Compensatory Leave | 14,329 | - | 3,877 | 10,452 | - |
| Other Postemployment Benefits | 27,869 | 15,861 | 5,442 | 38,288 | - |
| Total Enterprise Funds | <u>8,623,195</u> | <u>5,377,295</u> | <u>25,644</u> | <u>13,974,846</u> | <u>-</u> |
| Total Primary Government | <u>\$ 79,239,314</u> | <u>\$ 16,627,446</u> | <u>\$ 7,284,020</u> | <u>\$ 88,582,740</u> | <u>\$ 2,665,191</u> |

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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

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

2007 General Obligation Bonds, Series A -

The County issued \$10,490,000 of General Obligation Limited Tax Bonds, Pursuant to the provisions of Act 34, Public Acts of Michigan. 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 \$250,000 to \$950,000 through April 1, 2026 with interest ranging from 4.0% to 4.3% payable semi-annually. \$ 9,925,000

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 were issued for the cost of acquiring and installing equipment related to 911 services located in the County. The bonds, dated April 1, 2007, are due in annual installments from \$150,000 to \$425,000 through April 1, 2021 with interest ranging from 4.0% to 4.125% payable semi-annually. \$ 3,175,000

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 from 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 \$785,000 through April 1, 2021 with interest ranging from 3.0% to 5.0%, payable semi-annually. \$ 7,335,000

2003 General Obligation Bonds -

The County issued \$34,000,000 of General Obligation Limited Tax Bonds, pursuant to Act 34, Public Acts 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 \$950,000 to \$2,450,000 through April 1, 2028; plus interest ranging from 3.25% to 4.5%, payable semi-annually. \$ 28,850,000

ST. CLAIR COUNTY, MICHIGAN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010

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

2009 General Obligation Bonds -

The County issued \$3,000,000 of General Obligation Limited Tax Bonds, pursuant to the provisions of Act 34, Public Acts of Michigan. The bonds were issued for the cost of acquiring and constructing communications towers and acquiring and installing related equipment. The bonds, dated September 1, 2009 are due in annual installments from \$100,000 to \$325,000 through April 1, 2024 with interest ranging from 3.0% to 4.125%, payable semi-annually.

\$ 2,900,000

2010 General Obligation Bonds -

The County issued \$14,045,000 of General Obligation Limited Tax Bonds through the Michigan Municipal Bond Authority to finance the construction of the Landfill Leachate System, of which \$5,096,000 or 36.3% of the bonds are forgivable. A capital grant has been reported in 2010 for the forgivable portion of the obligation. At December 31, 2010, the County had drawn \$9,926,496 including the forgivable portion of \$5,096,000. The bonds, dated January 22, 2010, are due in annual installments ranging from \$349,000 to \$560,000 beginning October 1, 2014 through October 1, 2033 with interest of 2.5% payable semi-annually.

\$ 4,830,496

Drain Districts -

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

\$ 2,862,168

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, 2010. 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

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, 2010. The dollar amount of these claims is reflected on the Balance Sheet of the Self-Insurance Fund, including the current portion of \$170,000.

\$ 300,000

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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

Accrued Vacation, Sick and Compensatory Leave - In accordance with contracts negotiated with the various employee groups of the County, individual employees have vested rights upon termination of employment to receive payments for unused vacation, sick and compensatory leave under formulas and conditions specified in the contracts. The Enterprise Funds portion of \$41,231 has been recorded as a long-term liability on the government-wide and fund level financial statements. The governmental activities portion of \$4,331,567 has been recorded in the government-wide financial statements as a long-term liability. The governmental activities portion is generally liquidated by the General Fund or other governmental funds where the employee is charged.

Other Postemployment Benefits - In accordance with Governmental Accounting Standards Board (GASB) Statement No. 45, the Net OPEB Obligation was reported in the proprietary funds and business-type activities in the amount of \$149,898 and governmental activities in the government-wide financial statements in the amount of \$15,238,366, (including the internal service fund of \$25,610). 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, 2010, as reported in the Solid Waste Disposal System (Enterprise Fund/business activities amounts to \$8,953,221. See Note 16 for additional information.

Annual Debt Requirements - The Annual requirements to pay the debt outstanding at December 31, 2010, for the following bonds and notes (excluding accrued vacation, sick and compensatory, accrued insurance claims, other postemployment benefits and closure and post-closure landfill costs) of Primary Government are as follows:

| Year Ending December 31, | Authority Bonds | | G.O. Limited Tax Bonds | | Drain Districts | |
|-----------------------------|---------------------|---------------------|------------------------|----------------------|---------------------|---------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2011 | \$ 550,000 | \$ 309,245 | \$ 1,450,000 | \$ 1,844,090 | \$ 194,283 | \$ 134,998 |
| 2012 | 535,000 | 292,702 | 1,550,000 | 1,788,527 | 191,292 | 125,297 |
| 2013 | 620,000 | 274,180 | 1,725,000 | 1,724,401 | 187,960 | 116,133 |
| 2014 | 610,000 | 253,275 | 1,850,000 | 1,651,527 | 180,246 | 107,116 |
| 2015 | 600,000 | 231,800 | 2,025,000 | 1,569,778 | 158,839 | 98,527 |
| 2016-2020 | 3,640,000 | 664,250 | 12,925,000 | 6,350,014 | 758,007 | 383,589 |
| 2021-2025 | 780,000 | 19,500 | 15,325,000 | 3,322,093 | 636,644 | 220,506 |
| 2026-2030 | - | - | 8,000,000 | 478,362 | 473,195 | 75,768 |
| 2031-2035 | - | - | - | - | 51,063 | 13,023 |
| 2036-2038 | - | - | - | - | 30,639 | 2,607 |
| | <u>\$ 7,335,000</u> | <u>\$ 2,044,952</u> | <u>\$ 44,850,000</u> | <u>\$ 18,728,792</u> | <u>\$ 2,862,168</u> | <u>\$ 1,277,564</u> |

The above annual requirements do not include the 2010 General Obligation Limited Tax Bonds since payments have not been finalized.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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, 2010:

| | Balance January 1, 2010 | Additions | Reductions | Balance December 31, 2010 | Due Within One Year |
|--|-------------------------------|----------------------------|----------------------------|---------------------------------|----------------------------|
| Department of Public Works - | | | | | |
| Bonds Payable | \$ 19,380,000 | \$ - | \$ 3,245,000 | \$ 16,135,000 | \$ 1,820,000 |
| Drinking Water Revolving Loan | 13,727,554 | - | 995,000 | 12,732,554 | 1,020,000 |
| Revolving Loans | 670,000 | - | 185,000 | 485,000 | 190,000 |
| Deferred Amounts for - | | | | | |
| Issuance Premiums | 1,358 | - | 194 | 1,164 | 194 |
| Issuance Discounts | (31,318) | - | (4,474) | (26,844) | (4,474) |
| Total DPW | <u>33,747,594</u> | <u>-</u> | <u>4,420,720</u> | <u>29,326,874</u> | <u>3,025,720</u> |
| Road Commission - | | | | | |
| MTF Bonds - Series 2009 Refunding | 2,550,000 | - | 465,000 | 2,085,000 | 505,000 |
| MTF Bonds - Series 2001 | 500,000 | - | 250,000 | 250,000 | 250,000 |
| Accrued Vacation & Sick Leave | 355,000 | 423,000 | 505,000 | 273,000 | 227,000 |
| Other Postemployment Benefits | 4,056,705 | 2,333,012 | - | 6,389,717 | - |
| State Maintenance Contract | | | | | |
| Audit Settlement | 136,754 | - | 136,754 | - | - |
| Total Road Commission | <u>7,598,459</u> | <u>2,756,012</u> | <u>1,356,754</u> | <u>8,997,717</u> | <u>982,000</u> |
| Drainage Districts - | | | | | |
| Notes Payable | 4,789,900 | 1,563,373 | 1,008,926 | 5,344,347 | 2,437,390 |
| State Clean Water Revolving Loans | 3,721,639 | 750,361 | 153,000 | 4,319,000 | 160,000 |
| Bonds Payable | 8,606,860 | - | 265,233 | 8,341,627 | 470,233 |
| Deferred Amounts for - | | | | | |
| Issuance Premiums | 93,878 | - | 12,908 | 80,970 | 12,908 |
| Issuance Discounts | (135,219) | - | (7,117) | (128,102) | (7,117) |
| | <u>17,077,058</u> | <u>2,313,734</u> | <u>1,432,950</u> | <u>17,957,842</u> | <u>3,073,414</u> |
| Land Bank Authority - | | | | | |
| Notes Payable | - | 40,900 | - | 40,900 | - |
| Community Mental Health Authority - | | | | | |
| Loan Payable | 1,192,683 | - | 28,075 | 1,164,608 | 1,164,608 |
| Contracts Payable | 10,125,000 | - | 200,000 | 9,925,000 | 250,000 |
| Deferred Amounts for - | | | | | |
| Issuance Discounts | (93,475) | - | (5,498) | (87,977) | (5,499) |
| Accrued Vacation, Sick & Compensatory | 1,402,375 | 1,364,844 | 1,415,925 | 1,351,294 | - |
| Other Postemployment Benefits | 2,872,527 | 2,132,759 | 763,793 | 4,241,493 | - |
| Total Mental Health | <u>15,499,110</u> | <u>3,497,603</u> | <u>2,402,295</u> | <u>16,594,418</u> | <u>1,409,109</u> |
| Total Component Units | <u>\$ 73,922,221</u> | <u>\$ 8,608,249</u> | <u>\$ 9,612,719</u> | <u>\$ 72,917,751</u> | <u>\$ 8,490,243</u> |

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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 \$27,285,000.

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 % | \$ 10,215,000 |
| Governmental activities - refunding | 3.25 - 5.00 | <u>5,920,000</u> |
| | | <u>\$ 16,135,000</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 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.

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 Bonds in the amount of \$465,000.

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, 2010 the bonds outstanding of \$615,000, \$2,890,000, \$1,020,000, and \$150,000, are considered defeased.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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% | <u>\$ 12,732,554</u> |

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% | <u>\$ 485,000</u> |

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

| <u>Year Ending 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> |
| 2011 | \$ 1,820,000 | \$ 649,288 | \$ 1,020,000 | \$ 340,950 | \$ 190,000 | \$ 9,700 |
| 2012 | 1,780,000 | 580,179 | 1,045,000 | 321,014 | 145,000 | 5,900 |
| 2013 | 1,555,000 | 517,625 | 1,070,000 | 295,460 | 150,000 | 3,000 |
| 2014 | 1,570,000 | 457,733 | 1,100,000 | 269,301 | - | - |
| 2015 | 1,610,000 | 395,232 | 1,125,000 | 242,409 | - | - |
| 2016-2020 | 5,415,000 | 1,113,632 | 5,555,600 | 810,452 | - | - |
| 2021-2025 | 1,660,000 | 310,983 | 1,270,000 | 126,857 | - | - |
| 2026-2029 | <u>725,000</u> | <u>58,368</u> | <u>546,954</u> | <u>11,697</u> | - | - |
| | <u>\$16,135,000</u> | <u>\$ 4,083,040</u> | <u>\$12,732,554</u> | <u>\$ 2,418,140</u> | <u>\$ 485,000</u> | <u>\$ 18,600</u> |

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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

| | <u>Interest Rate (Percent)</u> | <u>Balance December 31, 2010</u> |
|--|------------------------------------|--|
| Governmental Activities (G.O. Bonds) - | | |
| Sewage Disposal System No. X - Series 2000 Bonds (Village of Capac) | 5.00-5.55 | \$ 505,000 |
| Sewage Disposal System No. I - Series 1999 Bonds (City of Algonac/Clay and Ira Townships) | 5.00-5.125 | 470,000 |
| Water Supply System No. II-A Series 2001 Bonds (Clay Township) | 4.25-5.00 | 3,250,000 |
| Sewage Disposal System No. I - Series 2003 Bonds (City of Algonac/Clay and Ira Townships) | 3.45-4.60 | 2,265,000 |
| Water Supply System No. XII - Series 2008 Bonds (Cottrellville Township) | 3.00-5.00 | 1,350,000 |
| Water Supply System No. XIIA - Series 2009 Bonds (Cottrellville Township) | 2.00-4.20 | <u>2,375,000</u> |
| | | <u>\$ 10,215,000</u> |
| Governmental Activities (G.O. Refunding) - | | |
| Water Supply System No. IIA - 1999 Refunding Bonds (Clay Township) | 4.35-4.90 | \$ 620,000 |
| Water Supply System VII - 2003 A Refunding Bonds (Ira Township) | 3.25-4.125 | 2,790,000 |
| Water Supply System VII - 2003 B Refunding Bonds (Ira Township) | 3.25-3.80 | 1,025,000 |
| Sewage Disposal System X - 2004 Refunding Bonds (Village of Capac) | 3.50-3.75 | 75,000 |
| Water Supply System IX - 2004 Refunding Bonds (Burtchville Township) | 3.60-5.00 | <u>1,410,000</u> |
| | | <u>\$ 5,920,000</u> |
| Governmental Activities (Revolving Loans) - | | |
| Water Supply System X Series 1999 (City of Algonac/Clay Township) | 2.50 | \$ 4,000,600 |
| Water Supply System III Series 1999 (Charter Townships of East China and China) | 2.50 | 4,735,000 |
| Water Supply System XI Series 2006 (Ira Township) | 2.125 | 3,996,954 |
| Sewage Disposal System XI Series 1993 (City of Yale) | 2.00 | 440,000 |
| Sewage Disposal System No. X Series 1999 (Village of Capac) | 2.00 | <u>45,000</u> |
| | | <u>\$ 13,217,554</u> |

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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, 2011 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, 2010 was \$2,085,000.

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 work incidental thereto pursuant to Act 202.

Principal on the notes is due on August 1, 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, 2010 was \$250,000.

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 \$70,000 for sick leave and \$203,000 for vacation at December 31, 2010.

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, 2010**

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

The annual requirements to amortize long-term liabilities outstanding at December 31, 2010, excluding compensated absences and other postemployment benefits liability 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> |
| 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>\$ 2,085,000</u> | <u>\$ 122,837</u> | <u>\$ 250,000</u> | <u>\$ 10,000</u> |

Drainage Districts

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, 2010 was \$1,401,627.

Bunce Creek & Huffman Drain Drainage District Bonds -

In March 2009 the Bunce Creek & Huffman Drain Drainage District issued \$4,625,000 of bonds for improvements to the drainage district. The bonds will be paid from special assessments against property and public corporations within the drainage district. Principal on the bonds is due on April 1 of each year through 2029 with interest due semi-annually at interest rates ranging from 2.50% to 5.375%. The balance outstanding at December 31, 2010 was \$4,560,000.

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, 2010 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, 2010 were \$2,290,000 and \$520,000.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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

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%. The balance outstanding at December 31, 2010 was \$1,509,000.

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, Public Acts of 1976 or has received loans from the primary government. Repayment of the notes is made from the special assessment revenues, payment from other government units, etc. During the year the Drain Commission issued \$1,563,373 of drain notes. The balance of the obligations at December 31, 2010 was as follows:

| | <u>Interest Rate</u> | <u>Amount</u> |
|--|----------------------|---------------------|
| Governmental Activities - | | |
| Blue River Gardens | 3.15 % | \$ 505,000 |
| Dana | 5.90 | 400,000 |
| Layle-Robbins Drain | 3.95 | 40,000* |
| 202 County Drain | 3.25 | 90,000* |
| 209 County Drain | 4.90 | 32,000 |
| Stocks Creek & Branch | 3.25 | 500,000* |
| Galbraith County Drain | 3.25 | 590,000* |
| Richmond/Columbus Intercounty Drain | 4.70 | 410,833 |
| Marsac Creek | 3.25 | 39,000* |
| Metcalf | 3.25 | 195,000* |
| Carrigan Branches | 3.25 | 10,000* |
| Carrigan Branch 1 | 5.69 | 232,000 |
| Shanahan 2008Q | 3.25 | 160,000* |
| Chase Ext - Coon Creek Intercounty Drain | 4.00 | 180,724 |
| 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 | 250,000* |
| Stocks Creek | 3.00 | 222,540* |
| Keewahdin Branch of Carrigan Drain | 2.13 | 80,000* |
| Pelton Drain | 3.25 | 300,000* |
| Robbins Drain | 3.25 | 150,000* |
| South Branch of the Pine River | 4.23 | 266,000 |
| Scheffler Drain | 4.12 | 150,000 |
| Hathaway Drain | 4.55 | <u>16,250</u> |
| | | <u>\$ 5,344,347</u> |

* Amounts held by Primary Government

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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 |
| 2011 | \$ 470,233 | \$ 342,846 | \$ 2,437,390 | \$ 182,319 | \$ 160,000 | \$ 113,138 |
| 2012 | 480,233 | 329,668 | 449,683 | 135,143 | 162,000 | 109,663 |
| 2013 | 480,233 | 312,821 | 433,683 | 105,912 | 169,000 | 106,062 |
| 2014 | 495,232 | 295,677 | 420,684 | 87,570 | 171,000 | 102,336 |
| 2015 | 535,232 | 276,353 | 383,183 | 69,442 | 177,000 | 98,484 |
| 2016-2020 | 2,160,464 | 1,098,700 | 968,641 | 162,470 | 939,000 | 431,339 |
| 2021-2025 | 1,900,000 | 664,945 | 191,083 | 34,621 | 1,050,000 | 318,313 |
| 2026-2030 | 1,820,000 | 198,791 | 60,000 | 3,037 | 812,000 | 195,083 |
| 2031-2035 | - | - | - | - | 345,000 | 116,238 |
| 2036-2039 | - | - | - | - | 334,000 | 36,254 |
| | <u>\$ 8,341,627</u> | <u>\$ 3,519,801</u> | <u>\$ 5,344,347</u> | <u>\$ 780,514</u> | <u>\$ 4,319,000</u> | <u>\$ 1,626,910</u> |

Land Bank Authority

Notes Payable -

In 2010 the Land Bank Authority issued notes in accordance with Provisions of Act No. 40 of the Michigan Public Acts of 1956, as Amended by Act No. 71. Public Acts of 1976 has received a loan from the primary government to acquire foreclosed properties within the County. Repayment of the promissory notes will be made when the properties are ultimately sold. The balance at December 31, 2010 was \$40,900.

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 on August 21, 2017; however, the entire note is due on demand.

\$ 1,164,608

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%.

\$ 9,925,000

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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

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, 2010, the vested benefits amounted to \$1,351,294.

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, 2010 (excluding vacation and sick and other postemployment benefits) are as follows:

| Year Ended September 30, | Loan Payable | | Contracts Payable | |
|-----------------------------|---------------------|-------------------|---------------------|---------------------|
| | Principal | Interest | Principal | Interest |
| 2011 | \$ 30,225 | \$ 59,801 | \$ 250,000 | \$ 406,331 |
| 2012 | 31,831 | 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 | 37,182 | 52,850 | 400,000 | 360,175 |
| 2016-2020 | 996,540 | 95,682 | 3,050,000 | 1,491,375 |
| 2021-2025 | - | - | 4,450,000 | 688,762 |
| 2026 | - | - | 950,000 | 20,425 |
| | <u>\$ 1,164,608</u> | <u>\$ 377,770</u> | <u>\$ 9,925,000</u> | <u>\$ 4,123,091</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 Act No. 427 of the Michigan Public Acts of 1984, as amended. The plan may be amended by the County Board of Commissioners. The plan is audited within the scope of the audit of the basic financial statements. Separate audited financial statements are not issued.

