



COMPREHENSIVE ANNUAL FINANCIAL REPORT

ST. CLAIR COUNTY, MICHIGAN

FOR THE YEAR ENDED DECEMBER 31, 2015

Current members of the
BOARD OF COMMISSIONERS

Jeffrey L. Bohm, Chairperson
Bill Gratopp, Vice Chairperson
Howard T. Heidemann
Greg McConnell
Duke Dunn
David Rushing
Karl Tomion

Prepared by:
ADMINISTRATOR/CONTROLLER'S OFFICE

Karry Hepting, CPA, Administrator/Controller

ST. CLAIR COUNTY, MICHIGAN

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June 9, 2016

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

State law requires that every general purpose local government publish, within six months of the close of each fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended December 31, 2015.

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

Stewart, Beauvais and Whipple, Certified Public Accountants, have issued an unmodified (“clean”) opinion on St. Clair County’s financial statements for the year ended December 31, 2015. The independent auditor’s report is located at the front of the financial section of this report.

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

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

Profile of St. Clair County

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

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

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

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

The court system consists of the 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.

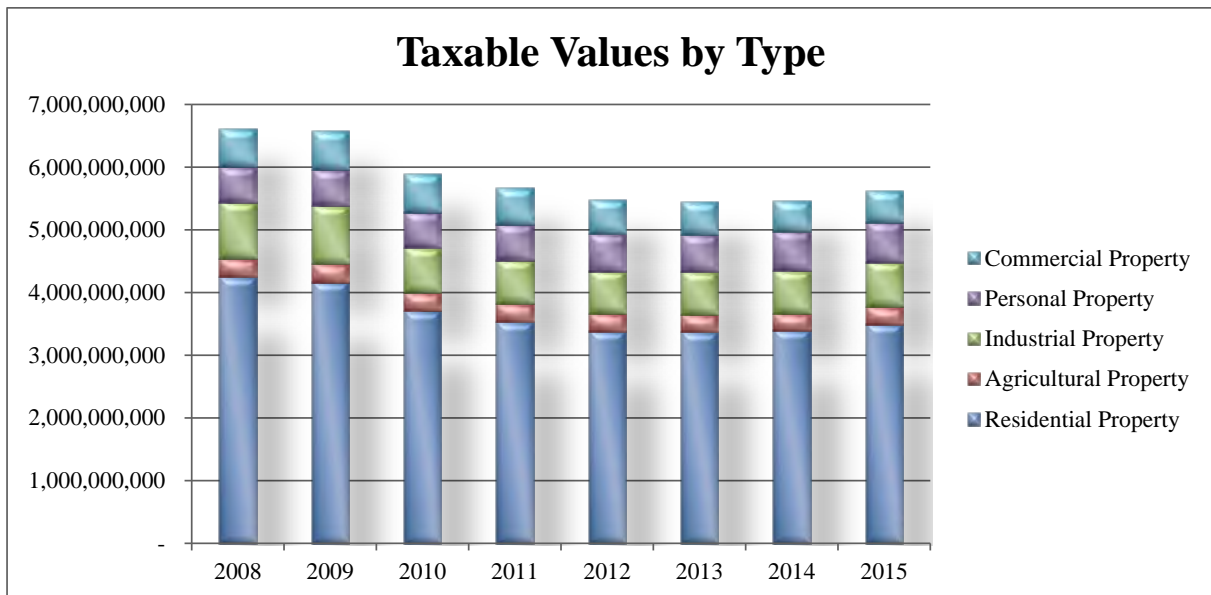
The Board of Commissioners appoints members to the three member Board of Road Commissioners, the three member Department of Public Works Board, the five member Land Bank Authority Board and the twelve member Community Mental Health Authority Board. These boards are governed and controlled by various 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 Comprehensive Annual Financial Report, as required by the Governmental Accounting Standards Board.

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

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

Local Economy

As the State of Michigan's housing market fights to rebound, the County is experiencing a strong housing market and increasing property values. Most of the local units of government in St. Clair County experienced an increase in taxable property values in 2015. The County overall experienced an increase in taxable value of 3% in 2015 from 2014. The upward trend is expected to continue in 2016. The chart below illustrates the changes in taxable values by property type.



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

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

- Amerilodge Group has constructed a Holiday Inn Express at the former Water Street Marina site. The hotel opened in early 2016. Site plans include rehabilitating the boat slips that existed at the former marina.
- St. Clair County Community College is expanding its campus to include a new athletic field house and a new health science wing. The new health science wing will help the college meet the growing demand of students in the medical profession.
- A Western Michigan developer has plans to invest more the \$20 million in two projects in downtown Port Huron. The first is the construction of a City Flats Hotel in the former Michigan National Bank Building located along the Black River. This will be the third Michigan location for City Flats. Construction is expected in the fall of 2016. The second project, which is currently underway is the conversion of another historic downtown Port Huron building into Sperry’s Movie House. The boutique movie theater is slated to open in the fall of 2016 and will include a restaurant with multiple theaters.

- In early 2014 McLaren Health Care purchased Port Huron hospital. Since then McLaren has announced plans for a \$162 million dollar expansion and renovation project. The plan includes upgrades to the existing patient floors with a redesign of most inpatient services. The project also includes a new patient tower with 70 private rooms, a new emergency center, expanded intensive care and numerous upgrades. The most significant part of the project for the region is the addition of a Karmanos Cancer Institute. Construction began in 2015 and is slated to open in the summer of 2016.
- St. Joseph Mercy Hospital became part of Prime Health Services in 2015. Prime Health Services will be making \$20 million dollars in investments to the current facility as part of sale.
- A developer has purchased a decommissioned power plant located on the St. Clair River in Marysville. This 30 acre site will be redeveloped to include a public marina, hotel, condominiums, a riverfront promenade with retail space, office space and a pavilion for special events.
- The historic St. Clair Inn has been purchased by a developer who has plans to expand and restore the current facility.
- Plans are in the final stages to construct a boutique hotel in Marine City. The hotel will offer lodging opportunities for local and international travelers alike to come to Marine City to enjoy the numerous theater and restaurant options.
- SMR Automotive Systems continues to expand and add jobs in the City of Port Huron and the City of Marysville. They are quickly becoming one of the County's largest employers with over 750 employees

Long-term Financial Planning and Major Initiatives

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

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

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

The County has implemented the conversion of our landfill cell space to new technology that may enable it to become a “perpetual landfill”. Using a patented process we inject septage into the new cells at the landfill to promote the aggressive decomposition of refuse. After decomposition the cell will be re-filled with refuse, and the process starts over again. This “bio-reactor” has the potential to ensure landfill space well into the future and the technology developed here will be marketed and sold to other landfills for their use. We have also contracted with a Detroit Edison Company to buy the methane gas created by the advanced decomposition at the landfill to produce electric power. In 2014 the County was granted another research and development permit to construct an additional bioreactor cell. Construction of this cell was completed in spring of 2015. In spring of 2016, the EPA adopted a change in their rules allowing our research development and demonstration project permit to extend our bio-reactor operations from 12 years to 21 years. The County is actively working with legislators to move this process from a research and development project, to a normal accepted method of operation.



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

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

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

program. Students at the school will be able to intern at the convention center, hotel and restaurant as part of their curriculum.

Baker College opened for classes in the fall of 2013. The culinary program continues to expand with the construction of student housing in 2015. The program has been so successful, that Baker is in the process of constructing additional student housing to meet the demands for the fall 2016 semester.



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

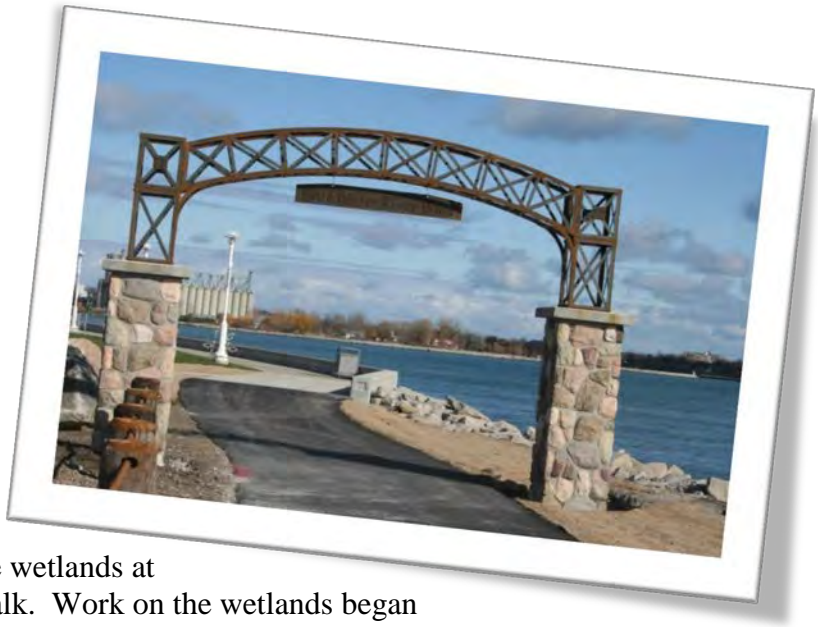
The natural beauty of St. Clair County continues to attract tourists with unique events like offshore power boat races, Port Huron to Mackinaw sail boat races, Blue Water Sturgeon Festival, and various events highlighting our unique water trails. The most notable event is the annual Paddle and Pour. This event started several years ago with only 28 paddlers and has grown to well over 400 participants.



St. Clair County Blueways Island Loop Route, was selected as a National Water Trail by the Department of the Interior in 2014.

This is the first National Water Trail in Michigan, and one of only fourteen in the nation. The trail crosses four different bodies of water and travels along the international border with Canada. This National Water Trail designation along with the County's award winning blueways website is quickly gaining statewide and national attention. The website showcases 16 different paddling routes over 138 miles of water in St. Clair County's blueways, and ties recreational resources to points of interest (including hotels, restaurants, museums and other cultural resources) that are near the route. In total St. Clair County has 16 different unique water trails with six ADA kayak launches. Each of the major rivers in the county has at least one accessible launch. More information can be found at www.bluewaysofstclair.org.