ST. CLAIR COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2010

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

The membership at December 31, 2009 was composed of 951 active participants, 584 retirees and beneficiaries, and 95 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, Community Mental Health, and General County (except Prosecuting Attorney) – when age plus service equals 80 and service is at least 25 years. Maximum benefits 75% of final average compensation (69.6% of final average compensation if service is 25 years or more for Prosecuting Attorney).

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 Investments -

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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

Contribution and Funding Policy -

The Plan's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. During the year ended December 31, 2010, contributions totaling \$7,360,579 (\$5,067,619 employer and \$2,292,960 employee) were made in accordance with contribution requirements determined by an actuarial valuation for the plan as of December 31, 2008. The employer and employee contributions represented 8.60-14.36% 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.

The required contribution rate was determined as part of the December 31, 2008 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 investments over a five-year period. The Plan's 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, 2008 of 21 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) |
|--------------------------------|-------------------------------------|--|-----------------------------------|-----------------------|---------------------------|--|
| 12/31/07* | \$ 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 |
| 12/31/09* | 176,924,494 | 203,602,461 | 26,677,967 | 86.9 | 46,078,581 | 57.9 |

*Plan amended

Schedule of Employer Contributions -

| Year Ended December 31, | Annual Pension Cost | Percentage Contributed | Net Pension Obligation |
|----------------------------|---------------------------|---------------------------|---------------------------|
| 2008 | \$ 4,312,555 | 100.00 % | \$ - |
| 2009 | 4,382,161 | 100.00 | - |
| 2010 | 5,067,619 | 100.00 | - |

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

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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

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, 2010 were \$89,720 and \$94,919, respectively.

NOTE 11 - POSTEMPLOYMENT HEALTH CARE PLAN:

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

The employees covered by the postemployment benefits and memberships are the same as noted for the basic retirement plan (Note 10). In general all employees are eligible for postemployment benefits as follows:

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

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 health and dental coverage's for recipients and dependents beginning no earlier than age 55 if appropriate pension options have been selected.

The County's total contribution does not exceed 13% for both the basic retirement plan and postemployment benefit for most bargaining units; however, some contracts are requiring additional contributions between 4% and 7.06%. The basic retirement plan is funded 100% of the actuarially determined amount with the remaining amount contributed for postemployment benefits.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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

Summary of Significant Accounting Policies -

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

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

The investments of the 401(h) are invested with the basic retirement plan. The retirement board has established a rate of return on the 401(h) investments 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 3.25%.

Contribution and Funding Policy -

The Plan's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. During the year ended December 31, 2010, contributions of \$3,576,326 (\$3,030,988 employer and \$545,338 employee) were made. Employer contributions ranged from 1.99% to 8.00% of covered payroll. The actuarial valuation dated December 31, 2008 determined a contribution rate ranging from 19.39% to 47.84% of covered payroll for 2010 using an assumed rate of increase of health care costs as follows:

| | <u>Medical and Prescription Drug</u> | <u>Dental</u> |
|----------------|--|---------------|
| 2010 | 9.0 % | 5.00 % |
| 2011 | 8.5 | 5.00 |
| 2012 | 8.0 | 5.00 |
| 2013 | 7.5 | 5.00 |
| 2014 | 7.0 | 5.00 |
| 2015 and after | 5.0 - 6.5 | 5.00 |

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

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

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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

The required contribution rate was determined as part of the December 31, 2008 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, 2008 of 30 years.

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 No. 45. The ARC represents the level of funding necessary to cover the normal cost each year and the amortization of any unfunded actuarial liabilities (or funding excess) amortized over a period of thirty years. The annual OPEB cost for the year, the amount actually contributed, and changes in the net OPEB obligation are as follows:

| | <u>Primary Government</u> | <u>Component Units</u> |
|--|-------------------------------|----------------------------|
| Annual required contribution | \$ 6,949,393 | \$ 4,564,043 |
| Interest on net OPEB obligation | 579,060 | 364,406 |
| Adjustment to annual required contribution | <u>(735,218)</u> | <u>(462,678)</u> |
| Annual OPEB cost (expense) | 6,793,235 | 4,465,771 |
| Contributions made | <u>(2,330,628)</u> | <u>(763,793)</u> |
| Increase in net OPEB obligation | 4,462,607 | 3,701,978 |
| NET OPEB obligation – beginning of year | <u>10,925,657</u> | <u>6,929,232</u> |
| NET OPEB obligation – end of year | <u>\$ 15,388,264</u> | <u>\$ 10,631,210</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> |
|---|--|--|--|-------------------------------|------------------------------------|--|
| 12/31/07* | \$ 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 |
| 12/31/09* | 37,213,548 | 249,961,670 | 212,748,122 | 14.9 | 46,078,581 | 462 |

*Amortization period changed

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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

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

Schedule of Employer Contributions -

| <u>Year Ended December 31,</u> | <u>Annual OPEB Cost</u> | <u>Percentage Contributed</u> | <u>Change In Net OPEB Obligation</u> | <u>Net OPEB Obligation</u> |
|------------------------------------|-----------------------------|-----------------------------------|--|--------------------------------|
| 2008 | \$ 11,000,584 | 24.20 % | \$ 8,338,259 | \$ 8,338,259 |
| 2009 | 12,158,271 | 21.73 | 9,516,630 | 17,854,889 |
| 2010 | 11,259,006 | 27.48 | 8,218,222 | 26,073,111 |

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.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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.

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 2010.

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 \$300,000 for unemployment compensation, disability and worker’s compensation, respectively.

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

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

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

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

The County has also elected to be a member of the Stop Loss Program, which limits the County’s self-insurance retention. For 2010, that Stop Loss Program limited the retention for St. Clair County to \$756,000 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.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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

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 property and liability claims, including an estimate for claims incurred but not reported (IBNR), of \$200,000, which is recorded in the Self-Insurance Fund.

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 \$600,000 at December 31, 2010, 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>2010</u> | <u>2009</u> | <u>2010</u> | <u>2009</u> | <u>2010</u> | <u>2009</u> |
| Unpaid claims, beginning of year | \$ 200,000 | \$ 440,000 | \$ - | \$ - | \$ - | \$ - |
| Incurred claims (including IBNR's) | 43,536 | 197,559 | 357,969 | 359,343 | 133,923 | 119,437 |
| Claims paid | (43,536) | (437,559) | (357,969) | (359,343) | (133,923) | (119,437) |
| Unpaid claims, end of year | 200,000 | 200,000 | - | - | - | - |
| Less current portion | (100,000) | (100,000) | - | - | - | - |
| Long-term Liabilities | <u>\$ 100,000</u> | <u>\$ 100,000</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| | <u>Worker's Compensation</u> | | <u>Health Care</u> | | <u>Total</u> | |
| | <u>2010</u> | <u>2009</u> | <u>2010</u> | <u>2009</u> | <u>2010</u> | <u>2009</u> |
| Unpaid claims, beginning of year | \$ 200,000 | \$ 211,000 | \$ 700,000 | \$ 510,000 | \$ 1,100,000 | \$ 1,161,000 |
| Incurred claims (including IBNR's) | 283,057 | 160,639 | 10,364,769 | 7,428,545 | 11,183,254 | 8,265,523 |
| Claims paid | (183,057) | (171,639) | (10,464,769) | (7,238,545) | (11,183,254) | (8,326,523) |
| Unpaid claims, end of year | 300,000 | 200,000 | 600,000 | 700,000 | 1,100,000 | 1,100,000 |
| Less current portion | (170,000) | (120,000) | (600,000) | (700,000) | (870,000) | (920,000) |
| Long-term Liabilities | <u>\$ 130,000</u> | <u>\$ 80,000</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 230,000</u> | <u>\$ 180,000</u> |

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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

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.

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 \$36,000 at December 31, 2010, which is recorded as a current liability.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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

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 \$15 million 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.

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

NOTE 14 - DEFERRED COMPENSATION:

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

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

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010**

NOTE 15 - 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, 2010:

| | <u>Enabling Legislation</u> | <u>Other</u> | <u>Total</u> |
|---|-----------------------------|---------------|----------------------|
| Governmental Activities: | | | |
| Investment in capital assets, net of related debt: | | | |
| Capital Assets | \$ - | \$ 94,881,921 | \$ 94,881,921 |
| Less related debt - | | | |
| 2007 G.O. Bonds | - | (3,175,000) | (3,175,000) |
| 2004 Authority Bonds- | - | (7,335,000) | (7,335,000) |
| 2003 G.O. Bonds | - | (28,850,000) | (28,850,000) |
| 2009 G.O. Bonds | - | (2,900,000) | (2,900,000) |
| | | | <u>52,621,921</u> |
| Acquisition/construction of capital assets: | | | |
| Public Improvement | - | 3,961,914 | 3,961,914 |
| Municipal Building Construction | - | 198,966 | 198,966 |
| Day Treatment/Night Watch Construction | - | 69,213 | 69,213 |
| Development Revolving | - | 1,380,000 | 1,380,000 |
| Communications Construction | - | 709,473 | 709,473 |
| | | | <u>6,319,566</u> |
| Nonexpendable Permanent Fund | - | 18,050 | <u>18,050</u> |
| Debt Service: | | | |
| Mental Health Building Debt Fund | - | 935 | 935 |
| Communications Debt Fund | 880,347 | - | 880,347 |
| Building Authority Debt Fund | - | 2,014 | 2,014 |
| | | | <u>883,296</u> |
| Recreation and Cultural: | | | |
| Parks and Recreation | 2,974,420 | - | 2,974,420 |
| Library | 2,365,954 | - | 2,365,954 |
| | | | <u>5,340,374</u> |
| Revenue Sharing Reserve Fund | - | 9,442,566 | <u>9,442,566</u> |
| Health and Welfare: | | | |
| Senior Citizens Millage | 744,104 | - | 744,104 |
| CDBG Housing | - | 181,493 | 181,493 |
| HUD Housing | - | 95,311 | 95,311 |
| Veterans' Trust | - | 10,145 | 10,145 |
| | | | <u>1,031,053</u> |
| Public Safety: | | | |
| Drug Task Force | 255,945 | - | 255,945 |
| Drug Law Enforcement | - | 387,248 | 387,248 |
| Local Corrections and Training | - | 33,150 | 33,150 |
| Prosecutor's Drug Forfeiture | - | - | 47,366 |
| | | | <u>723,709</u> |
| Other: | | | |
| Friend of Court | - | 283,146 | 283,146 |
| Deeds Automation | - | 430,239 | 430,239 |
| Expendable Permanent Fund | - | 8,178 | 8,178 |
| | | | <u>721,563</u> |
| Total Governmental Activities | | | |
| Restricted Net Assets | | | <u>\$ 77,102,098</u> |

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010**

NOTE 15 - FUND EQUITY - (cont'd):

| | <u>Enabling Legislation</u> | <u>Other</u> | <u>Total</u> |
|---|-----------------------------|---------------|----------------------|
| Business-type Activities: | | | |
| Investment in capital assets, net of related debt: | | | |
| Capital Assets | \$ - | \$ 23,094,688 | \$ 23,094,688 |
| Less related debt - 2010 G.O. Bond | - | (4,830,496) | <u>(4,830,496)</u> |
| | | | 18,264,192 |
| Other: | | | |
| Foreclosure sales | - | 1,517,250 | <u>1,517,250</u> |
| Total Business-type Activities Restricted Net Assets | | | <u>\$ 19,781,442</u> |

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, 2010:

| <u>Fund Type/Fund</u> | <u>Description</u> | <u>Amount</u> |
|--|------------------------------|-----------------------|
| Primary Government - | | |
| General Fund | Prepaid Expenditures | \$ 27,969 |
| | Long-term Notes Receivable | 2,929,000 |
| | Advance to Component Unit | 50,000 |
| | Prosecutor's Drug Forfeiture | <u>47,366</u> |
| | | <u>3,054,335</u> |
| Mental Health Building Debt Retirement | Debt Retirement | <u>935</u> |
| Non-major Governmental Funds - | | |
| Municipal Building | Capital Project | 198,966 |
| Day Treatment/Night Watch Construction | Capital Project | 69,213 |
| Development Revolving | Capital Project | 1,380,000 |
| Communications Construction | Capital Project | 709,473 |
| Communications Debt | Debt Retirement | 880,347 |
| Building Authority Debt | Debt Retirement | 2,014 |
| Lewis Memorial Endowment | Endowment | <u>26,228</u> |
| Total Nonmajor Governmental Funds | | <u>3,266,241</u> |
| Total Governmental Funds | | <u>6,321,511</u> |
| Fiduciary Fund - | | |
| Basic Retirement System | Pension Benefits | 169,496,835 |
| Other Postemployment Benefits | OPEB Benefits | 35,786,185 |
| Landfill Perpetual Care | Perpetual Care | <u>1,796,038</u> |
| | | <u>207,079,058</u> |
| Total Primary Government Reserved Fund Balance | | <u>\$ 213,400,569</u> |

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010**

NOTE 15 - 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, 2010:

| <u>Fund Type/Fund</u> | <u>Purpose</u> | <u>Amount</u> |
|--|---------------------------------|-------------------|
| Primary Government - | | |
| General Fund | Criminal Justice Training Grant | \$ 6,040 |
| Parks and Recreation | Future Projects | 203,000 |
| Nonmajor Funds - | | |
| Special Revenue Funds - | | |
| County Planning | Agricultural Preservation | <u>3,887</u> |
| Total Designated Fund Balance - Primary Government | | <u>\$ 212,927</u> |

NOTE 16 - CLOSURE AND POSTCLOSURE CARE COSTS:

State and Federal laws and regulations require that the County of St. Clair place a final cover on its landfill and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on the future closure and postclosure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of 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 \$8,953,221 at December 31, 2010, which is based on the estimated percentage of capacity used to date of 50.7%.

Currently the County has 75 acres licensed, with an additional 27 acres available for licensing. It is estimated that an additional \$14,591,248 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 services required to close, monitor, and maintain that landfill were acquired as of December 31, 2010. 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.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010**

NOTE 17 – SPECIAL ITEM/SUBSEQUENT EVENT:

Airport Commission and the Department of Public Works (Component Unit)

The St. Clair County Department of Public Works (Utility Operation and Maintenance Fund) operated the water and sewer systems serving the Air Industrial Park and the water system that connects Kimball Township to the City of Port Huron, which also serves other customers. During the year the St. Clair County Department of Public Works made the decision to turn the operations over to Kimball Township. As a result, the unspent contributions to the system were returned to each of the participants with the Airport Commission receiving \$420,162 and other participants receiving \$341,506.

An agreement with Kimball Township was developed during 2010 to revert the systems to Kimball Township under certain specifications. The Department of Public Works has disconnected and transferred the administering and operating of the system to Kimball Township and had completed the agreed upon improvements; however, actual transfer of the system assets to Kimball Township did not occur until 2011.

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 |
|--------------------------|---------------------------|---|---------------------|--------------|-----------------|---|
| 12/31/00 * | 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% |
| 12/31/09 * | 176,924,494 | 203,602,461 | 26,677,967 | 86.90% | 46,078,581 | 57.90% |

* Plan amended

Certain assumptions revised

Schedule of Employer Contributions

| Year Ended December 31, | Annual Pension Costs | Percentage Contributed |
|-------------------------|----------------------|------------------------|
| 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% |
| 2010 | 5,067,619 | 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% |
| 12/31/09 ** | 37,213,548 | 249,961,670 | 212,748,122 | 14.89% | 46,078,581 | 461.71% |

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% |
| 2010 | 11,259,006 | 27.48% |

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

5.0%

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

ST. CLAIR COUNTY, MICHIGAN

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2010

| | Original Budget | Amended Budget | Actual | Variance with Amended Budget Positive (Negative) |
|---------------------------------|--------------------|-------------------|-------------------|---|
| Revenues: | | | | |
| Taxes | \$ 31,271,806 | \$ 32,146,806 | \$ 31,933,159 | \$(213,647) |
| Licenses and permits | 513,000 | 513,000 | 503,553 | (9,447) |
| Intergovernmental - | | | | |
| Federal/State | 6,796,682 | 7,880,100 | 7,827,662 | (52,438) |
| Local | 1,946,707 | 1,827,631 | 1,828,321 | 690 |
| Charges for services | 6,743,576 | 7,259,076 | 7,808,780 | 549,704 |
| Fines and forfeits | 389,114 | 374,114 | 333,435 | (40,679) |
| Interest and rent | 1,387,693 | 1,187,693 | 1,124,203 | (63,490) |
| Other | 2,547,503 | 2,677,427 | 2,799,254 | 121,827 |
| Total Revenues | <u>51,596,081</u> | <u>53,865,847</u> | <u>54,158,367</u> | <u>292,520</u> |
| Expenditures: | | | | |
| Legislative: | | | | |
| Board of Commissioners | 204,120 | 190,120 | 176,325 | 13,795 |
| Other Legislative Activities | 527,723 | 696,110 | 669,054 | 27,056 |
| | <u>731,843</u> | <u>886,230</u> | <u>845,379</u> | <u>40,851</u> |
| Judicial: | | | | |
| Circuit Court | 1,976,294 | 1,926,294 | 1,922,408 | 3,886 |
| District Court | 2,477,277 | 2,430,777 | 2,366,007 | 64,770 |
| Courthouse Security | 441,120 | 441,120 | 431,123 | 9,997 |
| Friend of the Court | 2,939,263 | 2,939,263 | 2,900,080 | 39,183 |
| Probate Court | 948,817 | 903,865 | 794,034 | 109,831 |
| Family Division - Circuit Court | 1,847,720 | 1,847,720 | 1,838,364 | 9,356 |
| Probation | 14,383 | 14,383 | 8,709 | 5,674 |
| District Court Probation | 678,698 | 678,698 | 649,465 | 29,233 |
| | <u>11,323,572</u> | <u>11,182,120</u> | <u>10,910,190</u> | <u>271,930</u> |
| General Government: | | | | |
| Administrator/Controller | 396,497 | 396,497 | 379,871 | 16,626 |
| Elections | 248,682 | 248,682 | 243,961 | 4,721 |
| Accounting | 373,353 | 373,353 | 368,901 | 4,452 |
| Clerk | 898,555 | 823,555 | 821,532 | 2,023 |
| Equalization | 890,783 | 890,783 | 880,964 | 9,819 |
| Human Resources | 411,375 | 369,275 | 374,823 | (5,548) |
| Prosecuting Attorney | 2,552,968 | 2,603,968 | 2,585,688 | 18,280 |
| Victims Rights | 10,800 | 10,800 | 2,301 | 8,499 |
| Purchasing | 201,428 | 250,428 | 246,856 | 3,572 |
| Register of Deeds | 173,352 | 186,098 | 197,557 | (11,459) |
| Boundary Commission | 200 | 200 | - | 200 |
| Treasurer | 460,810 | 440,810 | 421,749 | 19,061 |
| Cooperative Extension | 379,912 | 413,262 | 425,996 | (12,734) |
| Information Technology | 2,232,536 | 2,146,341 | 2,160,703 | (14,362) |
| Building and Grounds | 2,681,866 | 2,569,466 | 2,411,156 | 158,310 |
| Drain Commissioner | 386,408 | 354,908 | 331,171 | 23,737 |
| Motor Pool | 12,500 | 12,500 | 11,306 | 1,194 |
| | <u>12,312,025</u> | <u>12,090,926</u> | <u>11,864,535</u> | <u>226,391</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, 2010