St. Clair County Park and Recreation Commission continues to partner with the Community Foundation to secure grants to make improvements to the Blue Water River Walk. This project includes a pedestrian trail that is part of the bridge to bay trail system, a railroad ferry dock and an outdoor classroom. St. Clair County Parks and Recreation received a one million dollar grant to restore the wetlands at the southern end of the River Walk. Work on the wetlands began in 2014 and was completed in 2015.



Relevant Financial Policies

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

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

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

Awards and Acknowledgements

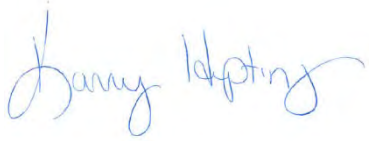
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to St. Clair County for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2014. This was our twenty second time receiving this award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

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

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

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

Respectively submitted,



Karry Hepting, CPA
Administrator/Controller

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

Elected Officials

Board of Commissioners

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

31st Circuit Court

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

72nd District Court

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

Probate Court

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

Other Elected Officials

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

Appointed Official

Karry Hepting	Administrator/Controller
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Government Finance Officers Association

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in Financial
Reporting**

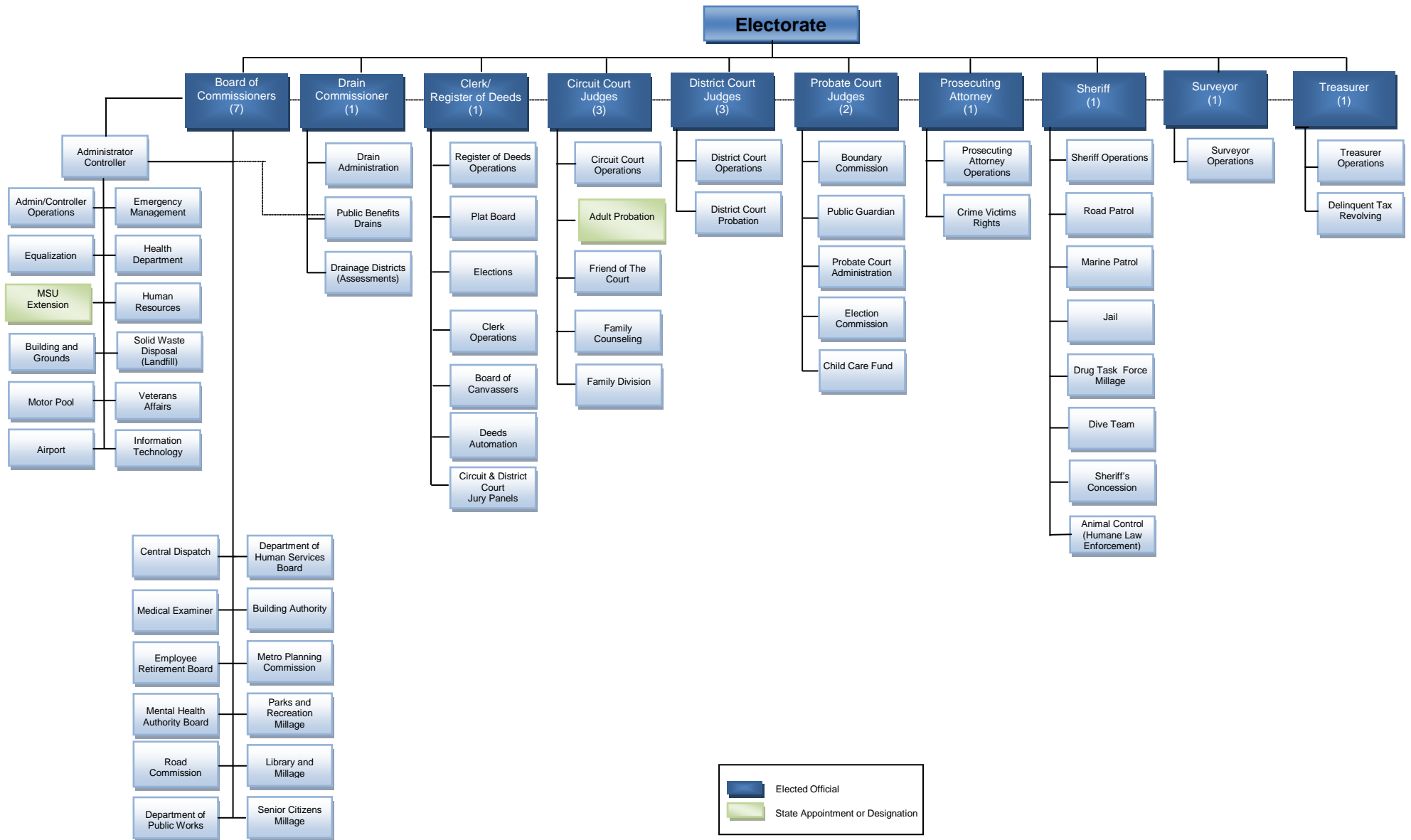
Presented to

**St. Clair County
Michigan**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2014

Executive Director/CEO



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of St. Clair County, Michigan as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of St. Clair County, Michigan, as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Implementation of GASB Statement No. 68 and GASB Statement No. 71

As discussed in Note 19 to the financial statements, the County implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, in the current year. The statements required the County to record their net pension liability in the government-wide and certain proprietary fund and component unit financial statements and enhanced financial reporting of the County's net pension liability and the related note disclosures of the plan. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise St. Clair County, Michigan's basic financial statements. The combining General Fund schedules, combining and individual nonmajor fund statements and schedules, capital assets used in the operation of governmental funds schedules, combining fund financial statements of the Drainage Districts, the introductory section and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 9, 2016 on our consideration of St. Clair County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering St. Clair County's internal control over financial reporting and compliance.


Certified Public Accountants

June 9, 2016

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, 2015. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found preceding this narrative, and the accompanying basic financial statements and footnotes.

Financial Highlights

- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at December 31, 2015, by \$74,604,136 (net position). Net position is either restricted for specific purposes or related to the County's investment in capital assets and is not available for spending.
- The government's total net position decreased by \$3,465,968. Governmental activities decreased by \$2,609,012 while Business-type activities decreased by \$856,956.
- At December 31, 2015, the County's governmental funds reported combined ending fund balances of \$29,573,525, an increase of \$366,707. Approximately 14% of this amount \$4,040,232 is available for spending at the government's discretion (unassigned fund balance).
- Total outstanding long-term debt decreased by \$1,709,706 primarily due to the normal retirement of debt. This decrease was offset by increases in closure/post closure costs and increases to the landfill's state revolving loans.
- The Development Revolving Fund as well as the Budget Incentive Fund are included as sub funds of the Combined General Fund and are reflected on pages 110-111. Government Accounting Standards Board requires any fund that is largely supported by transfers from the General Fund be included as part of the General Fund for reporting purposes.
- In 2015 the Board of Commissioners adopted a balanced budget for the 2016 General Fund.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are made up of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information intended to furnish additional detail to support the basic financial statements themselves.

St. Clair County Management's Discussion and Analysis

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

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

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

The government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) and from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include legislative, judicial, general government, public safety, public works, health and welfare, community and economic development, recreation and culture, and debt service. The business-type activities of the County include the Airport, Sheriff's Concession, Solid Waste Disposal System, School Tax Collections, Homestead Exemption Audits, and the Delinquent Tax Revolving Funds.

The government-wide financial statements include not only the County itself (known as the primary government) but also a legally separate Community Mental Health Authority, a legally separate Land Bank Authority, a legally separate Road Commission, legally separate Drain Commissioner projects, and a legally separate Department of Public Works for which the County is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

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

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

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Governmental funds are reported using the modified accrual method of

St. Clair County Management's Discussion and Analysis

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains 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 Combined General Fund, Parks and Recreation Fund, Library Fund, Senior Citizens Millage Fund, and Mental Health Building Debt Fund, all of which are considered to be major funds. Data for the other 27 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

Proprietary funds. Proprietary funds use the accrual basis of accounting, which is the same basis used by private business. The County maintains two different types of proprietary funds.

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for the activities of the Airport, Solid Waste Disposal System, Delinquent Tax Revolving, Sheriff's Concession, School Tax Collections, and Homestead Exemption Audits funds.

Internal Service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses an internal service fund to account for its various employee benefits and risk programs. Because these services predominately benefit governmental rather than business-type functions, they

St. Clair County
Management's Discussion and Analysis

have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary financial statements provide separate information for the Solid Waste Disposal System and Delinquent Tax Revolving Funds, both of which are considered to be major funds of the County. Individual fund data for the 4 non-major Enterprise Funds is provided in the form of combining statements elsewhere in this report. The County's only Internal Service Fund is presented in the proprietary fund financial statements in the Governmental Activities - Internal Service Fund column.

The basic proprietary fund financial statements can be found on pages 27-31 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The largest of the Fiduciary Funds are the County Basic Retirement System Fund, Other Postemployment Benefits Fund, the Landfill Private-Purpose Trust Fund and the Trust and Agency Fund. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 32-33 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 38-98 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's progress in funding its obligation to provide pension benefits and other post-employment benefits to its employees and the budgetary information for the General Fund and three major governmental funds (Special Revenue Funds). This required supplementary information is found on pages 99-109 of this report.

The combining statements referred to earlier in connection with the Combined General Fund, non-major governmental, enterprise and fiduciary funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 110-136 of this report.

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

Government-wide Financial Analysis

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$74,604,136 at December 31, 2015. This compares to \$78,070,104 (\$86,522,088 less GASB No. 68 adjustment of \$8,451,984) at the close of the prior fiscal year, a decrease of \$3,465,968. This decrease was due primarily to the recording of the net pension liability as required by GASB statement number 68. While GASB 68 requires that the entire net pension liability be recorded as a claim on the County's assets as of the end of the fiscal year, the County funds the pension obligation based on an annual actuarial recommendation in accordance with a sound funding objective of funding benefits as they accrue.

Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2015	2014*	2015	2014*	2015	2014*
Current and Other Assets	59,888,205	62,058,511	41,694,939	41,908,802	101,583,144	103,967,313
Capital Assets,						
Net of Accumulated Depreciation	94,835,252	96,686,501	23,752,700	24,092,075	118,587,952	120,778,576
Total Assets	154,723,457	158,745,012	65,447,639	66,000,877	220,171,096	224,745,889
Total Deferred Outflows of Resources	8,595,191	1,251,973	74,305	-	8,669,496	1,251,973
Current Liabilities	5,253,930	6,941,733	853,514	1,440,589	6,107,444	8,382,322
Other Liabilities	120,529,174	104,950,706	14,201,902	13,149,300	134,731,076	118,100,006
Total Liabilities	125,783,104	111,892,439	15,055,416	14,589,889	140,838,520	126,482,328
Total Deferred Inflows of Resources	13,397,936	12,993,446	-	-	13,397,936	12,993,446
Net Position						
Net Investment in capital assets	54,416,534	54,113,631	16,255,623	17,036,315	70,672,157	71,149,946
Restricted	15,229,773	14,037,316	3,007,984	2,734,991	18,237,757	16,772,307
Unrestricted	(45,508,699)	(33,039,847)	31,202,921	31,639,682	(14,305,778)	(1,400,165)
Total Net Position	24,137,608	35,111,100	50,466,528	51,410,988	74,604,136	86,522,088

* Amounts have not been restated for the implementation of GASB 68 and 71

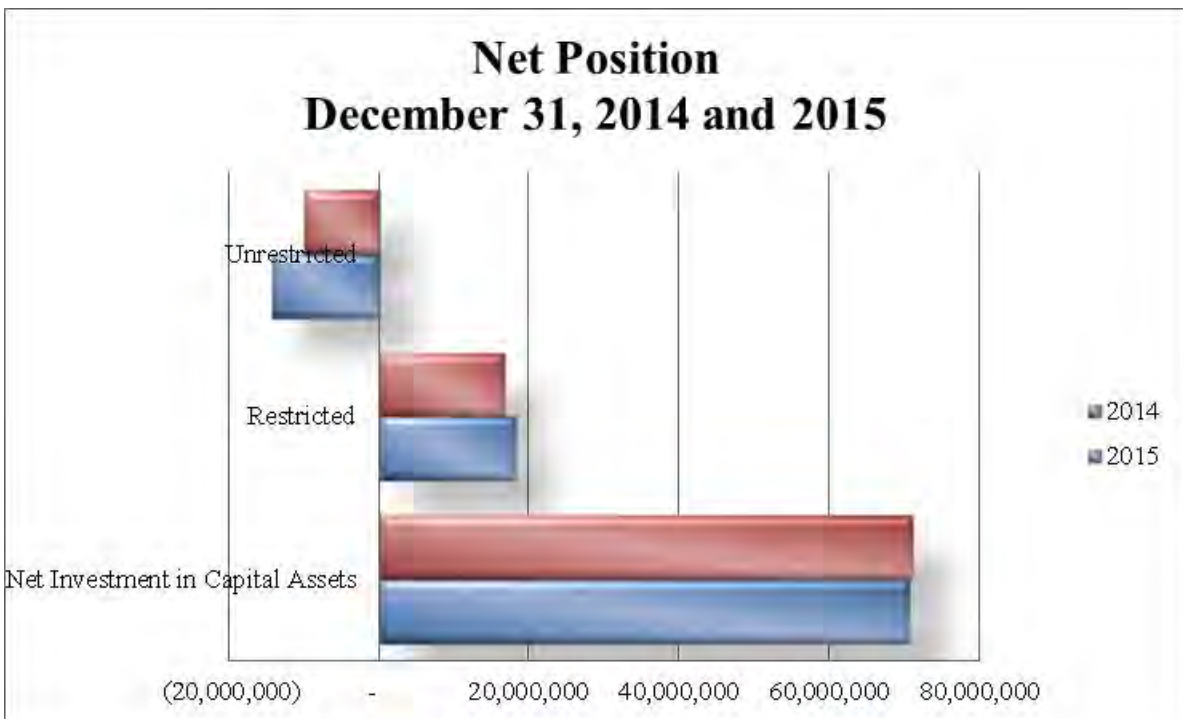
St. Clair County's Net Position

The largest portion of the County's net position (95 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.

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

A portion of the County's net position (24 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position has a deficit balance (-19 percent) and is not available to meet the government's ongoing obligations to citizens and creditors.

The County's net position decreased by \$3,465,968. This decrease was primarily due to the Government Accounting Standards Board Statement Number 45 requiring governments to record their liability for the cost of other post employment benefits (OPEB). In 2015 the County also implemented GASB Statement 68 requiring the county to record our net pension obligation along with the associated pension expense.



Governmental Activities. Governmental activities net position decreased by \$2,609,012. The decrease was primarily due to recording of other post employment benefit expenses and pension expenses mentioned above.

Business-Type Activities. Business-type activities decreased the County's net position by \$856,956. This decrease was due to costs associated with closure and post closure costs along with costs associated post employment benefits.

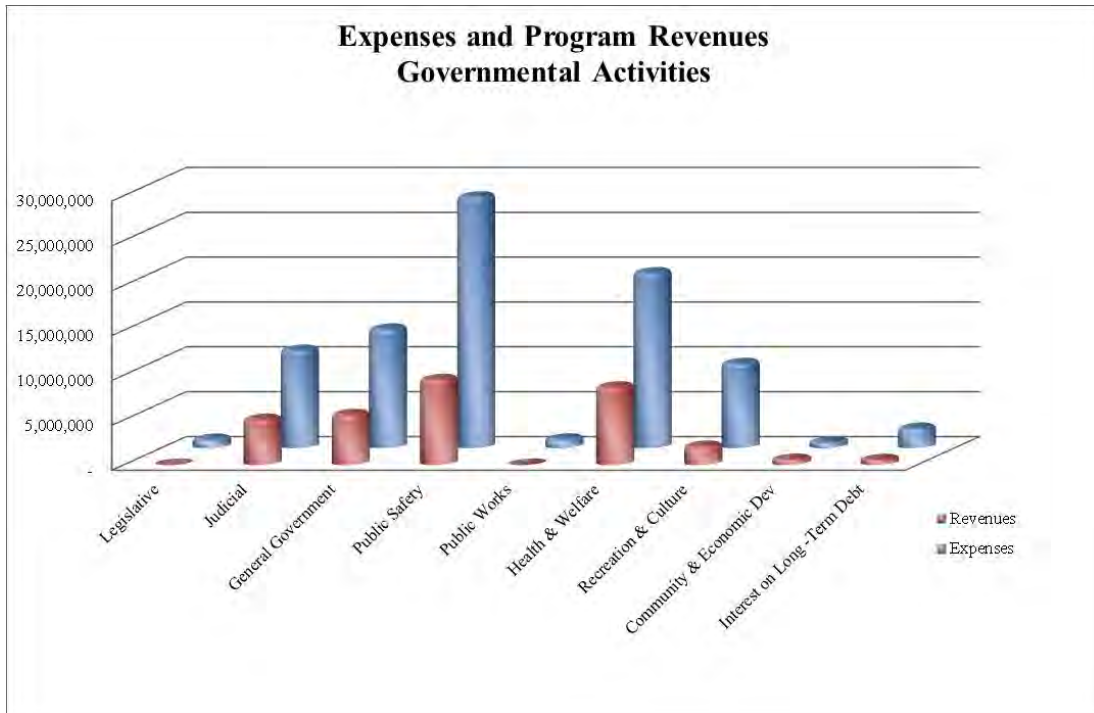
**St. Clair County
Management's Discussion and Analysis**

Changes in Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2015	2014*	2015	2014*	2015	2014*
Revenues:						
Program revenues:						
Charges for services	17,486,940	17,722,502	9,562,041	8,090,226	27,048,981	25,812,728
Operating Grants and Contributions	13,742,258	13,987,462	504,810	137,199	14,247,068	14,124,661
Capital Grants and Contributions	1,292,166	2,131,768	314,444	3,309,480	1,606,610	5,441,248
General revenues:						
Property Taxes	43,235,490	41,954,882	-	-	-	41,954,882
Intergovernmental revenues	4,128,493	3,909,417	-	-	-	3,909,417
Investment earnings	257,110	233,745	48,845	31,906	305,955	265,651
Interest & Penalties on Delinq Taxes	11,358	5,637	1,248,741	1,478,522	1,260,099	1,484,159
Total Revenues	80,153,815	79,945,413	11,678,881	13,047,333	44,468,713	92,992,746
Expenses:						
Legislative	1,025,607	1,652,485	-	-	1,025,607	1,652,485
Judicial	10,953,291	11,302,088	-	-	10,953,291	11,302,088
General Government	13,310,840	13,733,987	-	-	13,310,840	13,733,987
Public Safety	28,042,389	28,361,905	-	-	28,042,389	28,361,905
Public Works	1,045,497	1,111,053	-	-	1,045,497	1,111,053
Health and Welfare	19,589,276	20,135,101	-	-	19,589,276	20,135,101
Recreation and Culture	9,479,007	7,802,467	-	-	9,479,007	7,802,467
Community and Economic Development	705,188	1,015,194	-	-	705,188	1,015,194
Interest on Debt Service	2,259,607	2,064,597	-	-	2,259,607	2,064,597
Delinquent Tax Collections	-	-	412,952	460,546	412,952	460,546
Airport	-	-	1,038,967	1,125,370	1,038,967	1,125,370
Sheriff's Concession	-	-	571,463	620,257	571,463	620,257
School Tax Collections	-	-	12	2	12	2
Homestead Exemption Audits	-	-	458	-	458	-
Solid Waste Disposal	-	-	6,864,110	4,646,609	6,864,110	4,646,609
Total Expenses	86,410,702	87,178,877	8,887,962	6,852,784	95,298,664	94,031,661
Increase (Decrease) in Net Position,						
before transfers	(6,256,887)	(7,233,464)	2,790,919	6,194,549	(3,465,968)	(1,038,915)
Transfers	3,647,875	3,041,925	(3,647,875)	(3,041,925)	-	-
Decrease in Net Position	(2,609,012)	(4,191,539)	(856,956)	3,152,624	(3,465,968)	(1,038,915)
Net Position January 1, as restated	26,746,620	39,302,639	51,323,484	48,258,364	78,070,104	87,561,003
Net Position December 31	24,137,608	35,111,100	50,466,528	51,410,988	74,604,136	86,522,088