| | <u>Original Budget</u> | <u>Amended Budget</u> | <u>Actual</u> | <u>Variance with Amended Budget Positive (Negative)</u> |
|---|----------------------------|---------------------------|---------------------|---|
| Public Safety: | | | | |
| Sheriff | \$ 8,030,783 | \$ 7,940,256 | \$ 7,937,791 | \$ 2,465 |
| Training | 14,000 | 12,935 | 10,184 | 2,751 |
| Communications/Radio | 1,821,325 | 1,823,138 | 1,821,066 | 2,072 |
| Marine Law Enforcement | 271,667 | 268,631 | 274,151 | (5,520) |
| Dive Team | 27,317 | 32,317 | 29,555 | 2,762 |
| Corrections / Jail | 10,461,199 | 10,621,908 | 10,592,470 | 29,438 |
| Other Corrections Activities | 280,000 | 280,000 | 304,834 | (24,834) |
| Emergency Preparedness | 399,872 | 1,248,482 | 1,119,648 | 128,834 |
| Hazardous Material Handling | 18,172 | 18,172 | 19,666 | (1,494) |
| Animal Shelter/Dog Warden | 363,016 | 373,016 | 378,731 | (5,715) |
| | <u>21,687,351</u> | <u>22,618,855</u> | <u>22,488,096</u> | <u>130,759</u> |
| Public Works: | | | | |
| Road Commission | - | 711,718 | 711,718 | - |
| Drains | 400,000 | 1,426,917 | 1,628,631 | (201,714) |
| | <u>400,000</u> | <u>2,138,635</u> | <u>2,340,349</u> | <u>(201,714)</u> |
| Health and Welfare: | | | | |
| Medical Examiner | 275,651 | 275,651 | 274,412 | 1,239 |
| Mental Health | 955,672 | 955,672 | 955,672 | - |
| Public Guardian | 248,083 | 323,583 | 342,769 | (19,186) |
| Veterans' Burial | 10,000 | 12,000 | 12,300 | (300) |
| Veterans' Counselor | 204,195 | 205,895 | 176,707 | 29,188 |
| Soldiers and Sailors Relief | 1,000 | 1,000 | 735 | 265 |
| | <u>1,694,601</u> | <u>1,773,801</u> | <u>1,762,595</u> | <u>11,206</u> |
| Other: | | | | |
| Insurance | 650,000 | 1,006,520 | 1,156,520 | (150,000) |
| Debt Service: | | | | |
| Principal | - | 138,627 | 138,627 | - |
| Interest | - | 61,340 | 61,340 | - |
| | <u>-</u> | <u>199,967</u> | <u>199,967</u> | <u>-</u> |
| Total Expenditures | <u>48,799,392</u> | <u>51,897,054</u> | <u>51,567,631</u> | <u>329,423</u> |
| Revenues over expenditures | <u>2,796,689</u> | <u>1,968,793</u> | <u>2,590,736</u> | <u>621,943</u> |
| Other Financing Sources (Uses): | | | | |
| Issuance of debt | - | 1,284,541 | 1,486,256 | 201,715 |
| Transfers from other funds | 4,575,049 | 6,070,542 | 5,298,012 | (772,530) |
| Transfers to other funds | (7,371,738) | (9,154,576) | (9,130,338) | 24,238 |
| Total Other Financing Sources (Uses) | <u>(2,796,689)</u> | <u>(1,799,493)</u> | <u>(2,346,070)</u> | <u>(546,577)</u> |
| Net Change in Fund Balance | - | 169,300 | 244,666 | 75,366 |
| Fund Balance at beginning of year | <u>8,703,933</u> | <u>8,703,933</u> | <u>8,703,933</u> | <u>-</u> |
| Fund Balance at end of year | <u>\$ 8,703,933</u> | <u>\$ 8,873,233</u> | <u>\$ 8,948,599</u> | <u>\$ 75,366</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, 2010

| | <u>Original Budget</u> | <u>Amended Budget</u> | <u>Actual</u> | Variance with Amended Budget Positive (Negative) |
|-----------------------------------|----------------------------|----------------------------|----------------------------|---|
| Revenues: | | | | |
| Licenses and permits | \$ - | \$ - | \$ 288,244 | \$ 288,244 |
| Intergovernmental - | | | | |
| Federal/State | 4,570,832 | 3,245,356 | 3,694,400 | 449,044 |
| Local | - | - | 123,514 | 123,514 |
| Charges for services | <u>2,172,530</u> | <u>1,772,995</u> | <u>2,165,998</u> | <u>393,003</u> |
| Total Revenues | <u>6,743,362</u> | <u>5,018,351</u> | <u>6,272,156</u> | <u>1,253,805</u> |
| Expenditures: | | | | |
| Health and Welfare | <u>8,779,880</u> | <u>7,012,763</u> | <u>7,918,737</u> | <u>(905,974)</u> |
| Revenues under expenditures | (2,036,518) | (1,994,412) | (1,646,581) | 347,831 |
| Other Financing Sources: | | | | |
| Transfers from other funds | <u>2,036,518</u> | <u>2,036,518</u> | <u>2,036,518</u> | <u>-</u> |
| Net Change in Fund Balance | - | 42,106 | 389,937 | 347,831 |
| Fund Balance at beginning of year | <u>1,089,309</u> | <u>1,089,309</u> | <u>1,089,309</u> | <u>-</u> |
| Fund Balance at end of year | <u><u>\$ 1,089,309</u></u> | <u><u>\$ 1,131,415</u></u> | <u><u>\$ 1,479,246</u></u> | <u><u>\$ 347,831</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, 2010**

| | <u>Original Budget</u> | <u>Amended Budget</u> | <u>Actual</u> | Variance with Amended Budget Positive (Negative) |
|-----------------------------------|----------------------------|----------------------------|----------------------------|---|
| Revenues: | | | | |
| Taxes | \$ 2,791,000 | \$ 3,215,200 | \$ 3,213,717 | \$(1,483) |
| Charges for services | 61,000 | 69,500 | 84,073 | 14,573 |
| Interest and rent | 15,400 | 21,500 | 21,743 | 243 |
| Other | 1,000 | 17,300 | 19,260 | 1,960 |
| Total Revenues | <u>2,868,400</u> | <u>3,323,500</u> | <u>3,338,793</u> | <u>15,293</u> |
| Expenditures: | | | | |
| Recreation and Culture | <u>5,322,700</u> | <u>3,106,200</u> | <u>2,956,788</u> | <u>149,412</u> |
| Net Change in Fund Balance | (2,454,300) | 217,300 | 382,005 | 164,705 |
| Fund Balance at beginning of year | <u>2,592,415</u> | <u>2,592,415</u> | <u>2,592,415</u> | <u>-</u> |
| Fund Balance at end of year | <u><u>\$ 138,115</u></u> | <u><u>\$ 2,809,715</u></u> | <u><u>\$ 2,974,420</u></u> | <u><u>\$ 164,705</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, 2010**

| | <u>Original Budget</u> | <u>Amended Budget</u> | <u>Actual</u> | Variance with Amended Budget Positive (Negative) |
|-----------------------------------|----------------------------|----------------------------|----------------------------|---|
| Revenues: | | | | |
| Taxes | \$ 4,296,115 | \$ 4,302,315 | \$ 4,538,132 | \$ 235,817 |
| Intergovernmental - | | | | |
| Federal/State | 110,250 | 87,000 | 114,144 | 27,144 |
| Local | 8,000 | 8,000 | 8,000 | - |
| Charges for services | 59,000 | 59,700 | 92,512 | 32,812 |
| Fines and forfeits | 610,000 | 633,000 | 621,559 | (11,441) |
| Interest and rent | 82,150 | 78,600 | 72,680 | (5,920) |
| Other | 39,900 | 41,650 | 12,102 | (29,548) |
| Total Revenues | <u>5,205,415</u> | <u>5,210,265</u> | <u>5,459,129</u> | <u>248,864</u> |
| Expenditures: | | | | |
| Recreation and Culture | <u>5,240,713</u> | <u>5,286,203</u> | <u>5,086,797</u> | <u>199,406</u> |
| Net Change in Fund Balance | (35,298) | (75,938) | 372,332 | 448,270 |
| Fund Balance at beginning of year | <u>1,993,622</u> | <u>1,993,622</u> | <u>1,993,622</u> | <u>-</u> |
| Fund Balance at end of year | <u><u>\$ 1,958,324</u></u> | <u><u>\$ 1,917,684</u></u> | <u><u>\$ 2,365,954</u></u> | <u><u>\$ 448,270</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, 2010

| | <u>Original Budget</u> | <u>Amended Budget</u> | <u>Actual</u> | Variance with Amended Budget Positive (Negative) |
|-----------------------------------|----------------------------|----------------------------|----------------------------|---|
| Revenues: | | | | |
| Interest and rent | \$ - | \$ 10,000 | \$ 10,374 | \$ 374 |
| Other Financing Uses: | | | | |
| Transfers to other funds | <u>(3,549,181)</u> | <u>(3,549,181)</u> | <u>(3,549,181)</u> | <u>-</u> |
| Net Change in Fund Balance | (3,549,181) | (3,539,181) | (3,538,807) | 374 |
| Fund Balance at beginning of year | <u>12,981,373</u> | <u>12,981,373</u> | <u>12,981,373</u> | <u>-</u> |
| Fund Balance at end of year | <u><u>\$ 9,432,192</u></u> | <u><u>\$ 9,442,192</u></u> | <u><u>\$ 9,442,566</u></u> | <u><u>\$ 374</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, 2010

| | <u>Original Budget</u> | <u>Amended Budget</u> | <u>Actual</u> | Variance with Amended Budget Positive (Negative) |
|-----------------------------------|----------------------------|---------------------------|--------------------------|---|
| Revenues: | | | | |
| Taxes | \$ 3,243,266 | \$ 3,243,266 | \$ 3,243,303 | \$ 37 |
| Charges for services | - | - | 5,922 | 5,922 |
| Interest and rent | 10,000 | 10,000 | 7,025 | (2,975) |
| Total Revenues | <u>3,253,266</u> | <u>3,253,266</u> | <u>3,256,250</u> | <u>2,984</u> |
| Expenditures: | | | | |
| Health and Welfare | <u>3,576,049</u> | <u>3,276,049</u> | <u>3,236,876</u> | <u>39,173</u> |
| Net Change in Fund Balance | (322,783) | (22,783) | 19,374 | 42,157 |
| Fund Balance at beginning of year | <u>724,730</u> | <u>724,730</u> | <u>724,730</u> | <u>-</u> |
| Fund Balance at end of year | <u><u>\$ 401,947</u></u> | <u><u>\$ 701,947</u></u> | <u><u>\$ 744,104</u></u> | <u><u>\$ 42,157</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.

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

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

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

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, 2010**

| | <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 | \$ 42,816 | \$ 157,571 | \$ 27,789 | \$ 4,057,766 | \$ 644,682 | \$ 398,335 |
| Investments | 192,472 | - | - | - | - | - |
| Receivables - | | | | | | |
| Property taxes | - | - | - | - | 1,459,170 | - |
| Accounts and interest | 902 | - | - | - | 600 | 24,788 |
| Due from other governmental units - | | | | | | |
| Federal/State | 51,382 | 68,787 | - | - | - | - |
| Local | - | - | - | - | - | - |
| Due from other funds | - | - | - | - | - | - |
| Total Assets | <u>\$ 287,572</u> | <u>\$ 226,358</u> | <u>\$ 27,789</u> | <u>\$ 4,057,766</u> | <u>\$ 2,104,452</u> | <u>\$ 423,123</u> |
| LIABILITIES AND FUND BALANCE | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable | \$ 206 | \$ 2,816 | \$ 12 | \$ 95,852 | \$ 24,193 | \$ 35,875 |
| Accrued liabilities | 4,220 | 16,403 | - | - | 118,282 | - |
| Due to other governmental units - | | | | | | |
| Federal/State | - | - | - | - | - | - |
| Due to other funds | - | - | - | - | 15,448 | - |
| Deferred revenue | - | - | - | - | 1,690,584 | - |
| Total Liabilities | <u>4,426</u> | <u>19,219</u> | <u>12</u> | <u>95,852</u> | <u>1,848,507</u> | <u>35,875</u> |
| Fund Balance: | | | | | | |
| Reserved - | | | | | | |
| Capital Projects | - | - | - | - | - | - |
| Debt Services | - | - | - | - | - | - |
| Permanent Fund | - | - | - | - | - | - |
| Unreserved - | | | | | | |
| Designated | - | 3,887 | - | - | - | - |
| Undesignated - | | | | | | |
| Special Revenue Funds | 283,146 | 203,252 | 27,777 | 3,961,914 | 255,945 | 387,248 |
| Total Fund Balance | <u>283,146</u> | <u>207,139</u> | <u>27,777</u> | <u>3,961,914</u> | <u>255,945</u> | <u>387,248</u> |
| Total Liabilities and Fund Balance | <u>\$ 287,572</u> | <u>\$ 226,358</u> | <u>\$ 27,789</u> | <u>\$ 4,057,766</u> | <u>\$ 2,104,452</u> | <u>\$ 423,123</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> |
|-------------------------|------------------------|---------------------------|-----------------------|----------------------------|----------------|-----------------------------|---|
| \$ - | \$ 88,980 | \$ 264,450 | \$ 1,870,137 | \$ 10,145 | \$ - | \$ 428,929 | \$ 33,840 |
| 100,000 | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 1,204,021 | 333,381 | - | 10,904 | - | - | 1,310 | - |
| 117,928 | - | 35,145 | 283,020 | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | 6,331 | - | - | - | - | - | - |
| <u>\$ 1,421,949</u> | <u>\$ 428,692</u> | <u>\$ 299,595</u> | <u>\$ 2,164,061</u> | <u>\$ 10,145</u> | <u>\$ -</u> | <u>\$ 430,239</u> | <u>\$ 33,840</u> |
| | | | | | | | |
| \$ 10,779 | \$ - | \$ - | \$ 46,727 | \$ - | \$ - | \$ - | \$ - |
| - | - | 30 | 90,037 | - | - | - | 690 |
| 124,385 | - | - | - | - | - | - | - |
| 6,331 | - | - | - | - | - | - | - |
| 1,098,961 | 333,381 | - | 276,939 | - | - | - | - |
| <u>1,240,456</u> | <u>333,381</u> | <u>30</u> | <u>413,703</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>690</u> |
| | | | | | | | |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 181,493 | 95,311 | 299,565 | 1,750,358 | 10,145 | - | 430,239 | 33,150 |
| <u>181,493</u> | <u>95,311</u> | <u>299,565</u> | <u>1,750,358</u> | <u>10,145</u> | <u>-</u> | <u>430,239</u> | <u>33,150</u> |
| | | | | | | | |
| <u>\$ 1,421,949</u> | <u>\$ 428,692</u> | <u>\$ 299,595</u> | <u>\$ 2,164,061</u> | <u>\$ 10,145</u> | <u>\$ -</u> | <u>\$ 430,239</u> | <u>\$ 33,840</u> |

Continued

ST. CLAIR COUNTY, MICHIGAN

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2010**

| | Special | | <u>Debt Service Funds</u> | | |
|---|----------------------|---------------------------------|---------------------------|-----------------------|---------------------------|
| | Revenue Funds | | | | |
| | Family Counseling | Communications Series 2007 B | Series 2009 | Building Authority | Jail/Juvenile Facility |
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 172,951 | \$ 871,648 | \$ - | \$ 2,014 | \$ - |
| Investments | - | - | - | - | - |
| Receivables - | | | | | |
| Property taxes | - | - | - | - | - |
| Accounts and interest | 30 | - | - | - | - |
| Due from other governmental units - | | | | | |
| Federal/State | - | - | - | - | - |
| Local | - | 8,699 | - | - | - |
| Due from other funds | - | - | - | - | - |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Assets | <u>\$ 172,981</u> | <u>\$ 880,347</u> | <u>\$ -</u> | <u>\$ 2,014</u> | <u>\$ -</u> |
| LIABILITIES AND FUND BALANCE | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ 2,310 | \$ - | \$ - | \$ - | \$ - |
| Accrued liabilities | - | - | - | - | - |
| Due to other governmental units - | | | | | |
| Federal/State | - | - | - | - | - |
| Due to other funds | - | - | - | - | - |
| Deferred revenue | - | - | - | - | - |
| Total Liabilities | <u>2,310</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund Balance: | | | | | |
| Reserved - | | | | | |
| Capital Projects | - | - | - | - | - |
| Debt Services | - | 880,347 | - | 2,014 | - |
| Permanent Fund | - | - | - | - | - |
| Unreserved - | | | | | |
| Designated | - | - | - | - | - |
| Undesignated - | | | | | |
| Special Revenue Funds | 170,671 | - | - | - | - |
| Total Fund Balance | <u>170,671</u> | <u>880,347</u> | <u>-</u> | <u>2,014</u> | <u>-</u> |
| Total Liabilities and Fund Balance | <u>\$ 172,981</u> | <u>\$ 880,347</u> | <u>\$ -</u> | <u>\$ 2,014</u> | <u>\$ -</u> |

| Capital Projects Funds | | | | | Permanent Fund | |
|------------------------|-------------------|------------------------|-----------------------|-----------------------------|--------------------------|----------------------|
| Municipal Building | DTNW Building | Mental Health Building | Development Revolving | Communications Construction | Lewis Memorial Endowment | Total |
| \$ 199,369 | \$ 132,116 | \$ - | \$ 1,311,576 | \$ 709,473 | \$ 26,228 | \$ 11,450,815 |
| - | - | - | - | - | - | 292,472 |
| - | - | - | - | - | - | 1,459,170 |
| 185 | - | - | 68,424 | - | - | 1,644,545 |
| - | - | - | - | - | - | 556,262 |
| - | - | - | - | - | - | 8,699 |
| - | - | - | - | - | - | 6,331 |
| <u>\$ 199,554</u> | <u>\$ 132,116</u> | <u>\$ -</u> | <u>\$ 1,380,000</u> | <u>\$ 709,473</u> | <u>\$ 26,228</u> | <u>\$ 15,418,294</u> |
| \$ 588 | \$ 62,903 | \$ - | \$ - | \$ - | \$ - | \$ 282,261 |
| - | - | - | - | - | - | 229,662 |
| - | - | - | - | - | - | 124,385 |
| - | - | - | - | - | - | 21,779 |
| - | - | - | - | - | - | 3,399,865 |
| <u>588</u> | <u>62,903</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>4,057,952</u> |
| 198,966 | 69,213 | - | 1,380,000 | 709,473 | - | 2,357,652 |
| - | - | - | - | - | - | 882,361 |
| - | - | - | - | - | 26,228 | 26,228 |
| - | - | - | - | - | - | 3,887 |
| - | - | - | - | - | - | 8,090,214 |
| <u>198,966</u> | <u>69,213</u> | <u>-</u> | <u>1,380,000</u> | <u>709,473</u> | <u>26,228</u> | <u>11,360,342</u> |
| <u>\$ 199,554</u> | <u>\$ 132,116</u> | <u>\$ -</u> | <u>\$ 1,380,000</u> | <u>\$ 709,473</u> | <u>\$ 26,228</u> | <u>\$ 15,418,294</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, 2010**