* Amounts have not been restated for the implementation of GASB 68 and 71

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

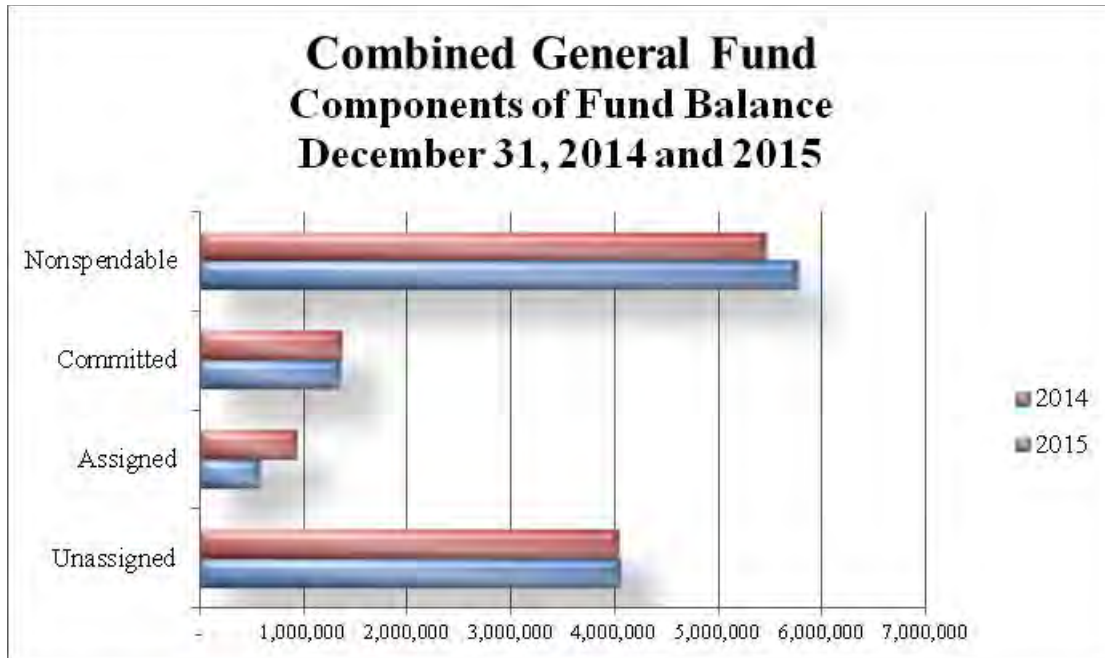


Financial Analysis of Governmental Funds

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

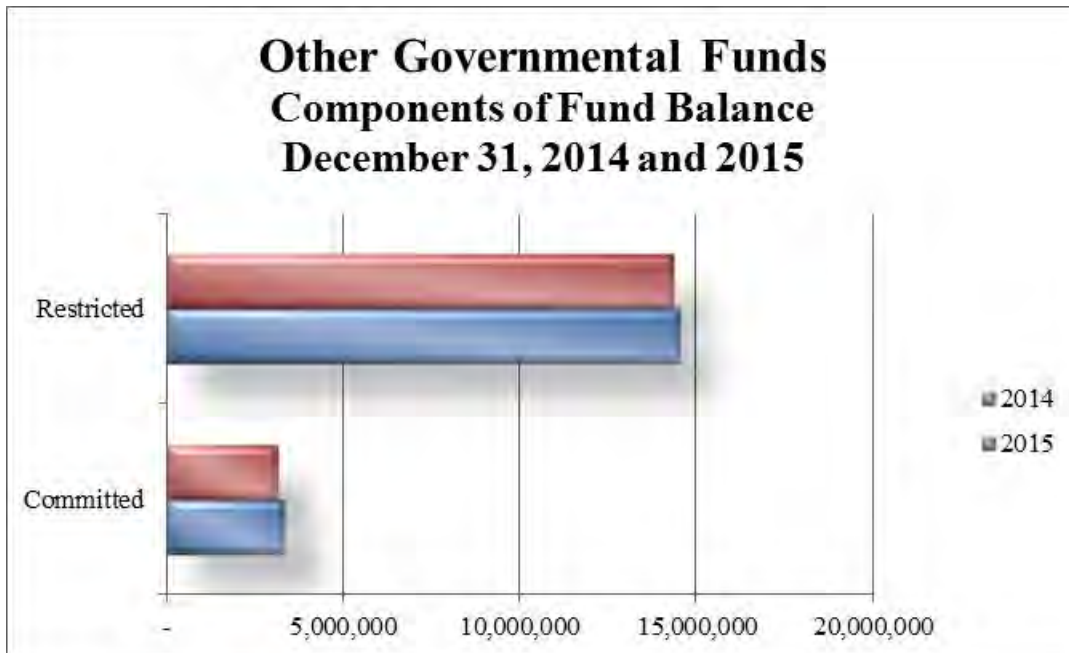
Governmental Funds. The focus of the County’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County’s financing requirements. In particular, assigned and unassigned fund balance may serve as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

At December 31, 2015, the County’s governmental funds reported combined ending fund balances of \$29,573,525, an increase of \$366,707 in comparison to the prior year. Approximately 14% of this fund balance (\$4,040,232) constitutes unassigned fund balance, which is available for spending at the government’s discretion. The remainder of fund balance is either nonspendable, restricted, committed or assigned to indicate that it is 1.) not in spendable form (\$5,765,790), 2.) restricted for particular purposes (\$14,505,989), 3.) committed for particular purposes (\$4,681,664), or 4.) assigned for particular purposes (\$579,850).



The Combined General Fund is the chief operating fund of the County. At December 31, 2015, the Combined General Fund reported an ending fund balance of \$11,738,636. Of that amount \$4,040,232 is unassigned, \$1,352,764 is committed for specific departments future budgets, \$579,850 is assigned for economic development projects, and \$5,765,790 are nonspendable loans to the Drain Commissioner for fund drain projects and a small loan to a component unit as well as prepayments. As a measure of the combined general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 7.2 percent of total combined general fund expenditures and transfers, while total fund balance represents 21 percent of total combined general fund expenditures and transfers.

The Combined General Fund fund balance decreased by \$39,232 during the current fiscal year. The key factor in this decline was the transfer of \$327,611 previously assigned for economic development for the Convention Center Debt Fund and the Convention Center Operating Fund. Offsetting this transfer was an increase to the budgetary General Fund of \$318,588. The increase was due to departments' conservative spending practices.



The second major governmental fund is the special millage Parks and Recreation Fund. At December 31, 2015, Parks and Recreation reported a fund balance of \$2,143,851. Fund balance increased \$195,944 over the prior fiscal year. This increase was due to budgeted park improvements that will not take place until 2017.

The third major governmental fund is the special millage Library Fund. It reported \$2,753,011 in fund balance at December 31, 2015. Fund balance increased \$132,729 over the prior fiscal year. This increase was due to staff turnover resulting in lower personnel costs along with negotiated savings in vendor contracts.

The fourth major governmental fund is the special millage Senior Citizens fund. It reported \$2,758,078 in fund balance at December 31, 2015. This fund increased \$521,534 over the prior year due to a voter approved a millage increase for senior services that took effect in 2013. Several projects are being planned for the use of the additional millage funds.

The last major governmental fund is the Mental Health Building Debt Fund. It reported a fund balance of \$610 at December 31, 2015. 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, 2015.

Net position in the Solid Waste Disposal System at the end of the year amounted to \$16,803,903, of this amount \$12,121,312 is invested in capital assets. Net position decreased \$1,073,152 due to transfers out to other funds.

St. Clair County
Management's Discussion and Analysis

The Delinquent Tax Revolving Fund reported net position of \$28,864,905, a decrease of \$209,139 over the prior year. The earnings in this fund are dedicated to the annual debt payment requirements of the bond secured for the construction of the Jail/Juvenile facility.

General Fund Budgetary Highlights

Original budget compared to final budget. During the year the original budget was amended as needed. The original budget was balanced, while the final amended budget anticipated a gain of \$208,969. Major changes can be summarized as follows:

- Intergovernmental revenues decreased to adjust for various grants received throughout the year.
- Charges for services were decreased for reduced revenues associated with housing federal inmates.
- Other revenues were increased to account for adjustments to cost allocation
- Expenditures were adjusted to account for the expenditure side of grants received.
- Other Legislative Activities was reduced to reflect reduced liability insurance costs due to the receipt of our annual rebate.
- All departments were adjusted to reflect updated employee health insurance costs.

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

- Charges for Services were less than the amended budget by \$127,164 primarily due to reduced collections on court costs in district court.
- Tax revenues were \$184,200 more than the amended budget due to expiring tax abatements and captures.

Amended expenditures and other financing uses differed \$64,506 from actual expenditures and other financing uses. Significant differences between the amended budgets and actual results for expenditures in the departments are as follows:

- Actual transfers out were \$140,442 more than the amended budget mainly due to additional transfers to the child care fund and the public improvement fund.
- Most departments were under their amended budgets due to the budget incentive program mentioned earlier. Many departments had positions that remained vacant throughout the year which contributed to their savings.
- The Sheriff department was over its amended budget by \$190,921 due to employee costs.
- Jail was over its amended budget by \$228,722 due to overtime and inmate medical costs.
- Emergency Preparedness was over its amended budget due to the expenditures associated with a grant received at the end of the year.

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

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, 2015, amounted to \$118,587,952 (net of accumulated depreciation). This investment in capital assets includes land, buildings, land improvements, machinery and equipment, and vehicles. The total decrease in the County's capital assets for the current fiscal year was \$2,190,624.

Capital Assets (net of depreciation)

	Governmental Activities		Business-Type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Land	12,767,323	12,488,040	1,317,858	1,317,858	1,317,858	13,805,898
Buildings and Improvements	66,966,319	61,968,214	6,633,756	6,965,767	6,965,767	68,933,981
Improvements other than Buildings	3,698,889	3,979,564	10,230,625	11,084,854	11,084,854	15,064,418
Equipment and Vehicles	8,403,238	8,840,221	4,085,468	4,220,660	4,220,660	13,060,881
Books	1,898,547	2,048,537	-	-	-	2,048,537
Construction in Progress	1,100,936	7,361,925	1,484,993	502,936	502,936	7,864,861
Total	94,835,252	96,686,501	23,752,700	24,092,075	118,587,952	120,778,576

Major capital asset events during the year included the following:

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

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

Long-term Debt. At December 31, 2015, the County had total debt outstanding of \$72,298,308.

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

Outstanding Debt

	Governmental Activities		Business-Type Activities		Totals	
	2015	2014	2015	2014	2015	2014
General Obligation Bonds	47,480,000	50,935,000	7,497,077	7,055,760	54,977,077	57,990,760
Landfill Closure and Post Closure Costs	-	-	5,861,095	5,467,703	5,861,095	5,467,703
Drain Districts	3,028,889	3,098,484	-	-	3,028,889	3,098,484
Self-insurance Liability	750,000	775,000	-	-	750,000	775,000
Accumulated Employee Vacation, Sick and Compensatory Time	4,681,227	4,616,572	46,607	43,219	4,727,834	4,659,791
Deferred Amounts	2,953,413	2,016,276	-	-	2,953,413	2,016,276
Total	58,893,529	61,441,332	13,404,779	12,566,682	72,298,308	74,008,014

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 (\$6,964,381), net of 36.3% of forgivable portion. This debt is issued through the State of Michigan Municipal Bond Authority.
- The general obligation bonds sold in 2014 to expand the County's bio-reactor system to and additional landfill cell (\$532,696), net of 50% 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 (\$450,000). This bond was partially refunded in 2015.
- The 2015 refunding of the 2007 (Series A) general obligation bonds to finance the constructions of a Mental Health Authority building (\$7,480,000).
- The general obligation bonds (Series B) sold in 2007 for the cost of acquiring and installing equipment related to 911 services (\$300,000). This bond was partially refunded in 2015.
- The 2015 refunding of the 2007 (Series B) general obligation bonds to fund equipment related to 911 services (\$1,800,000).
- The outstanding portion of the 2012 refunding of the 2003 issue sold to finance the construction of a Jail/Juvenile facility (\$22,095,000)
- The general obligation bonds sold in 2009 to construct a communications tower and acquire the required equipment (\$2,200,000).
- The 2013 refunding (taxable) of the general obligations to finance the construction of the Administrative Building (\$4,560,000).
- The general obligation bonds sold in 2012 to construct and equip the Blue Water Area Convention Center (\$8,595,000)
- The County operates the Smiths Creek Landfill and is required to record the estimated costs of closure and the post-closure costs of the Landfill to ensure that when the facility is closed in the future there will be sufficient funds available to maintain it in an environmentally sound way. The amount recorded for this obligation is \$5,861,095.

St. Clair County
Management's Discussion and Analysis

- 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, 2015 is \$4,727,834.

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

Economic Factors and Next Year's Budgets and Rates

Many factors were considered in preparation of the County's budget for the 2016 fiscal year. Several of the more telling factors are as follows:

- The unemployment rate for the County is currently around 7.1 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 leveling out with a slight increase in 2016.
- Interest rates are expected to remain at record low levels.
- Departmental budget reductions were implemented in recognition of the decline in revenues.
- Increases are expected in health insurance premiums, as well as pension and other employee benefit costs.

The 2016 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 POSITION
DECEMBER 31, 2015**

	Primary Government			Component Units
	Governmental Activities	Business Type Activities	Total	
Assets:				
Cash and cash equivalents	\$ 21,399,856	\$ 29,036,236	\$ 50,436,092	\$ 21,498,133
Investments	6,142,472	-	6,142,472	9,510
Receivables (net of allowance)	19,417,519	8,618,165	28,035,684	24,738,887
Prepaid expenses and deposits	3,270,596	15,130	3,285,726	526,712
Internal balances	(4,000,000)	4,000,000	-	-
Inventory	-	25,408	25,408	1,614,085
Properties held for sale	-	-	-	8,449
Long-term notes receivable	13,607,762	-	13,607,762	-
Advance to component units	50,000	-	50,000	-
Restricted assets -				
Cash and cash equivalents	-	-	-	2,819,118
Receivables	-	-	-	12,380,338
Capital assets (net of accumulated depreciation)				
Assets not being depreciated	13,868,259	2,802,851	16,671,110	34,699,186
Assets being depreciated	80,966,993	20,949,849	101,916,842	185,841,359
Total Assets	<u>154,723,457</u>	<u>65,447,639</u>	<u>220,171,096</u>	<u>284,135,777</u>
Deferred Outflows of Resources:				
Related to the pension plan	7,057,013	74,305	7,131,318	3,312,575
Deferred charges on bond refunding	1,538,178	-	1,538,178	356,894
Total Deferred Outflows of Resources	<u>8,595,191</u>	<u>74,305</u>	<u>8,669,496</u>	<u>3,669,469</u>
Liabilities:				
Payables and accrued liabilities	5,158,457	845,825	6,004,282	11,583,604
Advances and deposits	76,850	-	76,850	1,677,908
Advances from primary government	-	-	-	50,000
Unearned revenue	18,623	7,689	26,312	337,154
Liabilities payable from restricted assets	-	-	-	75,304
Non-current liabilities -				
Net OPEB obligation	48,032,699	653,894	48,686,593	20,288,375
Net pension liability	13,602,946	143,229	13,746,175	9,434,552
Due within one year	4,147,505	370,000	4,517,505	11,415,542
Due in more than one year	54,746,024	13,034,779	67,780,803	33,831,004
Total Liabilities	<u>125,783,104</u>	<u>15,055,416</u>	<u>140,838,520</u>	<u>88,693,443</u>
Deferred Inflows of Resources:				
Related to the pension plan	-	-	-	491,430
Taxes levied for a subsequent period	13,397,936	-	13,397,936	1,055,166
Total Deferred Inflows of Resources	<u>13,397,936</u>	<u>-</u>	<u>13,397,936</u>	<u>1,546,596</u>
Net Position:				
Net investment in capital assets	54,416,534	16,255,623	70,672,157	190,431,516
Restricted - Expendable -				
Acquisition/construction of capital assets	2,450,926	-	2,450,926	972,249
Debt Service	1,909,191	-	1,909,191	17,488,898
Recreation and Cultural	4,978,763	-	4,978,763	-
Health and Welfare	4,118,902	-	4,118,902	-
Public Safety	812,369	-	812,369	-
Other Purposes	959,622	3,007,984	3,967,606	78,415
Unrestricted (deficit)	(45,508,699)	31,202,921	(14,305,778)	(11,405,871)
Total Net Position	<u>\$ 24,137,608</u>	<u>\$ 50,466,528</u>	<u>\$ 74,604,136</u>	<u>\$ 197,565,207</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, 2015

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
Legislative	\$ 1,025,607	\$ 105	\$ -	\$ -
Judicial	10,953,291	2,135,664	3,000,082	-
General Government	13,310,840	4,653,381	1,008,119	-
Public Safety	28,042,389	5,244,469	3,884,606	441,963
Public Works	1,045,497	-	-	-
Health and Welfare	19,589,276	3,527,054	5,209,112	-
Community and Economic Development	705,188	419,978	241,128	-
Recreation and Culture	9,479,007	1,021,269	256,790	850,203
Interest on Long Term Debt	2,259,607	485,020	142,421	-
Total governmental activities	<u>86,410,702</u>	<u>17,486,940</u>	<u>13,742,258</u>	<u>1,292,166</u>
Business type activities:				
Delinquent Tax Revolving	412,952	1,099,204	-	-
Airport Commission	1,038,967	650,413	406,491	161,851
Sheriff's Concession	571,463	603,265	-	-
School Tax Collections	12	-	-	-
Homestead Exemption Audits	458	-	-	-
Solid Waste Disposal System	6,864,110	7,209,159	98,319	152,593
Total business type activities	<u>8,887,962</u>	<u>9,562,041</u>	<u>504,810</u>	<u>314,444</u>
Total Primary Government	<u>\$ 95,298,664</u>	<u>\$ 27,048,981</u>	<u>\$ 14,247,068</u>	<u>\$ 1,606,610</u>
Component Units				
Road Commission	\$ 25,977,474	\$ 3,593,746	\$ 16,158,894	\$ 14,087,481
Department of Public Works	2,238,932	1,678,160	-	172,635
Community Mental Health Authority	58,265,294	2,412,454	58,067,579	-
Land Bank Authority	1,025	-	-	-
Drainage Districts	1,556,692	2,406,182	-	347,849
Total Component Units	<u>\$ 88,039,417</u>	<u>\$ 10,090,542</u>	<u>\$ 74,226,473</u>	<u>\$ 14,607,965</u>

General revenues:
Property taxes
Grants and contributions not restricted to specific programs
Unrestricted investment income
Interest and penalties on delinquent taxes
Transfers
Special Item - Transfer of operations to Region 10
Special Item - Transfer from Region 10
Total general revenues, transfers, and special item