| | <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 | \$ - | \$ - | \$ - | \$ - | \$ 1,818,391 | \$ - |
| Intergovernmental - | | | | | | |
| Federal/State | 153,176 | 164,561 | - | - | 24,000 | - |
| Charges for services | 67,900 | 44,754 | - | - | - | - |
| Fines and forfeits | - | - | - | - | - | 146,830 |
| Interest and rent | 1,585 | - | - | 147,381 | 1,647 | - |
| Other | 20 | 2,430 | - | - | 600 | 2,022 |
| Total Revenues | <u>222,681</u> | <u>211,745</u> | <u>-</u> | <u>147,381</u> | <u>1,844,638</u> | <u>148,852</u> |
| Expenditures: | | | | | | |
| Current - | | | | | | |
| Judicial | 214,733 | - | - | - | - | - |
| General Government | - | - | - | - | - | - |
| Public Safety | - | - | - | - | 1,660,390 | 144,074 |
| Health and Welfare | - | - | - | - | - | - |
| Community and Economic Development | - | 677,865 | 23 | - | - | - |
| Capital Outlay | - | - | - | 404,144 | - | - |
| Debit Service - | | | | | | |
| Principal | - | - | - | - | - | - |
| Interest and charges | - | - | - | - | - | - |
| Total Expenditures | <u>214,733</u> | <u>677,865</u> | <u>23</u> | <u>404,144</u> | <u>1,660,390</u> | <u>144,074</u> |
| Revenues over (under) expenditures | <u>7,948</u> | <u>(466,120)</u> | <u>(23)</u> | <u>(256,763)</u> | <u>184,248</u> | <u>4,778</u> |
| Other Financing Sources (Uses): | | | | | | |
| Transfers from other funds | - | 440,439 | - | 1,450,000 | - | - |
| Transfers to other funds | - | - | - | - | (168,895) | - |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>440,439</u> | <u>-</u> | <u>1,450,000</u> | <u>(168,895)</u> | <u>-</u> |
| Net Change in Fund Balances | 7,948 | (25,681) | (23) | 1,193,237 | 15,353 | 4,778 |
| Fund Balances at beginning 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> |
| Fund Balances at end of year | <u>\$ 283,146</u> | <u>\$ 207,139</u> | <u>\$ 27,777</u> | <u>\$ 3,961,914</u> | <u>\$ 255,945</u> | <u>\$ 387,248</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> |
|-------------------------|------------------------|---------------------------|-----------------------|----------------------------|-------------------|-----------------------------|---|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 741,188 | - | 430,632 | 2,403,298 | 23,892 | - | - | - |
| - | - | - | 124,738 | - | 779,936 | 130,393 | 29,325 |
| - | - | - | - | - | - | - | - |
| 1,951 | - | - | - | - | - | 1,154 | - |
| - | - | 99,868 | 21,978 | - | - | - | - |
| <u>743,139</u> | <u>-</u> | <u>530,500</u> | <u>2,550,014</u> | <u>23,892</u> | <u>779,936</u> | <u>131,547</u> | <u>29,325</u> |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | 38,299 | - |
| - | - | - | - | - | - | - | 4,519 |
| 769,034 | - | 947,075 | 6,250,541 | 24,245 | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| <u>769,034</u> | <u>-</u> | <u>947,075</u> | <u>6,250,541</u> | <u>24,245</u> | <u>-</u> | <u>38,299</u> | <u>4,519</u> |
| <u>(25,895)</u> | <u>-</u> | <u>(416,575)</u> | <u>(3,700,527)</u> | <u>(353)</u> | <u>779,936</u> | <u>93,248</u> | <u>24,806</u> |
| 10,000 | - | 479,262 | 3,608,176 | - | - | - | - |
| - | - | - | (100,000) | - | (779,936) | - | - |
| <u>10,000</u> | <u>-</u> | <u>479,262</u> | <u>3,508,176</u> | <u>-</u> | <u>(779,936)</u> | <u>-</u> | <u>-</u> |
| <u>(15,895)</u> | <u>-</u> | <u>62,687</u> | <u>(192,351)</u> | <u>(353)</u> | <u>-</u> | <u>93,248</u> | <u>24,806</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> |
| <u>\$ 181,493</u> | <u>\$ 95,311</u> | <u>\$ 299,565</u> | <u>\$ 1,750,358</u> | <u>\$ 10,145</u> | <u>\$ -</u> | <u>\$ 430,239</u> | <u>\$ 33,150</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, 2010**

| | Special Revenue Funds | | Debt Service Funds | | |
|---|--------------------------|--------------------------|--------------------|------------------------|---------------------------|
| | Family Counseling | Communications | | Building Authority | Jail/Juvenile Facility |
| | | Series 2007 B | Series 2009 | | |
| Revenues: | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental - | | | | | |
| Federal/State | - | - | - | - | - |
| Charges for services | 13,470 | 332,020 | - | - | - |
| Fines and forfeits | - | - | - | - | - |
| Interest and rent | - | - | - | - | - |
| Other | - | - | - | - | - |
| Total Revenues | <u>13,470</u> | <u>332,020</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Expenditures: | | | | | |
| Current - | | | | | |
| Judicial | 19,376 | - | - | - | - |
| General Government | - | - | - | - | - |
| Public Safety | - | - | - | - | - |
| Health and Welfare | - | - | - | - | - |
| Community and Economic Development | - | - | - | - | - |
| Capital Outlay | - | - | - | - | - |
| Debit Service - | | | | | |
| Principal | - | 125,000 | 100,000 | 550,000 | 900,000 |
| Interest and charges | - | 131,406 | 120,698 | 325,970 | 1,233,488 |
| Total Expenditures | <u>19,376</u> | <u>256,406</u> | <u>220,698</u> | <u>875,970</u> | <u>2,133,488</u> |
| Revenues over (under) expenditures | <u>(5,906)</u> | <u>75,614</u> | <u>(220,698)</u> | <u>(875,970)</u> | <u>(2,133,488)</u> |
| Other Financing Sources (Uses): | | | | | |
| Transfers from other funds | - | - | 220,698 | 876,245 | 2,133,488 |
| Transfers to other funds | - | - | - | - | - |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>-</u> | <u>220,698</u> | <u>876,245</u> | <u>2,133,488</u> |
| Net Change in Fund Balances | <u>(5,906)</u> | <u>75,614</u> | <u>-</u> | <u>275</u> | <u>-</u> |
| Fund Balances at beginning of year | <u>176,577</u> | <u>804,733</u> | <u>-</u> | <u>1,739</u> | <u>-</u> |
| Fund Balances at end of year | <u><u>\$ 170,671</u></u> | <u><u>\$ 880,347</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 2,014</u></u> | <u><u>\$ -</u></u> |

| Capital Projects Funds | | | | | | Permanent Fund | Total |
|------------------------|---------------------|---------------------------|--------------------------|--------------------------------|--------------------------------|----------------------|-------|
| Municipal Building | DTNW Building | Mental Health Building | Development Revolving | Communications Construction | Lewis Memorial Endowment | | |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,818,391 | |
| - | - | - | - | 653,183 | - | 4,593,930 | |
| 26,920 | - | - | - | - | - | 1,549,456 | |
| - | - | - | - | - | - | 146,830 | |
| - | - | - | - | - | 126 | 153,844 | |
| - | - | - | - | - | - | 126,918 | |
| <u>26,920</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>653,183</u> | <u>126</u> | <u>8,389,369</u> | |
| - | - | - | - | - | - | 234,109 | |
| - | - | - | - | - | - | 38,299 | |
| - | - | - | - | - | - | 1,808,983 | |
| - | - | - | - | - | - | 7,990,895 | |
| - | - | - | - | - | - | 677,888 | |
| 1,471 | 1,049,741 | 152,392 | - | 2,342,099 | - | 3,949,847 | |
| - | - | - | - | - | - | 1,675,000 | |
| - | - | - | - | - | - | 1,811,562 | |
| <u>1,471</u> | <u>1,049,741</u> | <u>152,392</u> | <u>-</u> | <u>2,342,099</u> | <u>-</u> | <u>18,186,583</u> | |
| <u>25,449</u> | <u>(1,049,741)</u> | <u>(152,392)</u> | <u>-</u> | <u>(1,688,916)</u> | <u>126</u> | <u>(9,797,214)</u> | |
| - | 100,000 | - | - | 9,000 | - | 9,327,308 | |
| - | - | - | - | - | - | (1,048,831) | |
| - | <u>100,000</u> | <u>-</u> | <u>-</u> | <u>9,000</u> | <u>-</u> | <u>8,278,477</u> | |
| 25,449 | (949,741) | (152,392) | - | (1,679,916) | 126 | (1,518,737) | |
| <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>\$ 198,966</u> | <u>\$ 69,213</u> | <u>\$ -</u> | <u>\$ 1,380,000</u> | <u>\$ 709,473</u> | <u>\$ 26,228</u> | <u>\$ 11,360,342</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, 2010**

| | <u>Amended Budget</u> | <u>Actual</u> | Variance Positive (Negative) |
|------------------------------------|---------------------------|--------------------------|------------------------------------|
| FRIEND OF COURT | | | |
| Revenues: | | | |
| Intergovernmental - | | | |
| Federal/State | \$ 256,364 | \$ 153,176 | \$(103,188) |
| Charges for services | 1,000 | 67,900 | 66,900 |
| Interest and rent | 25,000 | 1,585 | (23,415) |
| Other | - | 20 | 20 |
| Total Revenues | <u>282,364</u> | <u>222,681</u> | <u>(59,683)</u> |
| Expenditures: | | | |
| Judicial | <u>239,795</u> | <u>214,733</u> | <u>25,062</u> |
| Net Change in Fund Balance | 42,569 | 7,948 | (34,621) |
| Fund Balance at beginning of year | <u>275,198</u> | <u>275,198</u> | <u>-</u> |
| Fund Balance at end of year | <u><u>\$ 317,767</u></u> | <u><u>\$ 283,146</u></u> | <u><u>\$(34,621)</u></u> |
| COUNTY PLANNING | | | |
| Revenues: | | | |
| Intergovernmental - | | | |
| Federal/State | \$ 225,400 | \$ 164,561 | \$(60,839) |
| Charges for services | 62,750 | 44,754 | (17,996) |
| Other | 9,750 | 2,430 | (7,320) |
| Total Revenues | <u>297,900</u> | <u>211,745</u> | <u>(86,155)</u> |
| Expenditures: | | | |
| Community and Economic Development | <u>768,344</u> | <u>677,865</u> | <u>90,479</u> |
| Revenues under expenditures | (470,444) | (466,120) | 4,324 |
| Other Financing Sources: | | | |
| Transfers from other funds | <u>440,439</u> | <u>440,439</u> | <u>-</u> |
| Net Change in Fund Balance | (30,005) | (25,681) | 4,324 |
| Fund Balance at beginning of year | <u>232,820</u> | <u>232,820</u> | <u>-</u> |
| Fund Balance at end of year | <u><u>\$ 202,815</u></u> | <u><u>\$ 207,139</u></u> | <u><u>\$ 4,324</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, 2010**

| | <u>Amended Budget</u> | <u>Actual</u> | Variance Positive (Negative) |
|------------------------------------|----------------------------|----------------------------|------------------------------------|
| BROWNFIELD REDEVELOPMENT | | | |
| Expenditures: | | | |
| Community and Economic Development | \$ 5,000 | \$ 23 | \$ 4,977 |
| Fund Balance at beginning of year | <u>27,800</u> | <u>27,800</u> | <u>-</u> |
| Fund Balance at end of year | <u><u>\$ 22,800</u></u> | <u><u>\$ 27,777</u></u> | <u><u>\$ 4,977</u></u> |
| PUBLIC IMPROVEMENT | | | |
| Revenues: | | | |
| Interest and rent | \$ - | \$ 147,381 | \$ 147,381 |
| Expenditures: | | | |
| Capital Outlay | <u>625,000</u> | <u>404,144</u> | <u>220,856</u> |
| Revenues under expenditures | (625,000) | (256,763) | 368,237 |
| Other Financing Sources: | | | |
| Transfers from other funds | <u>1,450,000</u> | <u>1,450,000</u> | <u>-</u> |
| Net Change in Fund Balance | 825,000 | 1,193,237 | 368,237 |
| Fund Balance at beginning of year | <u>2,768,677</u> | <u>2,768,677</u> | <u>-</u> |
| Fund Balance at end of year | <u><u>\$ 3,593,677</u></u> | <u><u>\$ 3,961,914</u></u> | <u><u>\$ 368,237</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, 2010**

| | <u>Amended Budget</u> | <u>Actual</u> | Variance Positive (Negative) |
|--------------------------------------|---------------------------|--------------------------|------------------------------------|
| DRUG TASK FORCE | | | |
| Revenues: | | | |
| Taxes | \$ 1,816,648 | \$ 1,818,391 | \$ 1,743 |
| Intergovernmental - Federal/State | 24,000 | 24,000 | - |
| Interest and rent | 1,750 | 1,647 | (103) |
| Other | 1,000 | 600 | (400) |
| Total Revenues | <u>1,843,398</u> | <u>1,844,638</u> | <u>1,240</u> |
| Expenditures: | | | |
| Public Safety | <u>1,540,857</u> | <u>1,660,390</u> | <u>(119,533)</u> |
| Revenues over expenditures | 302,541 | 184,248 | (118,293) |
| Other Financing Uses: | | | |
| Transfers to other funds | <u>(162,643)</u> | <u>(168,895)</u> | <u>(6,252)</u> |
| Net Change in Fund Balance | 139,898 | 15,353 | (124,545) |
| Fund Balance at beginning of year | <u>240,592</u> | <u>240,592</u> | <u>-</u> |
| Fund Balance at end of year | <u><u>\$ 380,490</u></u> | <u><u>\$ 255,945</u></u> | <u><u>\$(124,545)</u></u> |
| DRUG LAW ENFORCEMENT | | | |
| Revenues: | | | |
| Fines and forfeits | \$ 100,000 | \$ 146,830 | \$ 46,830 |
| Other | 2,500 | 2,022 | (478) |
| Total Revenues | <u>102,500</u> | <u>148,852</u> | <u>46,352</u> |
| Expenditures: | | | |
| Public Safety | <u>125,000</u> | <u>144,074</u> | <u>(19,074)</u> |
| Net Change in Fund Balance | (22,500) | 4,778 | 27,278 |
| Fund Balance at beginning of year | <u>382,470</u> | <u>382,470</u> | <u>-</u> |
| Fund Balance at end of year | <u><u>\$ 359,970</u></u> | <u><u>\$ 387,248</u></u> | <u><u>\$ 27,278</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, 2010**

| | <u>Amended Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> |
|-----------------------------------|---------------------------|--------------------------|---|
| CDBG HOUSING | | | |
| Revenues: | | | |
| Intergovernmental - | | | |
| Federal/State | \$ 948,000 | \$ 741,188 | \$(206,812) |
| Interest | 800 | 1,951 | 1,151 |
| Total Revenues | <u>948,800</u> | <u>743,139</u> | <u>(205,661)</u> |
| Expenditures: | | | |
| Health and Welfare | <u>993,000</u> | <u>769,034</u> | <u>223,966</u> |
| Revenues under expenditures | (44,200) | (25,895) | 18,305 |
| Other Financing Sources: | | | |
| Transfers from other funds | <u>10,000</u> | <u>10,000</u> | <u>-</u> |
| Net Change in Fund Balance | (34,200) | (15,895) | 18,305 |
| Fund Balance at beginning of year | <u>197,388</u> | <u>197,388</u> | <u>-</u> |
| Fund Balance at end of year | <u><u>\$ 163,188</u></u> | <u><u>\$ 181,493</u></u> | <u><u>\$ 18,305</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, 2010**

| | <u>Amended Budget</u> | <u>Actual</u> | Variance Positive (Negative) |
|--|----------------------------|----------------------------|------------------------------------|
| HUMAN SERVICES | | | |
| Revenues: | | | |
| Intergovernmental - | | | |
| Federal/State | \$ 590,000 | \$ 430,632 | \$(159,368) |
| Other | 3,500 | 99,868 | 96,368 |
| Total Revenues | <u>593,500</u> | <u>530,500</u> | <u>(63,000)</u> |
| Expenditures: | | | |
| Health and Welfare | <u>1,072,762</u> | <u>947,075</u> | <u>125,687</u> |
| Revenues under expenditures | (479,262) | (416,575) | 62,687 |
| Other Financing Sources: | | | |
| Transfers from other funds | <u>479,262</u> | <u>479,262</u> | <u>-</u> |
| Net Change in Fund Balance | - | 62,687 | 62,687 |
| Fund Balance at beginning of year | <u>236,878</u> | <u>236,878</u> | <u>-</u> |
| Fund Balance at end of year | <u><u>\$ 236,878</u></u> | <u><u>\$ 299,565</u></u> | <u><u>\$ 62,687</u></u> |
| CHILD CARE | | | |
| Revenues: | | | |
| Intergovernmental - | | | |
| Federal/State | \$ 2,480,000 | \$ 2,403,298 | \$(76,702) |
| Charges for services | 149,411 | 124,738 | (24,673) |
| Other | 18,000 | 21,978 | 3,978 |
| Total Revenues | <u>2,647,411</u> | <u>2,550,014</u> | <u>(97,397)</u> |
| Expenditures: | | | |
| Health and Welfare | <u>5,691,154</u> | <u>6,250,541</u> | <u>(559,387)</u> |
| Revenues under expenditures | <u>(3,043,743)</u> | <u>(3,700,527)</u> | <u>(656,784)</u> |
| Other Financing Sources (Uses): | | | |
| Transfers from other funds | 2,908,176 | 3,608,176 | 700,000 |
| Transfers to other funds | - | <u>(100,000)</u> | <u>(100,000)</u> |
| Total Other Financing Sources (Uses) | <u>2,908,176</u> | <u>3,508,176</u> | <u>600,000</u> |
| Net Change in Fund Balance | (135,567) | (192,351) | (56,784) |
| Fund Balance at beginning of year | <u>1,942,709</u> | <u>1,942,709</u> | <u>-</u> |
| Fund Balance at end of year | <u><u>\$ 1,807,142</u></u> | <u><u>\$ 1,750,358</u></u> | <u><u>\$(56,784)</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, 2010**

| | <u>Amended Budget</u> | <u>Actual</u> | Variance Positive (Negative) |
|--------------------------------------|---------------------------|-------------------------|------------------------------------|
| VETERANS' TRUST | | | |
| Revenues: | | | |
| Intergovernmental - Federal/State | \$ 20,000 | \$ 23,892 | \$ 3,892 |
| Expenditures: | | | |
| Health and Welfare | <u>20,000</u> | <u>24,245</u> | <u>(4,245)</u> |
| Net Change in Fund Balance | - | (353) | (353) |
| Fund Balance at beginning of year | <u>10,498</u> | <u>10,498</u> | - |
| Fund Balance at end of year | <u><u>\$ 10,498</u></u> | <u><u>\$ 10,145</u></u> | <u><u>\$(353)</u></u> |