Change in net position

Net position at beginning of year, as restated

Net position at end of year

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

Net (Expense) Revenue and Change in Net Position

Primary Government			
Governmental Activities	Business Type Activities	Total	Component Units
\$(1,025,502)	\$ -	\$(1,025,502)	\$ -
(5,817,545)	-	(5,817,545)	-
(7,649,340)	-	(7,649,340)	-
(18,471,351)	-	(18,471,351)	-
(1,045,497)	-	(1,045,497)	-
(10,853,110)	-	(10,853,110)	-
(44,082)	-	(44,082)	-
(7,350,745)	-	(7,350,745)	-
(1,632,166)	-	(1,632,166)	-
<u>(53,889,338)</u>	<u>-</u>	<u>(53,889,338)</u>	<u>-</u>
-	686,252	686,252	-
-	179,788	179,788	-
-	31,802	31,802	-
-	(12)	(12)	-
-	(458)	(458)	-
-	595,961	595,961	-
<u>-</u>	<u>1,493,333</u>	<u>1,493,333</u>	<u>-</u>
<u>(53,889,338)</u>	<u>1,493,333</u>	<u>(52,396,005)</u>	<u>-</u>
-	-	-	7,862,647
-	-	-	(388,137)
-	-	-	2,214,739
-	-	-	(1,025)
-	-	-	1,197,339
<u>-</u>	<u>-</u>	<u>-</u>	<u>10,885,563</u>
43,235,490	-	43,235,490	1,046,943
4,128,493	-	4,128,493	-
257,110	48,845	305,955	17,946
11,358	1,248,741	1,260,099	-
3,647,875	(3,647,875)	-	-
-	-	-	(1,965,970)
-	-	-	3,547
<u>51,280,326</u>	<u>(2,350,289)</u>	<u>48,930,037</u>	<u>(897,534)</u>
(2,609,012)	(856,956)	(3,465,968)	9,988,029
<u>26,746,620</u>	<u>51,323,484</u>	<u>78,070,104</u>	<u>187,577,178</u>
<u>\$ 24,137,608</u>	<u>\$ 50,466,528</u>	<u>\$ 74,604,136</u>	<u>\$ 197,565,207</u>

ST. CLAIR COUNTY, MICHIGAN

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2015**

	<u>Combined General</u>	<u>Parks and Recreation</u>	<u>Library</u>	<u>Senior Citizens Millage</u>
Assets:				
Cash and cash equivalents	\$ 1,473,527	\$ 2,371,771	\$ 3,231,297	\$ 3,495,756
Investments	6,000,000	-	-	-
Receivables, net of allowance -				
Property taxes	2,059,383	2,588,564	3,657,867	4,179,443
Interest and accounts	143,311	169	9,941	-
Due from other governmental units	2,455,580	181,015	849	-
Due from other funds	256,613	-	-	-
Long-term notes receivable	5,677,762	-	-	-
Advances to component units	50,000	-	-	-
Prepayments and deposits	38,028	-	34,825	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 18,154,204</u>	<u>\$ 5,141,519</u>	<u>\$ 6,934,779</u>	<u>\$ 7,675,199</u>
Liabilities:				
Accounts payable	\$ 767,486	\$ 89,032	\$ 121,314	\$ 394,674
Accrued liabilities	1,414,873	34,618	102,386	-
Advances and deposits	-	10,400	-	-
Due to other governmental units	31,905	-	-	-
Due to other funds	4,000,000	-	-	-
Unearned revenue	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>6,214,264</u>	<u>134,050</u>	<u>223,700</u>	<u>394,674</u>
Deferred Inflows of Resources:				
Unavailable revenue -				
Delinquent property taxes	65,453	7,989	11,297	11,890
Lease contract/revolving loans	-	-	-	-
Grants/fees	135,851	62,615	-	-
Taxes levied for subsequent period	-	2,793,014	3,946,771	4,510,557
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Deferred Inflows of Resources	<u>201,304</u>	<u>2,863,618</u>	<u>3,958,068</u>	<u>4,522,447</u>
Fund Balances:				
Nonspendable -				
Long-term notes receivable/advances	5,727,762	-	-	-
Prepayments and deposits	38,028	-	-	-
Restricted	-	2,143,851	2,753,011	2,758,078
Committed	1,352,764	-	-	-
Assigned	579,850	-	-	-
Unassigned	4,040,232	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>11,738,636</u>	<u>2,143,851</u>	<u>2,753,011</u>	<u>2,758,078</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 18,154,204</u>	<u>\$ 5,141,519</u>	<u>\$ 6,934,779</u>	<u>\$ 7,675,199</u>

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

Mental Health Building Debt	Other Governmental Funds	Total Governmental Funds
\$ 610	\$ 10,527,069	\$ 21,100,030
-	142,472	6,142,472
-	1,988,911	14,474,168
-	862,369	1,015,790
-	1,024,472	3,661,916
-	129,033	385,646
7,930,000	-	13,607,762
-	-	50,000
-	-	72,853
<u>\$ 7,930,610</u>	<u>\$ 14,674,326</u>	<u>\$ 60,510,637</u>
\$ -	\$ 539,839	\$ 1,912,345
-	310,440	1,862,317
-	66,450	76,850
-	140,828	172,733
-	385,646	4,385,646
-	18,623	18,623
-	1,461,826	8,428,514
-	6,132	102,761
7,930,000	623,861	8,553,861
-	255,574	454,040
-	2,147,594	13,397,936
<u>7,930,000</u>	<u>3,033,161</u>	<u>22,508,598</u>
-	-	5,727,762
-	-	38,028
610	6,850,439	14,505,989
-	3,328,900	4,681,664
-	-	579,850
-	-	4,040,232
<u>610</u>	<u>10,179,339</u>	<u>29,573,525</u>
<u>\$ 7,930,610</u>	<u>\$ 14,674,326</u>	<u>\$ 60,510,637</u>

ST. CLAIR COUNTY, MICHIGAN

**RECONCILIATION OF THE BALANCE SHEET FOR
GOVERNMENTAL FUNDS TO STATEMENT OF NET POSITION
DECEMBER 31, 2015**

Fund Balances - total governmental funds		\$ 29,573,525
Amounts reported for governmental activities in the statement of net position are different because:		
Expenses recorded in the funds on the purchase method		429,636
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		
Capital assets		148,587,948
Accumulated depreciation		(53,824,881)
Certain assets do not represent current financial resources and are therefore not recorded in the funds		
Interest receivable on capital lease contract		85,200
Certain pension contributions and changes in pension plan liabilities are reported as deferred outflows (inflows) of resources in the statement of net position		7,057,013
Other long term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds		
Delinquent personal property taxes	\$ 102,761	
Housing rehabilitation loan	623,861	
Capital lease contract	7,930,000	
Grants/fees	454,040	
		<u>9,110,662</u>
Internal Service Fund used by management to charge cost of property, liability, health, disability, workers compensation, and life insurance expenses and claims. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		1,816,496
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds		
Bonds payable	(47,480,000)	
Drain District assessments payable	(3,028,889)	
Accrued interest on bonds/notes payable	(467,683)	
Net pension liability	(13,602,946)	
Net OPEB obligation	(48,022,011)	
Accrued compensated absences	(4,681,227)	
		<u>(117,282,756)</u>
Charges on refunding are reported currently in the governmental funds, whereas they are capitalized and amortized from net position		1,538,178
Discounts and premiums on bonds are reported as other financing sources or uses in the governmental funds, whereas they are capitalized and amortized from net position (netted against bonds payable)		
Bond premium	(2,954,299)	
Bond discount	886	
		<u>(2,953,413)</u>
Net Position of governmental activities		<u>\$ 24,137,608</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, 2015**

	<u>Combined General</u>	<u>Parks and Recreation</u>	<u>Library</u>	<u>Senior Citizens Millage</u>
Revenues:				
Taxes	\$ 30,253,540	\$ 2,716,321	\$ 3,842,687	\$ 4,385,156
Licenses and permits	528,430	-	-	-
Intergovernmental	12,401,271	922,998	135,708	-
Charges for services	6,631,957	109,407	96,012	-
Fines and forfeits	367,202	-	766,722	-
Interest and rent	945,000	7,155	50,604	6,391
Other	2,167,467	24,218	24,910	-
Total Revenues	<u>53,294,867</u>	<u>3,780,099</u>	<u>4,916,643</u>	<u>4,391,547</u>
Expenditures:				
Current -				
Legislative	1,027,670	-	-	-
Judicial	10,255,474	-	-	-
General Government	11,283,371	-	-	-
Public Safety	22,492,224	-	-	-
Public Works	1,041,854	-	-	-
Health and Welfare	1,587,119	-	-	3,870,013
Community and Economic Development	627,117	-	-	-
Recreation and Cultural	-	3,584,155	4,783,914	-
Capital Outlay	11,460	-	-	-
Debt Service -				
Principal	302,033	-	-	-
Interest and charges	121,126	-	-	-
Total Expenditures	<u>48,749,448</u>	<u>3,584,155</u>	<u>4,783,914</u>	<u>3,870,013</u>
Revenues over (under) expenditures	<u>4,545,419</u>	<u>195,944</u>	<u>132,729</u>	<u>521,534</u>
Other Financing Sources (Uses):				
Issuance of debt	232,438	-	-	-
Issuance of refunding bonds	-	-	-	-
Premium on refunding bonds	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Transfers from other funds	2,161,271	-	-	-
Transfers to other funds	(6,978,360)	-	-	-
Total Other Financing Sources (Uses)	<u>(4,584,651)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(39,232)	195,944	132,729	521,534
Fund Balances at beginning of year	<u>11,777,868</u>	<u>1,947,907</u>	<u>2,620,282</u>	<u>2,236,544</u>
Fund Balances at end of year	<u>\$ 11,738,636</u>	<u>\$ 2,143,851</u>	<u>\$ 2,753,011</u>	<u>\$ 2,758,078</u>

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

Mental Health Building Debt	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 2,094,474	\$ 43,292,178
-	265,579	794,009
-	5,877,517	19,337,494
-	4,274,590	11,111,966
-	139,257	1,273,181
742,684	34,610	1,786,444
-	1,193,551	3,410,146
<u>742,684</u>	<u>13,879,578</u>	<u>81,005,418</u>
-	-	1,027,670
-	287,461	10,542,935
-	152,562	11,435,933
-	1,659,681	24,151,905
-	-	1,041,854
-	13,739,319	19,196,451
-	89,920	717,037
-	860,755	9,228,824
-	1,954,210	1,965,670
400,000	2,485,000	3,187,033
482,414	1,606,602	2,210,142
<u>882,414</u>	<u>22,835,510</u>	<u>84,705,454</u>
(139,730)	(8,955,932)	(3,700,036)
-	-	232,438
7,480,000	1,800,000	9,280,000
970,388	167,128	1,137,516
(8,310,658)	(1,920,428)	(10,231,086)
-	9,726,235	11,887,506
-	(1,261,271)	(8,239,631)
<u>139,730</u>	<u>8,511,664</u>	<u>4,066,743</u>
-	(444,268)	366,707
610	10,623,607	29,206,818
<u>\$ 610</u>	<u>\$ 10,179,339</u>	<u>\$ 29,573,525</u>