E - 911

| | | | |
|-----------------------------------|--------------------|--------------------|--------------------|
| Revenues: | | | |
| Charges for services | \$ 781,965 | \$ 779,936 | \$(2,029) |
| Other Financing Uses : | | | |
| Transfers to other funds | <u>(781,965)</u> | <u>(779,936)</u> | <u>2,029</u> |
| Net Change in Fund Balance | - | - | - |
| Fund Balance at beginning of year | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund Balance at end of year | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> |

DEEDS AUTOMATION

| | | | |
|-----------------------------------|--------------------------|--------------------------|-------------------------|
| Revenues: | | | |
| Charges for services | \$ 130,000 | \$ 130,393 | \$ 393 |
| Interest | <u>1,500</u> | <u>1,154</u> | <u>(346)</u> |
| Total Revenues | 131,500 | 131,547 | 47 |
| Expenditures: | | | |
| General Government | <u>109,368</u> | <u>38,299</u> | <u>71,069</u> |
| Net Change in Fund Balance | 22,132 | 93,248 | 71,116 |
| Fund Balance at beginning of year | <u>336,991</u> | <u>336,991</u> | - |
| Fund Balance at end of year | <u><u>\$ 359,123</u></u> | <u><u>\$ 430,239</u></u> | <u><u>\$ 71,116</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, 2010**

| | <u>Amended Budget</u> | <u>Actual</u> | Variance Positive (Negative) |
|---------------------------------------|---------------------------|-------------------------|------------------------------------|
| LOCAL CORRECTIONS AND TRAINING | | | |
| Revenues: | | | |
| Charges for services | \$ 30,000 | \$ 29,325 | \$(675) |
| Expenditures: | | | |
| Public Safety | <u>20,000</u> | <u>4,519</u> | <u>15,481</u> |
| Net Change in Fund Balance | 10,000 | 24,806 | 14,806 |
| Fund Balance at beginning of year | <u>8,344</u> | <u>8,344</u> | <u>-</u> |
| Fund Balance at end of year | <u><u>\$ 18,344</u></u> | <u><u>\$ 33,150</u></u> | <u><u>\$ 14,806</u></u> |

| | | | |
|-----------------------------------|--------------------------|--------------------------|------------------------|
| FAMILY COUNSELING | | | |
| Revenues: | | | |
| Charges for services | \$ 20,000 | \$ 13,470 | \$(6,530) |
| Expenditures: | | | |
| Judicial | <u>30,000</u> | <u>19,376</u> | <u>10,624</u> |
| Net Change in Fund Balance | (10,000) | (5,906) | 4,094 |
| Fund Balance at beginning of year | <u>176,577</u> | <u>176,577</u> | <u>-</u> |
| Fund Balance at end of year | <u><u>\$ 166,577</u></u> | <u><u>\$ 170,671</u></u> | <u><u>\$ 4,094</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, 2010

| | Airport Commission | Sheriff's Concession | Homestead Exemption Audits | School Tax Collection | Total |
|--|-----------------------|-------------------------|----------------------------------|--------------------------|--------------|
| ASSETS: | | | | | |
| Current Assets: | | | | | |
| Cash and cash equivalents | \$ 466,160 | \$ 64,348 | \$ 25,995 | \$ 114,648 | \$ 671,151 |
| Accounts receivable | | | | | |
| Interest and accounts | 3,631 | 40,156 | 18,288 | - | 62,075 |
| Prepaid expenses | 2,503 | - | 172 | - | 2,675 |
| Total Current Assets | 472,294 | 104,504 | 44,455 | 114,648 | 735,901 |
| Property, Plant and Equipment: | | | | | |
| Property, plant and equipment | 12,069,117 | - | - | - | 12,069,117 |
| Less - accumulated depreciation | (8,218,688) | - | - | - | (8,218,688) |
| Total Property, Plant and Equipment (net of accumulated depreciation) | 3,850,429 | - | - | - | 3,850,429 |
| Total Assets | 4,322,723 | 104,504 | 44,455 | 114,648 | 4,586,330 |
| LIABILITIES: | | | | | |
| Current Liabilities: | | | | | |
| Accounts payable | 35,069 | 18,651 | - | - | 53,720 |
| Accrued expenses | 3,162 | 380 | - | - | 3,542 |
| Due to other governmental units - | | | | | |
| Local | - | - | 17,372 | - | 17,372 |
| Advances from component units | 89,281 | - | - | - | 89,281 |
| Unearned revenue | 32,491 | - | - | - | 32,491 |
| Total Current Liabilities | 160,003 | 19,031 | 17,372 | - | 196,406 |
| Long-Term Liabilities: | | | | | |
| Accrued vacation and sick (less current portion) | 10,452 | - | - | - | 10,452 |
| Net OPEB obligation | 38,288 | - | - | - | 38,288 |
| Total Long-Term Liabilities | 48,740 | - | - | - | 48,740 |
| Total Liabilities | 208,743 | 19,031 | 17,372 | - | 245,146 |
| NET ASSETS: | | | | | |
| Invested in capital assets, net of related debt | 3,850,429 | - | - | - | 3,850,429 |
| Unrestricted | 263,551 | 85,473 | 27,083 | 114,648 | 490,755 |
| Total Net Assets | \$ 4,113,980 | \$ 85,473 | \$ 27,083 | \$ 114,648 | \$ 4,341,184 |

ST. CLAIR COUNTY, MICHIGAN

NONMAJOR ENTERPRISE FUNDS

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2010**

| | <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 | \$ 14,419 | \$ - | \$ - | \$ - | \$ 14,419 |
| Charges for services | 7,349 | 406,457 | 46 | - | 413,852 |
| Interest and rents | 115,814 | - | - | - | 115,814 |
| Other | 911 | 1,290 | - | - | 2,201 |
| Total Operating Revenues | <u>138,493</u> | <u>407,747</u> | <u>46</u> | <u>-</u> | <u>546,286</u> |
| Operating Expenses: | | | | | |
| Personal services | 184,004 | 19,918 | - | - | 203,922 |
| Supplies | 22,740 | 15,626 | - | - | 38,366 |
| Other services | 114,172 | 394,926 | 515 | 14,156 | 523,769 |
| Depreciation | 261,966 | - | - | - | 261,966 |
| Total Operating Expenses | <u>582,882</u> | <u>430,470</u> | <u>515</u> | <u>14,156</u> | <u>1,028,023</u> |
| Operating Loss | (444,389) | (22,723) | (469) | (14,156) | (481,737) |
| Capital Contributions | <u>479,949</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>479,949</u> |
| Net Income (Loss) Before Special Item | 35,560 | (22,723) | (469) | (14,156) | (1,788) |
| Special Item: | | | | | |
| Return of system contributions | <u>420,162</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>420,162</u> |
| Change in Net Assets | 455,722 | (22,723) | (469) | (14,156) | 418,374 |
| Net Assets at beginning of year | <u>3,658,258</u> | <u>108,196</u> | <u>27,552</u> | <u>128,804</u> | <u>3,922,810</u> |
| Net Assets at end of year | <u>\$ 4,113,980</u> | <u>\$ 85,473</u> | <u>\$ 27,083</u> | <u>\$ 114,648</u> | <u>\$ 4,341,184</u> |

ST. CLAIR COUNTY, MICHIGAN

**NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2010**

| | <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 | \$ 169,965 | \$ 397,265 | \$ 887 | \$ - | \$ 568,117 |
| Cash payments to suppliers | (141,549) | (407,821) | - | - | (549,370) |
| Cash payments to employees | (177,194) | (19,842) | - | - | (197,036) |
| Cash payments for interfund services | - | - | - | (14,156) | (14,156) |
| Net Cash Provided (Used) by Operating Activities | (148,778) | (30,398) | 887 | (14,156) | (192,445) |
| Cash Flows From Noncapital Financing Activities: | | | | | |
| Return of system contributions from component unit | 420,162 | - | - | - | 420,162 |
| Cash Flows From Capital and Related Financing Activities: | | | | | |
| Acquisition/construction of capital assets | (32,902) | - | - | - | (32,902) |
| Net Increase (Decrease) in Cash and Cash Equivalents for the year | 238,482 | (30,398) | 887 | (14,156) | 194,815 |
| Cash and Cash Equivalents at Beginning of Year | <u>227,678</u> | <u>94,746</u> | <u>25,108</u> | <u>128,804</u> | <u>476,336</u> |
| Cash and Cash Equivalents at End of Year | <u>\$ 466,160</u> | <u>\$ 64,348</u> | <u>\$ 25,995</u> | <u>\$ 114,648</u> | <u>\$ 671,151</u> |
| Reconciliation of Operating Loss to Net Cash Provided (Used) by Operating Activities: | | | | | |
| Operating loss for the year | \$(444,389) | \$(22,723) | \$(469) | \$(14,156) | \$(481,737) |
| Adjustments to reconcile operating loss to net cash provided by operating activities - | | | | | |
| Depreciation | 261,966 | - | - | - | 261,966 |
| Change in assets and liabilities: | | | | | |
| Accounts receivable | 3,577 | (10,482) | 24,683 | - | 17,778 |
| Prepays and deposits | 176 | - | - | - | 176 |
| Accounts payable | (4,813) | 2,731 | (23,327) | - | (25,409) |
| Accrued expenses | 6,810 | 76 | - | - | 6,886 |
| Deferred revenue | 27,895 | - | - | - | 27,895 |
| Net Cash Provided (Used) by Operating Activities | <u>\$(148,778)</u> | <u>\$(30,398)</u> | <u>\$ 887</u> | <u>\$(14,156)</u> | <u>\$(192,445)</u> |
| Non-Cash Capital and Related Financing Activities: | | | | | |
| Capital contributions | <u>\$ 479,949</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 479,949</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, 2010**

| | <u>Basic Retirement System</u> | <u>Other Postemployment Benefits</u> | <u>Total</u> |
|--|--|--|-----------------------|
| ASSETS: | | | |
| Cash and cash equivalents | \$ 5,066,429 | \$ 3,155,358 | \$ 8,221,787 |
| Investments, at fair value | | | |
| U.S. Government Securities | 1,972,344 | - | 1,972,344 |
| Corporate Debt | 33,160,801 | - | 33,160,801 |
| Equity Funds | 48,320,869 | 309,033 | 48,629,902 |
| Stocks | 86,363,165 | 7,931,710 | 94,294,875 |
| Foreign Bonds | 16,702,736 | - | 16,702,736 |
| Mutual Funds | - | 1,395,853 | 1,395,853 |
| Municipal Bonds | 23,418 | - | 23,418 |
| Receivables - | | | |
| Interest and dividends | 705,466 | 4,283 | 709,749 |
| Other | 470,614 | 29,126 | 499,740 |
| Due from other funds | 204,850 | 23,125,721 | 23,330,571 |
| Total Assets | <u>192,990,692</u> | <u>35,951,084</u> | <u>228,941,776</u> |
| LIABILITIES: | | | |
| Accounts payable | 423,743 | - | 423,743 |
| Accrued liabilities | 284,393 | - | 284,393 |
| Due to other funds | 22,785,721 | 164,899 | 22,950,620 |
| Total Liabilities | <u>23,493,857</u> | <u>164,899</u> | <u>23,658,756</u> |
| NET ASSETS: | | | |
| Net assets held in trust for pension benefits | 169,496,835 | - | 169,496,835 |
| Net assets held in trust for other postemployment benefits | - | 35,786,185 | 35,786,185 |
| | <u>\$ 169,496,835</u> | <u>\$ 35,786,185</u> | <u>\$ 205,283,020</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, 2010**

| | Basic Retirement System | | | |
|---|-------------------------|---------------------------|-----------------------|-----------------------|
| | Member Contributions | Employer Contributions | Pension Payments | Total |
| Additions: | | | | |
| Contributions | | | | |
| Member contributions | \$ 2,292,960 | \$ - | \$ - | \$ 2,292,960 |
| Employer contributions | - | 5,067,619 | - | 5,067,619 |
| Total Contributions | <u>2,292,960</u> | <u>5,067,619</u> | <u>-</u> | <u>7,360,579</u> |
| Investment income | | | | |
| Net appreciation in fair value of investments | - | 22,676,221 | - | 22,676,221 |
| Interest/Dividends | - | 2,636,755 | - | 2,636,755 |
| Less investment expense | - | (866,477) | - | (866,477) |
| Net investment income | <u>-</u> | <u>24,446,499</u> | <u>-</u> | <u>24,446,499</u> |
| Other | | | | |
| Medicare Part D reimbursements | - | - | - | - |
| Total Additions | <u>2,292,960</u> | <u>29,514,118</u> | <u>-</u> | <u>31,807,078</u> |
| Deductions: | | | | |
| Retirement payroll | - | - | 10,351,447 | 10,351,447 |
| Health/dental insurance | - | - | - | - |
| Death benefits | - | 63,000 | - | 63,000 |
| Employee refunds | 334,506 | - | - | 334,506 |
| Administration | - | 81,936 | - | 81,936 |
| Professional fees | - | 45,312 | - | 45,312 |
| Total Deductions | <u>334,506</u> | <u>190,248</u> | <u>10,351,447</u> | <u>10,876,201</u> |
| Net Increase (Decrease) Before Transfers | 1,958,454 | 29,323,870 | (10,351,447) | 20,930,877 |
| Interfund Transfers In (Out): | | | | |
| Retirees obligation | (1,240,682) | (11,085,560) | 12,326,242 | - |
| Interest | <u>548,663</u> | <u>(6,540,581)</u> | <u>5,991,918</u> | <u>-</u> |
| Net Increase (Decrease) | 1,266,435 | 11,697,729 | 7,966,713 | 20,930,877 |
| Net assets held in trust for pension benefits and other postemployment benefits: | | | | |
| Beginning of year | <u>26,666,201</u> | <u>26,689,874</u> | <u>95,209,883</u> | <u>148,565,958</u> |
| End of year | <u>\$ 27,932,636</u> | <u>\$ 38,387,603</u> | <u>\$ 103,176,596</u> | <u>\$ 169,496,835</u> |

Other Postemployment Benefits

| 401H Health Care | Act 149 Health Care | Total | Total |
|------------------------|---------------------------|----------------------|-----------------------|
| \$ - | \$ 545,338 | \$ 545,338 | \$ 2,838,298 |
| <u>-</u> | <u>3,030,988</u> | <u>3,030,988</u> | <u>8,098,607</u> |
| <u>-</u> | <u>3,576,326</u> | <u>3,576,326</u> | <u>10,936,905</u> |
| - | 574,057 | 574,057 | 23,250,278 |
| 1,577,300 | 201,362 | 1,778,662 | 4,415,417 |
| <u>-</u> | <u>(46,602)</u> | <u>(46,602)</u> | <u>(913,079)</u> |
| <u>1,577,300</u> | <u>728,817</u> | <u>2,306,117</u> | <u>26,752,616</u> |
| <u>422,980</u> | <u>-</u> | <u>422,980</u> | <u>422,980</u> |
| <u>2,000,280</u> | <u>4,305,143</u> | <u>6,305,423</u> | <u>38,112,501</u> |
| - | - | - | 10,351,447 |
| 6,044,047 | - | 6,044,047 | 6,044,047 |
| - | - | - | 63,000 |
| 22,614 | - | 22,614 | 357,120 |
| - | - | - | 81,936 |
| 101,152 | - | 101,152 | 146,464 |
| <u>6,167,813</u> | <u>-</u> | <u>6,167,813</u> | <u>17,044,014</u> |
| (4,167,533) | 4,305,143 | 137,610 | 21,068,487 |
| - | - | - | - |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| (4,167,533) | 4,305,143 | 137,610 | 21,068,487 |
| <u>26,953,254</u> | <u>8,695,321</u> | <u>35,648,575</u> | <u>184,214,533</u> |
| <u>\$ 22,785,721</u> | <u>\$ 13,000,464</u> | <u>\$ 35,786,185</u> | <u>\$ 205,283,020</u> |

ST. CLAIR COUNTY, MICHIGAN

**COMBINING STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
DECEMBER 31, 2010**

| | Agency Funds | | | |
|-----------------------------------|----------------------|---------------------------|-------------------|----------------------|
| | Trust and Agency | Library Penal Fines | Payroll | Total |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 1,461,581 | \$ 3,982 | \$ 169,007 | \$ 1,634,570 |
| Investments | 94,881 | - | - | 94,881 |
| Receivables | 11,060,194 | 5,149 | - | 11,065,343 |
| Due from other funds | 15,448 | - | - | 15,448 |
| Due from individuals | - | - | 3,472 | 3,472 |
| | <u>\$ 12,632,104</u> | <u>\$ 9,131</u> | <u>\$ 172,479</u> | <u>\$ 12,813,714</u> |
| LIABILITIES | | | | |
| Due to individuals and agencies | \$ 11,833,530 | \$ - | \$ - | \$ 11,833,530 |
| Due to other governmental units - | | | | |
| Federal/State | 233,395 | - | 157,843 | 391,238 |
| Local | 565,179 | 9,131 | 14,636 | 588,946 |
| | <u>\$ 12,632,104</u> | <u>\$ 9,131</u> | <u>\$ 172,479</u> | <u>\$ 12,813,714</u> |