ST. CLAIR COUNTY, MICHIGAN

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015**

Net change in fund balances - total governmental funds		\$ 366,707
Change in prepaid expenses recorded in the funds on the purchase method		54,453
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		3,256,349
Depreciation expense	(	5,042,508)
Loss from sale/disposal of assets	(	62,013)
Revenue in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(1,028,919)
The issuance of long-term debt (e.g. bonds and notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources to governmental funds. Neither transaction, however, has any effect on net position.		
Principal payments on long term liabilities		3,187,033
Issuance of debt - drain districts	(	232,438)
Bond Proceeds	(	9,280,000)
Payments to refunding bond escrow agent		10,231,086
Accrued interest expense on bonds and the amortization of bond discounts, premiums, and deferred losses are not recorded by governmental funds, but are reported under interest and fiscal charges for the purpose of net position.		
Decrease in accrued interest payable		22,353
Premium on bonds	(	1,137,516)
Amortization of bond premium		279,425
Amortization of bond discount	(	110)
Amortization of deferred loss on refunding	(	173,817)
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.		(219,931)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.		
Increase in net OPEB obligation	\$(	4,529,070)
Increase in net pension liability	(	464,033)
Change in deferred outflows/inflows of resources as a result in changes of assumptions, difference between projected and actual earnings, and proportionate share differences		2,228,592
Increase in accrued compensated absences	(	64,655)
		<u>(2,829,166)</u>
Change in net position of governmental activities		<u><u>\$(2,609,012)</u></u>

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

ST. CLAIR COUNTY, MICHIGAN

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2015**

	Business Type Activities-Enterprise Funds				Governmental
	Solid Waste	Delinquent	Other	Total	Activities
	Disposal System	Tax Revolving	Proprietary Funds		Internal Service Fund
Assets:					
Current Assets:					
Cash and cash equivalents	\$ 10,463,821	\$ 17,814,250	\$ 758,165	\$ 29,036,236	\$ 299,826
Receivables, net of allowance -					
Delinquent taxes	-	7,126,854	-	7,126,854	-
Interest and accounts	1,045,194	-	97,755	1,142,949	180,445
Due from other governmental units	335,413	4,500	-	339,913	-
Inventory	-	-	25,408	25,408	-
Prepaid expenses and deposits	3,050	11,955	125	15,130	2,768,107
Due from other funds	-	4,000,000	-	4,000,000	-
Total Current Assets	<u>11,847,478</u>	<u>28,957,559</u>	<u>881,453</u>	<u>41,686,490</u>	<u>3,248,378</u>
Noncurrent Assets:					
Capital assets	39,584,826	268,680	13,405,091	53,258,597	105,459
Less - accumulated depreciation	<u>(19,966,437)</u>	<u>(237,921)</u>	<u>(9,301,539)</u>	<u>(29,505,897)</u>	<u>(33,274)</u>
Capital assets, net	19,618,389	30,759	4,103,552	23,752,700	72,185
Notes receivable	-	8,449	-	8,449	-
Total Noncurrent Assets	<u>19,618,389</u>	<u>39,208</u>	<u>4,103,552</u>	<u>23,761,149</u>	<u>72,185</u>
Total Assets	<u>31,465,867</u>	<u>28,996,767</u>	<u>4,985,005</u>	<u>65,447,639</u>	<u>3,320,563</u>
Deferred Outflows of Resources:					
Related to pension plan	<u>74,305</u>	<u>-</u>	<u>-</u>	<u>74,305</u>	<u>-</u>

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

	Business Type Activities-Enterprise Funds				Governmental
	Solid Waste	Delinquent	Other	Total	Activities
	Disposal System	Tax Revolving	Proprietary Funds		Internal Service Fund
Liabilities:					
Current Liabilities:					
Accounts payable	\$ 657,842	\$ 32,635	\$ 48,327	\$ 738,804	\$ 82,711
Accrued expenses	14,558	3,223	7,547	25,328	660,668
Due to other governmental units	28,767	8,226	-	36,993	-
Accrued interest payable	44,700	-	-	44,700	-
Current portion of long-term liabilities	370,000	-	-	370,000	226,000
Unearned revenue	-	-	7,689	7,689	-
Total Current Liabilities	<u>1,115,867</u>	<u>44,084</u>	<u>63,563</u>	<u>1,223,514</u>	<u>969,379</u>
Long-Term Liabilities (less current portions):					
Accrued vacation and sick	36,262	-	10,345	46,607	-
Accrued insurance claims	-	-	-	-	524,000
Net pension liability	143,229	-	-	143,229	-
Net OPEB obligation	452,739	87,778	113,377	653,894	10,688
Bonds payable	7,127,077	-	-	7,127,077	-
Estimated closure and post closure costs	5,861,095	-	-	5,861,095	-
Total Long-Term Liabilities	<u>13,620,402</u>	<u>87,778</u>	<u>123,722</u>	<u>13,831,902</u>	<u>534,688</u>
Total Liabilities	<u>14,736,269</u>	<u>131,862</u>	<u>187,285</u>	<u>15,055,416</u>	<u>1,504,067</u>
Net Position:					
Net investment in capital assets	12,121,312	30,759	4,103,552	16,255,623	72,185
Restricted - Expendable - Foreclosure sales	-	3,007,984	-	3,007,984	-
Unrestricted	4,682,591	25,826,162	694,168	31,202,921	1,744,311
Total Net Position	<u>\$ 16,803,903</u>	<u>\$ 28,864,905</u>	<u>\$ 4,797,720</u>	<u>\$ 50,466,528</u>	<u>\$ 1,816,496</u>

ST. CLAIR COUNTY, MICHIGAN

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Business Type Activities-Enterprise Funds				Governmental
	Solid Waste Disposal System	Delinquent Tax Revolving	Other Proprietary Funds	Total	Internal Service Fund
Operating Revenues:					
Intergovernmental	\$ 98,319	\$ -	\$ -	\$ 98,319	\$ -
Charges for services	7,049,772	1,099,204	1,079,721	9,228,697	11,360,571
Interest and rents	-	1,248,741	176,000	1,424,741	-
Other	159,387	-	2,172	161,559	894,387
Total Operating Revenues	<u>7,307,478</u>	<u>2,347,945</u>	<u>1,257,893</u>	<u>10,913,316</u>	<u>12,254,958</u>
Operating Expenses:					
Personal services	496,968	117,645	261,867	876,480	291,848
Supplies	276,389	-	363,468	639,857	35,849
Other services	3,761,760	292,511	754,213	4,808,484	12,144,115
Closure and post closure costs	393,392	-	-	393,392	-
Depreciation	1,759,538	2,796	231,352	1,993,686	3,077
Total Operating Expenses	<u>6,688,047</u>	<u>412,952</u>	<u>1,610,900</u>	<u>8,711,899</u>	<u>12,474,889</u>
Operating Income (Loss)	<u>619,431</u>	<u>1,934,993</u>	<u>(353,007)</u>	<u>2,201,417</u>	<u>(219,931)</u>
Non-Operating Revenues (Expenses):					
Interest revenue	40,887	3,743	-	44,630	-
Interest expense	(176,063)	-	-	(176,063)	-
Total Non-Operating Revenues (Expenses)	<u>(135,176)</u>	<u>3,743</u>	<u>-</u>	<u>(131,433)</u>	<u>-</u>
Net Income (Loss) Before Capital Contributions and Transfers	484,255	1,938,736	(353,007)	2,069,984	(219,931)
Capital Contributions	<u>152,593</u>	<u>-</u>	<u>568,342</u>	<u>720,935</u>	<u>-</u>
Net Income (Loss) Before Transfers	<u>636,848</u>	<u>1,938,736</u>	<u>215,335</u>	<u>2,790,919</u>	<u>(219,931)</u>
Transfers:					
Transfers from other funds	-	-	210,000	210,000	-
Transfers to other funds	(1,710,000)	(2,147,875)	-	(3,857,875)	-
Total Transfers	<u>(1,710,000)</u>	<u>(2,147,875)</u>	<u>210,000</u>	<u>(3,647,875)</u>	<u>-</u>
Change in Net Position	(1,073,152)	(209,139)	425,335	(856,956)	(219,931)
Net Position at beginning of year, as restated	<u>17,877,055</u>	<u>29,074,044</u>	<u>4,372,385</u>	<u>51,323,484</u>	<u>2,036,427</u>
Net Position at end of year	<u>\$ 16,803,903</u>	<u>\$ 28,864,905</u>	<u>\$ 4,797,720</u>	<u>\$ 50,466,528</u>	<u>\$ 1,816,496</u>