ST. CLAIR COUNTY, MICHIGAN

**AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED DECEMBER 31, 2010**

| | Balance January 1, 2010 | Additions | Reductions | Balance December 31, 2010 |
|-------------------------------|-------------------------------|-----------------------|-----------------------|---------------------------------|
| TOTAL ALL AGENCY FUNDS | | | | |
| Assets: | | | | |
| Cash and cash equivalents | \$ 2,675,523 | \$ 224,236,493 | \$ 225,277,446 | \$ 1,634,570 |
| Investments | 102,663 | 1,004 | 8,786 | 94,881 |
| Receivables | 10,548,620 | 781,016 | 264,293 | 11,065,343 |
| Due from individuals | (1,748) | 31,489,903 | 31,484,683 | 3,472 |
| Due from other funds | 15,448 | - | - | 15,448 |
| | <u>15,448</u> | <u>-</u> | <u>-</u> | <u>15,448</u> |
| Total Assets | <u>\$ 13,340,506</u> | <u>\$ 256,508,416</u> | <u>\$ 257,035,208</u> | <u>\$ 12,813,714</u> |
| Liabilities: | | | | |
| Due to - | | | | |
| Individuals and agencies | \$ 11,735,620 | \$ 44,785,486 | \$ 44,687,576 | \$ 11,833,530 |
| Other governmental units - | | | | |
| Federal/State | 370,573 | 14,810,395 | 14,789,730 | 391,238 |
| Local | 1,234,313 | 115,902,386 | 116,547,753 | 588,946 |
| Other funds | - | 8,804,215 | 8,804,215 | - |
| | <u>-</u> | <u>8,804,215</u> | <u>8,804,215</u> | <u>-</u> |
| Total Liabilities | <u>\$ 13,340,506</u> | <u>\$ 184,302,482</u> | <u>\$ 184,829,274</u> | <u>\$ 12,813,714</u> |
| TRUST AND AGENCY | | | | |
| Assets: | | | | |
| Cash and cash equivalents | \$ 2,493,867 | \$ 160,215,504 | \$ 161,247,790 | \$ 1,461,581 |
| Investments | 102,663 | 1,004 | 8,786 | 94,881 |
| Due from other funds | 15,448 | - | - | 15,448 |
| Receivables | 10,545,352 | 775,867 | 261,025 | 11,060,194 |
| | <u>10,545,352</u> | <u>775,867</u> | <u>261,025</u> | <u>11,060,194</u> |
| Total Assets | <u>\$ 13,157,330</u> | <u>\$ 160,992,375</u> | <u>\$ 161,517,601</u> | <u>\$ 12,632,104</u> |
| Liabilities: | | | | |
| Due to - | | | | |
| Individuals and agencies | \$ 11,735,620 | \$ 44,785,486 | \$ 44,687,576 | \$ 11,833,530 |
| Other governmental units - | | | | |
| State | 210,254 | 3,348,489 | 3,325,348 | 233,395 |
| Local | 1,211,456 | 109,683,299 | 110,329,576 | 565,179 |
| Other funds | - | 219,480 | 219,480 | - |
| | <u>-</u> | <u>219,480</u> | <u>219,480</u> | <u>-</u> |
| Total Liabilities | <u>\$ 13,157,330</u> | <u>\$ 158,036,754</u> | <u>\$ 158,561,980</u> | <u>\$ 12,632,104</u> |

Continued

ST. CLAIR COUNTY, MICHIGAN

**AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED DECEMBER 31, 2010**

| | Balance January 1, 2010 | Additions | Reductions | Balance December 31, 2010 |
|----------------------------|-------------------------------|-------------------|-------------------|---------------------------------|
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| LIBRARY PENAL FINES | | | | |
| Assets: | | | | |
| Cash and cash equivalents | \$ 4,702 | \$ 525,836 | \$ 526,556 | \$ 3,982 |
| Accounts receivable | 3,268 | 5,149 | 3,268 | 5,149 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| | <u>\$ 7,970</u> | <u>\$ 530,985</u> | <u>\$ 529,824</u> | <u>\$ 9,131</u> |
| Liabilities: | | | | |
| Due to - | | | | |
| Other governmental units - | | | | |
| Local | \$ 7,970 | \$ 17,342 | \$ 16,181 | \$ 9,131 |
| Other funds | - | 531,657 | 531,657 | - |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total Liabilities | <u>\$ 7,970</u> | <u>\$ 548,999</u> | <u>\$ 547,838</u> | <u>\$ 9,131</u> |

PAYROLL FUND

| | | | | |
|----------------------------|-------------------|----------------------|----------------------|-------------------|
| Assets: | | | | |
| Cash and cash equivalents | \$ 176,954 | \$ 63,495,153 | \$ 63,503,100 | \$ 169,007 |
| Due from individuals | (1,748) | 31,489,903 | 31,484,683 | 3,472 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total Assets | <u>\$ 175,206</u> | <u>\$ 94,985,056</u> | <u>\$ 94,987,783</u> | <u>\$ 172,479</u> |
| Liabilities: | | | | |
| Due to - | | | | |
| Other governmental units - | | | | |
| Federal/State | \$ 160,319 | \$ 11,461,906 | \$ 11,464,382 | \$ 157,843 |
| Local | 14,887 | 6,201,745 | 6,201,996 | 14,636 |
| Other funds | - | 8,053,078 | 8,053,078 | - |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total Liabilities | <u>\$ 175,206</u> | <u>\$ 25,716,729</u> | <u>\$ 25,719,456</u> | <u>\$ 172,479</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, 2010**

| | Balance January 1, 2010 | Additions | Disposals/ Adjustments | Balance December 31, 2010 |
|---|-------------------------------|-----------------------------|-----------------------------|---------------------------------|
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| General County: | | | | |
| Land | \$ 9,677,499 | \$ 48,666 | \$ - | \$ 9,726,165 |
| Land improvements | 5,431,787 | 1,454,032 | - | 6,885,819 |
| Buildings | 87,230,239 | 1,669,353 | - | 88,899,592 |
| Equipment - | | | | |
| Machinery | 14,461,509 | 469,940 | 8,200 | 14,923,249 |
| Marine | 894,214 | - | - | 894,214 |
| Vehicles | 2,335,164 | 320,382 | 225,944 | 2,429,602 |
| Books | 10,184,046 | 520,785 | 1,177,404 | 9,527,427 |
| | <u>130,214,458</u> | <u>4,483,158</u> | <u>1,411,548</u> | <u>133,286,068</u> |
| Less - Accumulated depreciation | <u>(40,342,058)</u> | <u>(4,238,814)</u> | <u>(1,405,237)</u> | <u>(43,175,635)</u> |
| | 89,872,400 | 244,344 | 6,311 | 90,110,433 |
| Construction in progress | <u>3,625,707</u> | <u>4,060,790</u> | <u>2,995,920</u> | <u>4,690,577</u> |
| Net Total Investment in Capital Assets | <u>\$ 93,498,107</u> | <u>\$ 4,305,134</u> | <u>\$ 3,002,231</u> | <u>\$ 94,801,010</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, 2010**

| | <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 | 165,219 | - | 72,016 | 93,203 |
| Public Improvement | 1,456,253 | 384,000 | 167,378 | 904,875 |
| Drain Commissioner | 207,879 | - | - | 207,879 |
| | <u>3,880,836</u> | <u>384,000</u> | <u>261,594</u> | <u>3,235,242</u> |
| Public Safety: | | | | |
| Sheriff and Patrol | 1,459,959 | - | - | 1,459,959 |
| Marine Law Enforcement | 726,907 | - | - | 726,907 |
| Jail | 47,884,038 | 108,394 | 47,523,637 | 252,007 |
| 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 | 745,037 | 9,142 | 9,975 | 725,920 |
| Hazardous Materials Handling | 958,000 | 60,895 | 477,340 | 419,765 |
| Animal Shelter | 326,655 | 19,200 | 288,455 | 19,000 |
| Drug Task Force | 476,223 | - | - | 476,223 |
| Public Improvement | 327,453 | - | 105,941 | 221,512 |
| Planning Commission | 48,500 | - | - | 48,500 |
| | <u>62,070,729</u> | <u>238,016</u> | <u>49,289,342</u> | <u>12,543,371</u> |
| Health and Welfare: | | | | |
| Veterans Counselor | 7,295 | - | - | 7,295 |
| Medical Examiner | 29,760 | - | 19,500 | 10,260 |
| Day Treatment/Night Watch | 1,909,255 | 141,581 | 1,658,859 | 108,815 |
| Health Department | 2,050,487 | 114,720 | 1,636,459 | 299,308 |
| | <u>3,996,797</u> | <u>256,301</u> | <u>3,314,818</u> | <u>425,678</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, 2010**

| | <u>Total</u> | <u>Land and Improvements</u> | <u>Buildings</u> | <u>Equipment</u> |
|---|----------------------|----------------------------------|----------------------|----------------------|
| Recreation and Cultural: | | | | |
| Parks and Recreation | \$ 18,238,285 | \$ 13,378,090 | \$ 4,117,291 | \$ 742,904 |
| Public Library | 10,962,033 | 95,164 | 864,383 | 10,002,486 |
| | <u>29,200,318</u> | <u>13,473,254</u> | <u>4,981,674</u> | <u>10,745,390</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 | 133,286,068 | 16,611,984 | 88,899,592 | 27,774,492 |
| Less: Accumulated depreciation | <u>(43,175,635)</u> | <u>(2,337,904)</u> | <u>(22,877,326)</u> | <u>(17,960,405)</u> |
| | 90,110,433 | 14,274,080 | 66,022,266 | 9,814,087 |
| Construction in progress | <u>4,690,577</u> | <u>1,262,601</u> | <u>302,697</u> | <u>3,125,279</u> |
| Total Capital Assets (Net of Accumulated Depreciation) | <u>\$ 94,801,010</u> | <u>\$ 15,536,681</u> | <u>\$ 66,324,963</u> | <u>\$ 12,939,366</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, 2010**

| | Balance January 1, 2010 | Additions | Disposals and Adjustments | Balance December 31, 2010 |
|---------------------------------|-------------------------------|----------------|---------------------------------|---------------------------------|
| Judicial: | | | | |
| Circuit Court | \$ 185,932 | \$ - | \$ - | \$ 185,932 |
| Circuit Court - Family Division | 71,612 | - | - | 71,612 |
| District Court | 670,592 | - | - | 670,592 |
| Friend of Court | 266,674 | - | - | 266,674 |
| Public Improvement | 41,182 | - | - | 41,182 |
| Total Judicial | 1,235,992 | - | - | 1,235,992 |
| General Government: | | | | |
| Administrator/Controller | 10,000 | - | - | 10,000 |
| Accounting | 171,242 | - | - | 171,242 |
| Information Technology | 1,583,228 | - | - | 1,583,228 |
| Clerk/Register | 41,528 | - | - | 41,528 |
| Register of Deeds | 103,798 | - | - | 103,798 |
| 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 | 13,287 | 8,200 | 165,219 |
| Public Improvement | 1,342,022 | 114,231 | - | 1,456,253 |
| Drain Commissioner | 221,132 | - | 13,253 | 207,879 |
| Total General Government | 3,774,771 | 127,518 | 21,453 | 3,880,836 |
| Public Safety: | | | | |
| Sheriff and Patrol | 1,232,309 | 344,155 | 116,505 | 1,459,959 |
| Marine Law Enforcement | 696,145 | 30,762 | - | 726,907 |
| Jail | 47,823,350 | 60,688 | - | 47,884,038 |
| Juvenile Center | 654,407 | - | - | 654,407 |
| Radio/Communications | 8,442,889 | - | - | 8,442,889 |
| Secondary Road Patrol | 20,661 | - | - | 20,661 |
| Emergency Services | 667,037 | 78,000 | - | 745,037 |
| Hazardous Materials Handling | 958,000 | - | - | 958,000 |
| Animal Shelter | 319,553 | 7,102 | - | 326,655 |
| Drug Task Force | 425,598 | 50,625 | - | 476,223 |
| Public Improvement | 407,169 | - | 79,716 | 327,453 |
| Planning Commission | 48,500 | - | - | 48,500 |
| Total Public Safety | 61,695,618 | 571,332 | 196,221 | 62,070,729 |

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, 2010**

| | Balance January 1, 2010 | Additions | Disposals and Adjustments | Balance December 31, 2010 |
|---------------------------------|-------------------------------|-----------------------------|---------------------------------|---------------------------------|
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Health and Welfare: | | | | |
| Veterans Counselor | \$ 7,295 | \$ - | \$ - | \$ 7,295 |
| Medical Examiner | - | 29,760 | - | 29,760 |
| Day Treatment/Night Watch | 328,540 | 1,580,715 | - | 1,909,255 |
| Health Department | 2,041,040 | 9,447 | - | 2,050,487 |
| Total Health and Welfare | <u>2,376,875</u> | <u>1,619,922</u> | <u>-</u> | <u>3,996,797</u> |
| Recreation and Cultural: | | | | |
| Parks and Recreation | 16,682,654 | 1,579,853 | 24,222 | 18,238,285 |
| Public Library | 11,547,152 | 592,285 | 1,177,404 | 10,962,033 |
| Total Recreation and Cultural | <u>28,229,806</u> | <u>2,172,138</u> | <u>1,201,626</u> | <u>29,200,318</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>3,625,707</u> | <u>4,060,790</u> | <u>2,995,920</u> | <u>4,690,577</u> |
| Total Capital Assets | <u>\$ 133,840,165</u> | <u>\$ 8,551,700</u> | <u>\$ 4,415,220</u> | <u>\$ 137,976,645</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, 2010**

| | <u>County Drain</u> | <u>Drain Revolving</u> | <u>Special Services</u> | <u>Drain Debt</u> |
|--|-------------------------|----------------------------|-----------------------------|-----------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 806,686 | \$ 197,022 | \$ 26,369 | \$ 5,907 |
| Investment | - | - | - | - |
| Special assessments receivable | 139,269 | - | - | 16,903,024 |
| Due from other governmental units | 335,036 | - | - | 70,908 |
| Deposit with other governmental units | 198,023 | - | - | - |
| Deferred charges | - | - | - | - |
| Due from other funds | 390,000 | 206,178 | - | - |
| Capital assets (net of accumulated depreciation) - | | | | |
| Assets not being depreciated | - | - | - | - |
| Assets being depreciated | - | - | - | - |
| | <u>1,869,014</u> | <u>403,200</u> | <u>26,369</u> | <u>16,979,839</u> |
| Total Assets | \$ 1,869,014 | \$ 403,200 | \$ 26,369 | \$ 16,979,839 |

LIABILITIES AND FUND BALANCE

Liabilities:

| | | | | |
|----------------------------------|------------------|---------------|----------|-------------------|
| Accounts payable | \$ 832,237 | \$ - | \$ - | \$ - |
| Accrued interest | 6,916 | - | - | - |
| Due to other funds | 206,178 | - | - | 390,000 |
| Advances from primary government | - | 50,000 | - | - |
| Deferred revenue | 214,120 | - | - | 16,903,024 |
| Non-current liabilities | | | | |
| Due within one year | - | - | - | - |
| Due in more than one year | - | - | - | - |
| | <u>1,259,451</u> | <u>50,000</u> | <u>-</u> | <u>17,293,024</u> |
| Total Liabilities | 1,259,451 | 50,000 | - | 17,293,024 |

Fund Balance (Deficit):

| | | | | |
|---|---------------------|-------------------|------------------|----------------------|
| Unreserved - | | | | |
| Undesignated | <u>609,563</u> | <u>353,200</u> | <u>26,369</u> | <u>(313,185)</u> |
| | <u>1,869,014</u> | <u>403,200</u> | <u>26,369</u> | <u>16,979,839</u> |
| Total Liabilities and Fund Balance | \$ 1,869,014 | \$ 403,200 | \$ 26,369 | \$ 16,979,839 |

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> |
|--------------------------------|-----------------------------|----------------------|--------------------------------|------------------------------------|
| \$ 169,177 | \$ 117,773 | \$ 1,322,934 | \$ - | \$ 1,322,934 |
| 131,511 | - | 131,511 | - | 131,511 |
| 1,230,059 | - | 18,272,352 | - | 18,272,352 |
| - | - | 405,944 | - | 405,944 |
| - | - | 198,023 | - | 198,023 |
| - | - | - | 178,720 | 178,720 |
| - | - | 596,178 | (596,178) | - |
| - | - | - | 13,560,314 | 13,560,314 |
| - | - | - | 14,677,758 | 14,677,758 |
| <u>\$ 1,530,747</u> | <u>\$ 117,773</u> | <u>\$ 20,926,942</u> | <u>27,820,614</u> | <u>48,747,556</u> |

| | | | | |
|------------------|------------|-------------------|-------------------|-------------------|
| \$ 8,624 | \$ 406 | \$ 841,267 | - | 841,267 |
| - | - | 6,916 | 104,963 | 111,879 |
| - | - | 596,178 | (596,178) | - |
| - | - | 50,000 | - | 50,000 |
| 1,230,059 | - | 18,347,203 | (18,347,203) | - |
| - | - | - | 3,073,414 | 3,073,414 |
| - | - | - | 14,884,428 | 14,884,428 |
| <u>1,238,683</u> | <u>406</u> | <u>19,841,564</u> | <u>(880,576)</u> | <u>18,960,988</u> |

| | | | | |
|---------------------|-------------------|----------------------|---------------------|----------|
| <u>292,064</u> | <u>117,367</u> | <u>1,085,378</u> | <u>(1,085,378)</u> | <u>-</u> |
| <u>\$ 1,530,747</u> | <u>\$ 117,773</u> | <u>\$ 20,926,942</u> | | |

| | |
|----------------------|----------------------|
| 10,280,230 | 10,280,230 |
| 292,064 | 292,064 |
| <u>19,214,274</u> | <u>19,214,274</u> |
| <u>\$ 29,786,568</u> | <u>\$ 29,786,568</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, 2010**

| | | |
|---|--------------|----------------------|
| Fund Balances - Drain Funds | | \$ 1,085,378 |
| 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 | | 33,374,904 |
| Accumulated depreciation | | (5,136,832) |
| Other long term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds | | |
| Special Assessments | | 18,272,352 |
| Other | | 74,851 |
| 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 | | (80,970) |
| Bond discount | | 128,102 |
| Bond Issuance costs reported as debt retirement in the governmental funds, where they are deferred and amortized from net assets | | |
| | | 178,720 |
| 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 | (5,344,347) | |
| Bonds payable | (8,341,627) | |
| Clean water revolving loan | (4,319,000) | |
| Accrued interest on bonds/notes payable | (104,963) | (18,109,937) |
| Net Assets of Drain Commissioner | | <u>\$ 29,786,568</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, 2010**

| | <u>County Drain</u> | <u>Drain Revolving</u> | <u>Special Services</u> | <u>Drain Debt</u> |
|---|-------------------------|----------------------------|-----------------------------|-----------------------|
| Revenues: | | | | |
| Intergovernmental - | | | | |
| Federal/State | \$ 524,096 | \$ - | \$ - | \$ 70,908 |
| Charges for services | 127,481 | - | 1,675 | 1,338,376 |
| Interest and rent | 8,138 | - | - | - |
| Other | 176,009 | - | - | - |
| Total Revenues | <u>835,724</u> | <u>-</u> | <u>1,675</u> | <u>1,409,284</u> |
| Expenditures/Expenses: | | | | |
| Public Works | 5,447,427 | - | 50 | - |
| Debt Service | 542,205 | - | - | 1,355,833 |
| Total Expenditures/Expenses | <u>5,989,632</u> | <u>-</u> | <u>50</u> | <u>1,355,833</u> |
| Revenues over (under) expenditures | <u>(5,153,908)</u> | <u>-</u> | <u>1,625</u> | <u>53,451</u> |
| Other Financing Sources (Uses): | | | | |
| Issuance of debt | 2,313,734 | - | - | - |
| Transfer from other funds | 10,676 | 2,024 | - | 69 |
| Transfer to other funds | (78,086) | - | (7,756) | - |
| | <u>2,246,324</u> | <u>2,024</u> | <u>(7,756)</u> | <u>69</u> |
| Net Change in Fund Balance/Net Assets | <u>(2,907,584)</u> | <u>2,024</u> | <u>(6,131)</u> | <u>53,520</u> |
| Fund Balances/Net Assets at beginning of year | <u>3,517,147</u> | <u>351,176</u> | <u>32,500</u> | <u>(366,705)</u> |
| Fund Balances/Net Assets at end of year | <u>\$ 609,563</u> | <u>\$ 353,200</u> | <u>\$ 26,369</u> | <u>\$(313,185)</u> |

| <u>Mill Creek Debt</u> | <u>Equipment Rental</u> | <u>Total</u> | <u>GASB 34 Adjustments</u> | <u>Statement of Activities</u> |
|--------------------------------|-----------------------------|---------------------|--------------------------------|------------------------------------|
| \$ - | \$ - | \$ 595,004 | \$ - | \$ 595,004 |
| 235,982 | 218 | 1,703,732 | 3,643,523 | 5,347,255 |
| - | - | 8,138 | - | 8,138 |
| - | - | 176,009 | - | 176,009 |
| <u>235,982</u> | <u>218</u> | <u>2,482,883</u> | <u>3,643,523</u> | <u>6,126,406</u> |
| - | 27,078 | 5,474,555 | (4,810,005) | 664,550 |
| 294,350 | - | 2,192,388 | (1,525,798) | 666,590 |
| <u>294,350</u> | <u>27,078</u> | <u>7,666,943</u> | <u>(6,335,803)</u> | <u>1,331,140</u> |
| <u>(58,368)</u> | <u>(26,860)</u> | <u>(5,184,060)</u> | <u>9,979,326</u> | <u>4,795,266</u> |
| - | - | 2,313,734 | (2,313,734) | - |
| - | 75,993 | 88,762 | - | 88,762 |
| - | (2,920) | (88,762) | - | (88,762) |
| <u>-</u> | <u>73,073</u> | <u>2,313,734</u> | <u>(2,313,734)</u> | <u>-</u> |
| (58,368) | 46,213 | (2,870,326) | 7,665,592 | 4,795,266 |
| <u>350,432</u> | <u>71,154</u> | <u>3,955,704</u> | <u>21,035,598</u> | <u>24,991,302</u> |
| <u>\$ 292,064</u> | <u>\$ 117,367</u> | <u>\$ 1,085,378</u> | <u>\$ 28,701,190</u> | <u>\$ 29,786,568</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, 2010

Net change in fund balances - Drain Fund \$(2,870,326)

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 | 5,089,040 |
| Depreciation expense | (292,997) |
| Loss on disposal of asset | (1,191) |

Revenue in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 3,643,523

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 | 1,427,159 |
| Note proceeds | (2,313,734) |
| Bond/loan proceeds | - |
| Issuance costs | 15,153 |
| Amortization of bond premium | 12,908 |
| Amortization of bond discount | (7,117) |
| Amortization of issuance costs | (10,577) |

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.

| | |
|--------------------------------------|----------------|
| Decrease in accrued interest payable | <u>103,425</u> |
|--------------------------------------|----------------|

Change in net assets of Drain Commissioner \$ 4,795,266

**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)**

| | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> |
|--|-------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| 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 | \$ 52,622 |
| Restricted | - | 200 | 183 | 18,143 | 24,711 | 32,161 | 30,141 | 28,469 | 28,607 | 24,480 |
| Unrestricted | - | 29,117 | 25,068 | 12,517 | 11,786 | 13,764 | 15,253 | 7,022 | 1,374 | (4,253) |
| Total Governmental Activities Net Assets | <u>\$ -</u> | <u>\$ 57,270</u> | <u>\$ 54,609</u> | <u>\$ 66,655</u> | <u>\$ 82,325</u> | <u>\$ 93,012</u> | <u>\$ 96,087</u> | <u>\$ 86,319</u> | <u>\$ 79,627</u> | <u>\$ 72,849</u> |
| 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 | \$ 18,264 |
| Restricted | - | - | - | - | 85 | 316 | 535 | 935 | 1,272 | 1,518 |
| Unrestricted | - | 35,221 | 39,279 | 36,431 | 29,523 | 28,239 | 25,257 | 29,816 | 27,923 | 29,711 |
| Total Business-Type Activities Net Assets | <u>\$ -</u> | <u>\$ 40,762</u> | <u>\$ 48,184</u> | <u>\$ 46,036</u> | <u>\$ 42,412</u> | <u>\$ 41,069</u> | <u>\$ 41,216</u> | <u>\$ 45,896</u> | <u>\$ 45,186</u> | <u>\$ 49,493</u> |
| 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 | \$ 70,886 |
| Restricted | - | 200 | 183 | 18,143 | 24,796 | 32,477 | 30,676 | 29,404 | 29,879 | 25,998 |
| Unrestricted | - | 64,338 | 64,347 | 48,948 | 41,309 | 42,003 | 40,510 | 36,838 | 29,297 | 25,458 |
| Total Primary Government Net Assets | <u>\$ -</u> | <u>\$ 98,032</u> | <u>\$ 102,793</u> | <u>\$ 112,691</u> | <u>\$ 124,737</u> | <u>\$ 134,081</u> | <u>\$ 137,303</u> | <u>\$ 132,215</u> | <u>\$ 124,813</u> | <u>\$ 122,342</u> |

(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)**

| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|--|------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Expenses | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Legislative | \$ - | \$ 1,198 | \$ 788 | \$ 1,154 | \$ 1,000 | \$ 1,349 | \$ 786 | \$ 648 | \$ 606 | \$ 760 |
| Judicial | - | 9,971 | 10,767 | 10,893 | 11,074 | 11,850 | 12,240 | 12,813 | 12,834 | 11,984 |
| General Government | - | 11,909 | 12,575 | 13,673 | 13,432 | 14,519 | 14,798 | 17,057 | 15,610 | 15,197 |
| Public Safety | - | 14,564 | 15,628 | 17,721 | 20,780 | 22,012 | 23,708 | 25,937 | 28,314 | 27,820 |
| Public Works | - | 1,339 | 968 | 826 | 607 | 737 | 551 | 1,134 | 1,520 | 2,340 |
| Health and Welfare | - | 17,362 | 19,354 | 18,448 | 19,140 | 20,301 | 22,473 | 22,970 | 20,861 | 21,595 |
| Community and Economic Development | - | - | - | - | - | 633 | 693 | 652 | 819 | 678 |
| Recreation and Culture | - | 5,951 | 5,589 | 6,109 | 6,056 | 6,672 | 7,340 | 8,217 | 8,321 | 8,087 |
| 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 | 2,342 |
| Total Governmental Activities Expenses | - | 64,091 | 68,119 | 69,775 | 74,686 | 79,824 | 84,754 | 91,728 | 91,139 | 90,803 |
| Business-Type Activities: | | | | | | | | | | |
| Delinquent Revolving Tax | - | 1 | 15 | 57 | 76 | 231 | 239 | 316 | 400 | 487 |
| Airport Commission | - | 856 | 691 | 534 | 688 | 510 | 474 | 569 | 683 | 583 |
| Sheriff Concession | - | 101 | 142 | 157 | 163 | 354 | 350 | 380 | 424 | 430 |
| School Tax Collection | - | - | - | - | - | - | 4 | 6 | 9 | 14 |
| Homestead Exemption Audits | - | - | - | - | - | - | - | - | 2 | 1 |
| Solid Waste Disposal System | - | 4,681 | 2,408 | 4,699 | 4,935 | 5,504 | 4,631 | 4,842 | 4,530 | 5,260 |
| Total Business-Type Activities Expenses | - | 5,639 | 3,256 | 5,447 | 5,862 | 6,599 | 5,698 | 6,113 | 6,048 | 6,775 |
| Total Primary Government Expenses | \$ - | \$ 69,730 | \$ 71,375 | \$ 75,222 | \$ 80,548 | \$ 86,423 | \$ 90,452 | \$ 97,841 | \$ 97,187 | \$ 97,578 |
| 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 | 2,436 |
| General Government | - | 3,365 | 3,984 | 4,737 | 4,429 | 4,635 | 4,305 | 4,927 | 5,175 | 4,866 |
| Public Safety | - | 2,866 | 2,993 | 3,151 | 3,561 | 4,472 | 5,353 | 4,484 | 4,801 | 6,279 |
| Health and Welfare | - | 1,994 | 2,132 | 1,632 | 1,760 | 1,929 | 2,487 | 2,103 | 2,534 | 2,737 |
| Community and Economic Development | - | - | - | - | - | 51 | 37 | 36 | 10 | 47 |
| Recreation and Culture | - | 1,022 | 1,143 | 1,151 | 1,113 | 1,051 | 983 | 895 | 842 | 882 |
| Interest on Long Term Debt | - | - | - | - | - | - | 370 | 731 | 757 | 414 |
| Operating Grants and Contributions | - | 12,329 | 12,379 | 13,353 | 14,807 | 14,549 | 13,973 | 16,538 | 15,777 | 16,531 |
| Capital Grants and Contributions | - | 383 | 674 | 877 | 3,597 | 1,580 | 4,146 | 934 | 1,236 | 1,398 |
| Total Governmental Activities Program Revenues | - | 24,725 | 26,193 | 28,084 | 32,501 | 31,344 | 34,767 | 33,457 | 33,715 | 35,590 |

| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|-------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Business-Type Activities: | | | | | | | | | | |
| Charges for Services: | | | | | | | | | | |
| Delinquent Revolving Tax | \$ - | \$ 446 | \$ 454 | \$ 442 | \$ 570 | \$ 897 | \$ 995 | \$ 1,415 | \$ 1,226 | \$ 1,272 |
| Airport Commission | - | 194 | 173 | 168 | 298 | 197 | 74 | 150 | 130 | 124 |
| Sheriff Concession | - | 112 | 104 | 145 | 151 | 357 | 361 | 389 | 400 | 408 |
| 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 | 3,996 |
| Operating Grants and Contributions | - | 76 | 80 | 342 | 403 | 133 | 143 | 134 | 168 | 84 |
| Capital Grants and Contributions | - | 60 | 894 | 26 | 702 | 342 | 46 | - | 122 | 5,576 |
| Total Business-Type Activities Program Revenues | - | 5,216 | 8,189 | 6,305 | 7,254 | 6,426 | 6,617 | 6,502 | 5,836 | 11,460 |
| Total Primary Government Program Revenues | \$ - | \$ 29,941 | \$ 34,382 | \$ 34,389 | \$ 39,755 | \$ 37,770 | \$ 41,384 | \$ 39,959 | \$ 39,551 | \$ 47,050 |
| Net (expense)/revenue | | | | | | | | | | |
| Governmental Activities | \$ - | \$ (39,366) | \$ (41,926) | \$ (41,691) | \$ (42,185) | \$ (48,480) | \$ (49,987) | \$ (58,271) | \$ (57,424) | \$ (55,213) |
| Business-Type Activities | - | (423) | 4,933 | 858 | 1,392 | (173) | 919 | 389 | (212) | 4,685 |
| Total Primary Government Net Expense | \$ - | \$ (39,789) | \$ (36,993) | \$ (40,833) | \$ (40,793) | \$ (48,653) | \$ (49,068) | \$ (57,882) | \$ (57,636) | \$ (50,528) |
| 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 | \$ 44,677 |
| Unrestricted Grants and Contributions | - | 4,231 | 3,809 | 1,331 | 378 | 393 | 46 | 386 | 387 | 382 |
| Unrestricted Investment Income | - | 1,423 | 876 | 871 | 2,026 | 3,119 | 3,626 | 1,880 | 509 | 414 |
| Interest and Penalties on Delinquent Taxes | - | - | 3 | 9 | 21 | 29 | 17 | 21 | 2 | 28 |
| 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 | 2,934 |
| 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 | 48,435 |
| Business-Type Activities | | | | | | | | | | |
| Unrestricted Investment Income | - | 553 | 352 | 379 | 728 | 1,819 | 1,137 | 551 | 20 | 84 |
| Interest and Penalties on Delinquent Taxes | - | 903 | 891 | 887 | 856 | - | 1,110 | 1,455 | 2,116 | 2,052 |
| 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) | (2,934) |
| Special Item – Return of contribution | - | - | - | - | - | - | - | - | - | 420 |
| Total Business-Type Activities | - | 1,600 | 2,489 | (3,005) | (5,709) | (1,170) | (772) | (1,773) | (498) | (378) |
| Total Primary Government | \$ - | \$ 40,823 | \$ 41,755 | \$ 50,731 | \$ 53,629 | \$ 57,997 | \$ 52,290 | \$ 46,730 | \$ 50,234 | \$ 48,057 |
| Change in Net Assets | | | | | | | | | | |
| Governmental Activities | \$ - | \$ (143) | \$ (2,660) | \$ 12,045 | \$ 17,153 | \$ 10,687 | \$ 3,075 | \$ (9,768) | \$ (6,692) | \$ (6,778) |
| Business-Type Activities | - | 1,177 | 7,422 | (2,147) | (4,317) | (1,343) | 147 | (1,384) | (710) | 4,307 |
| Total Primary Government | \$ - | \$ 1,034 | \$ 4,762 | \$ 9,898 | \$ 12,836 | \$ 9,344 | \$ 3,222 | \$ (11,152) | \$ (7,402) | \$ (2,471) |

(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)**

| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| General Fund | | | | | | | | | | |
| Reserved | \$ 90 | \$ 94 | \$ 92 | \$ 92 | \$ 92 | \$ 92 | \$ 65 | \$ 66 | \$ 2,785 | \$ 3,055 |
| Unreserved | 11,378 | 8,714 | 8,333 | 8,693 | 7,880 | 7,842 | 8,082 | 8,406 | 5,919 | 5,894 |
| Total General Fund | <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> | <u>\$ 8,949</u> |
| All other Governmental Funds | | | | | | | | | | |
| Reserved | \$ 184 | \$ 515 | \$ 25,182 | \$ 3,397 | \$ 644 | \$ 715 | \$ 8,440 | \$ 2,309 | \$ 5,961 | \$ 3,267 |
| Unreserved, reported in: | | | | | | | | | | |
| Special Revenue Funds | 16,076 | 14,325 | 12,335 | 20,870 | 26,818 | 31,284 | 33,936 | 29,311 | 26,301 | 25,100 |
| Debt Service Funds | - | 4,000 | 3,492 | 1,598 | 135 | 418 | - | - | - | - |
| Capital Project Funds | 8 | - | - | - | - | - | - | - | - | - |
| Total all other Governmental Funds | <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> | <u>\$ 28,367</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>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> |
|--|-----------------|-------------------|------------------|--------------------|----------------|
| Revenues: | | | | | |
| Taxes | \$ 31,801 | \$ 33,566 | \$ 35,883 | \$ 47,233 | \$ 49,609 |
| Licenses and Permits | 653 | 767 | 589 | 669 | 536 |
| Intergovernmental | 17,253 | 17,093 | 16,810 | 15,135 | 19,473 |
| Charges for Services | 6,945 | 8,036 | 9,128 | 8,912 | 7,835 |
| Fines and Forfeits | 1,701 | 1,660 | 1,744 | 1,808 | 1,534 |
| Interest and Rent | 3,749 | 2,210 | 1,968 | 1,937 | 2,908 |
| Other | 878 | 749 | 713 | 1,854 | 2,149 |
| Total Revenues | <u>62,980</u> | <u>64,081</u> | <u>66,835</u> | <u>77,548</u> | <u>84,044</u> |
| Expenditures: | | | | | |
| Legislative | 609 | 1,198 | 683 | 1,151 | 1,016 |
| Judicial | 9,385 | 9,756 | 10,338 | 10,649 | 11,289 |
| General Government | 8,708 | 10,110 | 10,827 | 11,946 | 12,828 |
| Public Safety | 13,930 | 13,840 | 15,055 | 18,250 | 20,463 |
| Public Works | 270 | 1,339 | 980 | 828 | 628 |
| Health and Welfare | 13,621 | 17,404 | 18,952 | 18,390 | 19,327 |
| Community and Economic Development | - | - | - | - | - |
| Recreation and Cultural | 4,140 | 4,396 | 4,364 | 6,052 | 9,810 |
| Other Activities | 1,100 | 1,200 | 1,002 | 800 | 800 |
| Capital Outlay | 9,304 | 8,326 | 10,899 | 26,173 | 11,528 |
| Debt Service | | | | | |
| Principal | 263 | 363 | 3,363 | 920 | 1,008 |
| Interest/Issuance Costs | 721 | 602 | 1,274 | 1,777 | 1,751 |
| Total Expenditures | <u>62,051</u> | <u>68,534</u> | <u>77,737</u> | <u>96,936</u> | <u>90,448</u> |
| Revenues over (under) expenditures | <u>929</u> | <u>(4,453)</u> | <u>(10,902)</u> | <u>(19,388)</u> | <u>(6,404)</u> |
| Other Financing Sources (Uses): | | | | | |
| Transfers In | 9,916 | 23,402 | 11,218 | 16,150 | 19,672 |
| Transfers Out | (9,683) | (23,462) | (12,464) | (11,878) | (12,348) |
| 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>233</u> | <u>2,995</u> | <u>32,689</u> | <u>4,188</u> | <u>7,324</u> |
| Special Item - Tribunal Settlement | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net Change in Fund Balances | <u>\$ 1,162</u> | <u>\$ (1,458)</u> | <u>\$ 21,787</u> | <u>\$ (15,200)</u> | <u>\$ 920</u> |
| Debt Service as a Percentage of Noncapital Expenditures | <u>1.74%</u> | <u>1.55%</u> | <u>6.86%</u> | <u>4.05%</u> | <u>3.64%</u> |

SCHEDULE 4

| 2006 | 2007 | 2008 | 2009 | 2010 |
|-----------------|------------------|--------------------|----------------|-------------------|
| \$ 52,700 | \$ 46,969 | \$ 46,539 | \$ 47,172 | \$ 44,746 |
| 737 | 746 | 780 | 776 | 792 |
| 18,872 | 22,015 | 17,749 | 18,386 | 18,806 |
| 7,742 | 8,059 | 9,671 | 10,705 | 11,707 |
| 1,417 | 1,431 | 1,280 | 1,243 | 1,102 |
| 4,162 | 4,683 | 2,750 | 1,350 | 1,390 |
| 2,157 | 1,834 | 3,299 | 2,524 | 2,957 |
| <u>87,787</u> | <u>85,737</u> | <u>82,068</u> | <u>82,156</u> | <u>81,500</u> |
| 1,362 | 788 | 625 | 582 | 845 |
| 12,088 | 12,083 | 11,715 | 11,730 | 11,144 |
| 13,448 | 13,329 | 13,569 | 12,689 | 11,903 |
| 20,401 | 21,573 | 21,666 | 23,485 | 24,297 |
| 755 | 68 | 677 | 1,521 | 2,340 |
| 20,436 | 22,596 | 22,354 | 20,597 | 20,909 |
| 633 | 630 | 640 | 831 | 678 |
| 8,603 | 10,232 | 8,474 | 9,784 | 8,044 |
| 650 | 802 | 450 | 700 | 1,157 |
| 4,724 | 6,646 | 8,076 | 1,804 | 3,950 |
| 1,208 | 1,327 | 1,634 | 1,840 | 2,014 |
| 1,708 | 1,959 | 2,242 | 2,220 | 2,289 |
| <u>86,016</u> | <u>92,033</u> | <u>92,122</u> | <u>87,783</u> | <u>89,570</u> |
| <u>1,771</u> | <u>(6,296)</u> | <u>(10,054)</u> | <u>(5,627)</u> | <u>(8,070)</u> |
| 16,775 | 18,268 | 21,805 | 20,163 | 16,662 |
| (13,787) | (15,790) | (18,026) | (17,529) | (13,728) |
| 23 | 13,990 | - | 3,867 | 1,486 |
| - | - | - | - | - |
| - | - | - | - | - |
| <u>3,011</u> | <u>16,468</u> | <u>3,779</u> | <u>6,501</u> | <u>4,420</u> |
| - | - | (4,157) | - | - |
| <u>\$ 4,782</u> | <u>\$ 10,172</u> | <u>\$ (10,432)</u> | <u>\$ 874</u> | <u>\$ (3,650)</u> |
| <u>3.74%</u> | <u>3.86%</u> | <u>4.35%</u> | <u>4.88%</u> | <u>5.06%</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 | | | | | |
| 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% |
| 2010 | 3,971,598,924 | 703,012,594 | 749,672,675 | 469,173,055 | 578,004,195 | 6,471,461,443 | 7.3022 | 13,015,713,760 | 49.72% |

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 | | | | |
| 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 | 3.43 | 28.90 | 59.13 |
| 2010 | 2.36 | 15.34 | 5.33 | 0.50 | 0.28 | 0.70 | 0.50 | 1.89 | 3.43 | 29.48 | 59.81 |

** 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

| | | 2010 | | | 2001 | | |
|---------------------------------|-------------------------------|-----------------------|------|---------------|-----------------------|------|---------------|
| | | Taxable | Rank | Percentage | Taxable | Rank | Percentage |
| | | Valuation | | of Total | Valuation | | of Total |
| | | | | Taxable Value | | | Taxable Value |
| Detroit Edison | Electrical Utility | \$ 28,592,666 | 1 | 0.44% | \$ 792,727,787 | 1 | 17.49% |
| Marysville Ethanol | Gas Production | 25,608,000 | 2 | 0.39% | N/A | - | N/A |
| Chrysler LLC | Automotive Parts | 14,252,900 | 3 | 0.22% | N/A | - | N/A |
| MI Dept. of Natural Resources | Natural Resource Preservation | 12,289,770 | 4 | 0.19% | N/A | - | N/A |
| Keihin Manufacturing | Automotive Parts | 6,746,608 | 5 | 0.10% | N/A | - | N/A |
| SMW Automotive | Automotive Parts | 6,176,000 | 6 | 0.09% | N/A | - | N/A |
| Schefnacker Vision | Automotive Parts | 3,623,700 | 7 | 0.06% | N/A | - | N/A |
| ALD Thermal Treatment | Heat Treating Services | 3,071,000 | 8 | 0.05% | N/A | - | N/A |
| Domtar Industries | Paper Production | 2,808,400 | 9 | 0.04% | N/A | - | N/A |
| Fagerdala | Foam Production | 2,692,700 | 10 | 0.04% | N/A | - | N/A |
| HP Pelzer Automotive | Automotive Parts | 2,434,700 | 11 | N/A | N/A | - | N/A |
| SEMCO Energy & Affiliates | Gas Storage | N/A | - | N/A | 30,554,870 | 2 | 0.67% |
| Consumers Energy Company | | N/A | - | N/A | 25,254,657 | 3 | 0.56% |
| E.B. Eddy Paper Company | | N/A | - | N/A | 22,894,300 | 4 | 0.51% |
| Michigan Consolidated Gas Co. | | N/A | - | N/A | 21,550,396 | 5 | 0.48% |
| American Natural Resources | | N/A | - | N/A | 20,723,319 | 6 | 0.46% |
| Mueller Brass Company | | N/A | - | N/A | 20,286,495 | 7 | 0.45% |
| Great Lakes Gas Transmission | | N/A | - | N/A | 13,251,754 | 8 | 0.29% |
| Huntsman Polypropylene Corp. | | N/A | - | N/A | 13,313,054 | 9 | 0.29% |
| Birchwood Mall Ltd. Partnership | | N/A | - | N/A | 12,392,488 | 10 | 0.27% |
| | | <u>\$ 108,296,444</u> | | 1.62% | <u>\$ 972,949,120</u> | | 21.47% |

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> |
|-------------|-----------------------|---|-------------------------------------|--|------------------------------|--|--|---|
| 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% |
| 2010 | 43,598,158 | 40,993,146 | 94.0% | 2,379,194 | 43,372,340 | 99.5% | 225,818 | 0.5% |

** 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 | General Obligation Bonds | Closure & Post-Closure Costs | Capital Leases | | | |
| 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 | 1.09% | 343.27 |
| 2007 | 54,315,000 | 414,379 | 6,551 | - | 15,122,032 | 121,751 | 69,979,713 | 1.31% | 426.10 |
| 2008 | 52,775,000 | 772,882 | - | - | 8,769,616 | 40,584 | 62,358,082 | 1.15% | 379.69 |
| 2009 | 54,060,000 | 1,514,539 | - | - | 8,481,786 | - | 64,056,325 | 1.21% | 390.03 |
| 2009 | 52,185,000 | 2,862,168 | - | 4,830,496 | 8,953,221 | - | 68,830,885 | 1.30% | 422.17 |

Note: Details regarding the county's outstanding debt can be found in the notes to the financial statements.

ST. CLAIR COUNTY, MICHIGAN

SCHEDULE 10

**RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS - UNAUDITED**

| <u>Fiscal Year</u> | <u>Population *</u> | <u>Assessed Value (000)</u> | <u>Gross Bonded Debt</u> | <u>Less: Amounts Available in Debt Service Funds</u> | <u>Less: Self-Supporting Debt **</u> | <u>Total</u> | <u>Ratio of Net Bonded Debt to Assessed Value</u> | <u>Per Capita</u> |
|--------------------|---------------------|-----------------------------|--------------------------|--|--------------------------------------|--------------|---|-------------------|
| 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 |
| 2010 | 163,040 | 6,471,461 | 83,577,123 | 883,296 | 24,476,627 | 58,217,200 | 0.90 | 357.07 |

* 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, 2010 - UNAUDITED

Direct Debt:

| | | | |
|--|----|--------------------|---|
| Building Authority | \$ | 7,335,000 | |
| Jail Construction - General Obligation Bonds | | 28,850,000 | |
| Communication System - General Obligation Bonds | | 3,175,000 | |
| Comm. Mental Health - General Obligation Bonds | | 9,925,000 | |
| Communication System - General Obligation Bonds | | 2,900,000 | |
| Landfill Leachate System – General Obligation Bonds | | 4,830,496 | |
| Community Mental Health Loans | | 1,164,608 | |
| Water and Sewer Systems - General Obligation Bonds and Loans | | 29,352,554 | * |
| Michigan Transportation Fund Bonds | | 2,085,000 | |
| Michigan Transportation Fund Notes | | 250,000 | |
| Land Bank Authority Notes | | 40,900 | |
| Drain Bonds | | 8,341,627 | * |
| Drain Revolving Loan | | 4,319,000 | * |
| Drain Notes | | 5,344,347 | |
| | | <u>107,913,532</u> | |
| Less: Self-Supporting Debt * | | <u>42,013,181</u> | |
| Net Direct Debt | | 65,900,351 | |

Overlapping Debt:

| | | |
|------------------------------|--------------------|--|
| Cities | 93,700,939 | |
| Townships | 32,950,225 | |
| Villages | 662,678 | |
| School Districts | 259,242,344 | |
| Intermediate School District | 4,650,375 | |
| Community College | 3,750,119 | |
| | <u>394,956,680</u> | |

Net Direct and Overlapping Debt \$ 460,857,031

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 |
|----------------|-------------|--|----------------------|
| 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 |
| 2010 | 647,034,586 | 107,913,532 | 539,121,054 |

Legal Debt Margin Calculation for Fiscal Year 2010

| | |
|---|-------------------------|
| State Equalized Value | <u>\$ 6,470,345,856</u> |
| Legal Debt Limit (10% of State Equalized Value) | \$ 647,034,586 |
| Less: Total Long-Term Debt | <u>107,913,532</u> |
| Legal Debt Margin | <u>\$ 539,121,054</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> |
|--------------------|---------------------|---------------------|------------------------------|-----------------------------|-------------------------------------|-------------------------------|
| 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 | 5,171,399 | 30,845 | 27,692 | 8.4 |
| 2007 | 174,954 | 164,235 | 5,358,337 | 30,942 | 26,890 | 9.1 |
| 2008 | 171,017 | 164,235 | 5,419,462 | 31,956 | 26,132 | 10.4 |
| 2009 | 166,842 | 164,235 | 5,290,584 | 31,574 | 25,477 | 17.5 |
| 2010 | 163,040 | 163,040 | 5,290,584 | 31,574 | 25,005 | 14.9 |

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**

| Employer | Product/Service | 2010 | | | 2001 | | |
|----------------------------------|--------------------------|--------------|------|---------------------------------------|--------------|------|---------------------------------------|
| | | Employees | Rank | Percentage of Total County Employment | Employees | Rank | Percentage of Total County Employment |
| Port Huron Hospital | Health Care Services | 1,541 | 1 | 1.80% | 1,150 | 1 | 2.03% |
| Port Huron School District | Public Education | 1,230 | 2 | 1.43% | N/A | N/A | N/A |
| St. Clair County | Municipal Government | 1,059 | 3 | 1.23% | 1,011 | 3 | 1.79% |
| DTE Energy | Public Utility | 915 | 4 | 1.07% | 920 | 4 | 1.63% |
| Mercy Hospital | Health Care Services | 880 | 5 | 1.03% | 900 | 5 | 1.59% |
| Meijer | Grocery/Retail | 650 | 6 | 0.76% | N/A | N/A | N/A |
| SEMCO Energy | Public Utility | 600 | 7 | 0.70% | N/A | N/A | N/A |
| East China Public Schools | Public Education | 600 | 8 | 0.70% | N/A | N/A | N/A |
| AT&T | Public Utility | 500 | 9 | 0.58% | N/A | N/A | N/A |
| St. John River District Hospital | Health Care Services | 450 | 10 | 0.52% | 425 | 9 | 0.75% |
| Mueller Brass Company | Metal Forgings | 350 | 13 | 0.41% | 430 | 7 | 0.76% |
| Cargill Salt | Salt, Condiments | 230 | 21 | 0.27% | 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>9,005</u> | | <u>10.50%</u> | <u>7,526</u> | | <u>13.31%</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, | | | | | | | | | |
|---|---|------|------|------|------|------|------|------|------|------|
| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
| Legislative | | | | | | | | | | |
| Board of Commissioners | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Judicial | | | | | | | | | | |
| Circuit Court | 16 | 16 | 15 | 13 | 14 | 14 | 14 | 13 | 13 | 13 |
| District Court | 21 | 26 | 25 | 27 | 29 | 28 | 28 | 30 | 30 | 27 |
| Courthouse Security | 5 | 6 | 6 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Friend of the Court | 37 | 38 | 38 | 33 | 40 | 41 | 40 | 40 | 40 | 40 |
| Probate Court - Adult | 8 | 10 | 9 | 9 | 7 | 10 | 10 | 9 | 9 | 9 |
| Probate Court - Juvenile | 22 | 23 | 24 | 27 | 28 | 23 | 23 | 23 | 23 | 21 |
| Probation - Adult | 5 | 5 | 5 | 6 | 7 | 8 | 8 | 8 | 8 | 8 |
| General Government | | | | | | | | | | |
| Administrator/Controller | 3 | 4 | 4 | 5 | 4 | 4 | 4 | 3 | 3 | 3 |
| Elections | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Accounting | 4 | 6 | 6 | 5 | 5 | 5 | 4 | 4 | 4 | 4 |
| Purchasing | 0 | 0 | 0 | 0 | 0 | 2 | 3 | 3 | 2 | 2 |
| Clerk | 16 | 16 | 14 | 11 | 11 | 11 | 11 | 11 | 11 | 10 |
| Equalization | 7 | 7 | 7 | 7 | 9 | 11 | 11 | 11 | 11 | 10 |
| Human Resources | 6 | 7 | 7 | 8 | 8 | 8 | 5 | 6 | 6 | 6 |
| Staff Resource Pool | 5 | 5 | 6 | 6 | 6 | 0 | 0 | 0 | 0 | 0 |
| Prosecuting Attorney | 26 | 26 | 26 | 26 | 26 | 26 | 26 | 25 | 25 | 24 |
| Register of Deeds | 6 | 5 | 6 | 6 | 6 | 6 | 6 | 4 | 4 | 3 |
| Lands and Graphics/Property Description | 4 | 5 | 5 | 5 | 0 | 0 | 0 | 0 | 0 | 0 |
| Treasurer | 8 | 8 | 7 | 7 | 7 | 8 | 8 | 7 | 7 | 7 |
| Cooperative Extension | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 4 | 4 | 3 |
| Information Technology | 4 | 4 | 6 | 11 | 11 | 16 | 16 | 14 | 14 | 13 |
| Buildings and Grounds | 32 | 31 | 30 | 27 | 27 | 25 | 27 | 23 | 23 | 21 |
| Drain Commissioner | 4 | 6 | 7 | 8 | 9 | 9 | 9 | 8 | 8 | 8 |
| Public Safety | | | | | | | | | | |
| Sheriff Department | 65 | 70 | 73 | 78 | 80 | 85 | 86 | 76 | 76 | 77 |
| Communications | 11 | 12 | 14 | 15 | 15 | 15 | 15 | 23 | 23 | 23 |
| Marine Patrol | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Jail | 45 | 49 | 50 | 55 | 94 | 94 | 94 | 97 | 97 | 96 |
| Emergency Services | 2 | 2 | 3 | 3 | 4 | 5 | 5 | 4 | 4 | 3 |
| Animal Control | 4 | 4 | 5 | 5 | 5 | 4 | 4 | 3 | 3 | 1 |
| Metropolitan Planning | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |

| Function | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2009 |
|------------------------|------|------|------|------|------|------|------|------|------|------|
| Health and Welfare | | | | | | | | | | |
| Medical Examiner | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 1 | 1 | 1 |
| Veterans Counselor | 2 | 3 | 3 | 3 | 3 | 4 | 4 | 3 | 2 | 2 |
| Public Guardian | 3 | 3 | 3 | 3 | 3 | 4 | 3 | 3 | 3 | 3 |
| Health Department | 84 | 86 | 85 | 93 | 93 | 93 | 93 | 79 | 79 | 79 |
| Child Care | 30 | 31 | 24 | 27 | 34 | 45 | 47 | 50 | 50 | 48 |
| Recreation and Culture | | | | | | | | | | |
| Parks and Recreation | 5 | 6 | 7 | 7 | 7 | 7 | 7 | 9 | 9 | 9 |
| Library | 29 | 33 | 39 | 38 | 35 | 37 | 37 | 37 | 37 | 37 |
| Proprietary Activities | | | | | | | | | | |
| Landfill | 2 | 2 | 2 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Airport | 2 | 3 | 3 | 4 | 4 | 3 | 3 | 2 | 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 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|----------------------------------|--------|--------|---------|---------|---------|---------|---------|---------|---------|---------|
| Judicial | | | | | | | | | | |
| Circuit Court Cases Filed | (1) | 4,464 | 4,645 | 4,487 | 4,232 | 4,337 | 4,359 | 4,293 | 4,138 | 3,793 |
| Circuit Court Cases Dispositions | (1) | 4,527 | 4,643 | 4,952 | 4,423 | 4,327 | 4,647 | 4,429 | 4,295 | 3,952 |
| General Government | | | | | | | | | | |
| Marriage licenses | 1,246 | 1,172 | 1,121 | 1,080 | 1,108 | 1,124 | 945 | 946 | 880 | 842 |
| Births Certificates | 1,917 | 1,847 | 1,912 | 1,948 | 1,891 | 1,860 | 1,798 | 1,746 | 1,705 | 1,536 |
| Divorces Recorded | 767 | 763 | 711 | 705 | 635 | 687 | 625 | 638 | 621 | 715 |
| Death Certificates | 1,411 | 1,599 | 1,490 | 1,420 | 1,454 | 1,445 | 1,487 | 1,535 | 1,517 | 1,569 |
| Public Safety | | | | | | | | | | |
| Inmate bookings | 5,776 | 6,049 | 6,034 | 5,789 | 5,652 | 5,960 | 6,052 | 6,165 | 5,908 | 5,789 |
| Dispatch Calls | 41,210 | 41,420 | 41,119 | 47,961 | 56,061 | 58,623 | 66,814 | 88,680 | 106,349 | 109,642 |
| Dog Licenses Issued | 23,827 | 23,127 | 23,525 | 23,267 | 23,550 | 24,996 | 26,000 | 24,198 | 22,196 | 22,389 |
| Airport | | | | | | | | | | |
| Take-offs and Landings (2) | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 30,000 | 36,000 | 27,000 | 20,000 |
| Landfill | | | | | | | | | | |
| Tons of Waste Collected | (3) | 33,548 | 390,266 | 268,059 | 241,074 | 207,483 | 245,662 | 219,362 | 190,680 | 188,541 |

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 are 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 | | | | | | | | | |
|-----------------------|-------------|------|------|------|------|------|------|------|------|------|
| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
| 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 | 8 | 8 | 8 | 10 | 11 | 11 | 12 | 11 | 11 | 10 |
| Public Safety | | | | | | | | | | |
| Buildings | 3 | 3 | 3 | 4 | 5 | 5 | 5 | 5 | 5 | 5 |
| Jail Beds Available | 170 | 170 | 170 | 170 | 400 | 400 | 400 | 450 | 450 | 450 |
| Vehicles | | | | | | | | | | |
| Patrol | 48 | 47 | 58 | 54 | 50 | 49 | 47 | 44 | 46 | 45 |
| Other | 19 | 16 | 15 | 16 | 19 | 20 | 20 | 19 | 20 | 22 |
| Health & Welfare | | | | | | | | | | |
| Buildings | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 3 |
| Vehicles | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 5 | 5 | 6 |
| Recreation & Cultural | | | | | | | | | | |
| Buildings | 36 | 36 | 36 | 36 | 36 | 37 | 37 | 37 | 37 | 37 |
| Vehicles | 4 | 5 | 6 | 6 | 6 | 8 | 8 | 8 | 9 | 10 |
| Park Acreage | 121 | 121 | 121 | 121 | 137 | 232 | 523 | 559 | 559 | 559 |
| Airport | | | | | | | | | | |
| Buildings | 6 | 6 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Vehicles | 2 | 2 | 2 | 2 | 2 | 3 | 2 | 2 | 2 | 2 |
| Landfill | | | | | | | | | | |
| Buildings | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Vehicles | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 1 |

Source: Accounting Department