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

ST. CLAIR COUNTY, MICHIGAN

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	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	\$ 6,609,617	\$ 15,219,270	\$1,207,973	\$23,036,860	\$ 1,334,852
Cash receipts from interfund services	-	-	-	-	11,360,571
Cash payments to suppliers	(4,616,339)	(11,869,289)	(1,097,427)	(17,583,055)	(12,999,922)
Cash payments to employees	(412,977)	(90,796)	(216,627)	(720,400)	(297,593)
Cash payments for interfund services	(59,308)	(16,620)	(31,386)	(107,314)	-
Other cash receipts	257,706	-	-	257,706	-
Net Cash Provided by (Used for) Operating Activities	<u>1,778,699</u>	<u>3,242,565</u>	<u>(137,467)</u>	<u>4,883,797</u>	<u>(602,092)</u>
Cash Flows From Noncapital Financing Activities:					
Cash receipts/payments to other funds	-	600,000	-	600,000	-
Transfers from other funds	-	-	210,000	210,000	-
Transfers to other funds	(1,710,000)	(2,147,875)	-	(3,857,875)	-
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>(1,710,000)</u>	<u>(1,547,875)</u>	<u>210,000</u>	<u>(3,047,875)</u>	<u>-</u>
Cash Flows From Capital and Related Financing Activities:					
Capital contributions	1,292,370	-	-	1,292,370	-
Proceeds from sale of bonds	801,317	-	-	801,317	-
Payments on bonds	(360,000)	-	-	(360,000)	-
Interest paid	(175,116)	-	-	(175,116)	-
Acquisition and construction of capital assets	(1,022,502)	(33,555)	(29,912)	(1,085,969)	-
Net Cash Used for Capital and Related Financing Activities	<u>536,069</u>	<u>(33,555)</u>	<u>(29,912)</u>	<u>472,602</u>	<u>-</u>
Cash Flows From Investing Activities:					
Interest received	40,887	3,743	-	44,630	-
Receipts on notes receivable	-	21,498	-	21,498	-
Net Cash Provided by Investing Activities	<u>40,887</u>	<u>25,241</u>	<u>-</u>	<u>66,128</u>	<u>-</u>
Increase (Decrease) in Cash and Cash Equivalents	645,655	1,686,376	42,621	2,374,652	(602,092)
Cash and Cash Equivalents at Beginning of Year	<u>9,818,166</u>	<u>16,127,874</u>	<u>715,544</u>	<u>26,661,584</u>	<u>901,918</u>
Cash and Cash Equivalents at End of Year	<u>\$10,463,821</u>	<u>\$ 17,814,250</u>	<u>\$ 758,165</u>	<u>\$29,036,236</u>	<u>\$ 299,826</u>

Continued

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

ST. CLAIR COUNTY, MICHIGAN

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	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 by (Used for) Operating Activities:					
Operating income (loss)	\$ 619,431	\$ 1,934,993	\$(353,007)	\$ 2,201,417	\$(219,931)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities -					
Depreciation	1,759,538	2,796	231,352	1,993,686	3,077
Estimated closure and post closure costs	393,392	-	-	393,392	-
Change in assets and liabilities:					
Receivables	(219,225)	1,272,476	(32,261)	1,020,990	440,465
Inventory	-	-	8,578	8,578	-
Prepays and deposits	(1,289)	(188)	850	(627)	(954,678)
Deferred outflows of resources related to pension plan	(23,561)	-	-	(23,561)	-
Accounts payable/accrued expenses	(535,878)	13,254	24,680	(497,944)	128,975
Due to/from other governmental units	(213,709)	19,234	-	(194,475)	-
Unearned revenue	-	-	(17,659)	(17,659)	-
Net Cash Provided by (Used for) Operating Activities	\$ 1,778,699	\$ 3,242,565	\$(137,467)	\$ 4,883,797	\$(602,092)
Non-Cash Capital and Related Financing Activities:					
Capital contributions	\$ -	\$ -	\$ 568,342	\$ 568,342	\$ -

Concluded

ST. CLAIR COUNTY, MICHIGAN

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2015**

	<u>Basic Retirement System</u>	<u>Other Postemployment Benefits</u>	<u>Landfill Private-Purpose Trust Fund</u>	<u>Agency Funds</u>
Assets:				
Cash and cash equivalents	\$ 8,241,601	\$ 2,107,492	\$ 2,118,980	\$ 2,676,446
Investments -				
U.S. Government/Agencies	2,256,984	-	-	-
Corporate Debt	28,602,009	4,393,491	-	-
Hedge Funds	9,498,126	-	-	-
Stocks	80,749,383	17,369,540	-	-
Foreign Bonds	16,106,424	-	-	-
Mutual Funds	15,464,636	7,371,484	-	-
Partnerships	56,955,513	-	-	-
Municipal Bonds	-	205,172	-	-
Certificates of Deposit	-	874,102	-	99,320
Receivables -				
Interest/dividends and accounts	597,229	57,175	-	18,359,208
Other	41,850	2,041,822	-	-
Due from other funds	199,258	6,115,763	-	-
Prepayments and deposits	-	-	-	14,436
	<u>218,713,013</u>	<u>40,536,041</u>	<u>2,118,980</u>	<u>\$ 21,149,410</u>
Liabilities:				
Accounts payable	348,977	7,966	-	\$ -
Due to individuals and agencies	2,565	-	-	19,684,091
Derivative instrument - interest rate future	657,375	-	-	-
Due to other governmental units	-	-	-	1,465,319
Due to other funds	6,115,763	199,258	-	-
	<u>7,124,680</u>	<u>207,224</u>	<u>-</u>	<u>\$ 21,149,410</u>
Net Position:				
Restricted for pension benefits	211,588,333	-	-	
Restricted for other postemployment benefits	-	40,328,817	-	
Restricted for landfill perpetual care	-	-	2,118,980	
	<u>\$ 211,588,333</u>	<u>\$ 40,328,817</u>	<u>\$ 2,118,980</u>	

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

ST. CLAIR COUNTY, MICHIGAN

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Basic Retirement System</u>	<u>Other Postemployment Benefits</u>	<u>Landfill Private-Purpose Trust Fund</u>
Additions:			
Contributions -			
Member contributions	\$ 2,038,958	\$ 491,767	\$ -
Employer contributions	7,179,980	3,630,467	-
Closure/postclosure	-	-	10,385
	<u>9,218,938</u>	<u>4,122,234</u>	<u>10,385</u>
Total Contributions			
Investment income -			
Net appreciation in fair value of investments	182,558	(438,919)	-
Interest/dividends	4,067,288	751,626	1,949
Less investment expense	<u>(795,030)</u>	<u>(93,520)</u>	<u>-</u>
Net investment income	<u>3,454,816</u>	<u>219,187</u>	<u>1,949</u>
Other -			
Medicare Part D reimbursements	-	13,982	-
Total Additions	<u>12,673,754</u>	<u>4,355,403</u>	<u>12,334</u>
Deductions:			
Retirement payroll	13,455,530	-	-
Health insurance	-	3,513,856	-
Death benefits	45,500	-	-
Employee refunds	158,426	67,915	-
Administration	101,847	-	-
Professional fees	<u>41,090</u>	<u>-</u>	<u>-</u>
Total Deductions	<u>13,802,393</u>	<u>3,581,771</u>	<u>-</u>
Net increase (decrease)	<u>(1,128,639)</u>	<u>773,632</u>	<u>12,334</u>
Net position -			
Beginning of year	<u>212,716,972</u>	<u>39,555,185</u>	<u>2,106,646</u>
End of year	<u>\$ 211,588,333</u>	<u>\$ 40,328,817</u>	<u>\$ 2,118,980</u>

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

ST. CLAIR COUNTY, MICHIGAN

**COMBINING STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS
DECEMBER 31, 2015**

	<u>Road Commission</u>	<u>Department of Public Works</u>	<u>Community Mental Health Authority</u>
Assets:			
Cash and cash equivalents	\$ 6,679,956	\$ 230,332	\$ 10,409,216
Investments	-	-	-
Receivables (net of allowance)	5,591,508	327,164	4,177,820
Prepaid expenses	208,458	-	318,254
Inventory	1,614,085	-	-
Properties held for sale	-	-	-
Restricted Assets -			
Cash and cash equivalents	-	1,228,853	1,590,265
Receivables	-	12,380,338	-
Capital Assets (net of accumulated depreciation)			
Assets not being depreciated	27,027,697	83,776	1,830,530
Assets being depreciated	<u>133,204,097</u>	<u>11,477,633</u>	<u>9,553,024</u>
Total Assets	<u>174,325,801</u>	<u>25,728,096</u>	<u>27,879,109</u>
Deferred Outflows of Resources:			
Related to the pension plan	1,825,046	-	1,487,529
Deferred charges on bond refunding	-	-	356,894
Total Deferred Outflows of Resources	<u>1,825,046</u>	<u>-</u>	<u>1,844,423</u>
Liabilities:			
Payables and accrued liabilities	889,534	102,061	10,018,840
Accrued interest	-	-	4,251
Advances and deposits	1,346,831	130,361	-
Advance from primary government	-	-	-
Unearned revenue	198,199	-	73,705
Liabilities payable from restricted assets	-	75,304	-
Non-current liabilities -			
Net OPEB obligation	14,192,856	-	6,095,519
Net pension liability	5,045,124	-	4,389,428
Due within one year	228,000	1,940,720	3,166,546
Due in more than one year	<u>71,000</u>	<u>11,007,092</u>	<u>8,547,609</u>
Total Liabilities	<u>21,971,544</u>	<u>13,255,538</u>	<u>32,295,898</u>
Deferred Inflows of Resources:			
Related to the pension plan	371,844	-	119,586
Taxes levied for a subsequent period	<u>1,055,166</u>	<u>-</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>1,427,010</u>	<u>-</u>	<u>119,586</u>
Net Position:			
Net investment in capital assets	160,231,794	11,561,409	1,551,655
Restricted -			
Donations	-	-	78,415
Equipment replacement	386,174	586,075	-
Debt Service	-	-	-
Unrestricted (Deficit)	<u>(7,865,675)</u>	<u>325,074</u>	<u>(4,322,022)</u>
Total Net Position	<u>\$ 152,752,293</u>	<u>\$ 12,472,558</u>	<u>\$(2,691,952)</u>

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

Land Bank Authority	Drainage Districts	Totals
\$ 148,169	\$ 4,030,460	\$ 21,498,133
-	9,510	9,510
-	14,642,395	24,738,887
-	-	526,712
-	-	1,614,085
8,449	-	8,449
-	-	2,819,118
-	-	12,380,338
-	5,757,183	34,699,186
-	31,606,605	185,841,359
156,618	56,046,153	284,135,777
-	-	3,312,575
-	-	356,894
-	-	3,669,469
-	442,804	11,453,239
-	126,114	130,365
-	200,716	1,677,908
-	50,000	50,000
-	65,250	337,154
-	-	75,304
-	-	20,288,375
-	-	9,434,552
-	6,080,276	11,415,542
8,449	14,196,854	33,831,004
8,449	21,162,014	88,693,443
-	-	491,430
-	-	1,055,166
-	-	1,546,596
-	17,086,658	190,431,516
-	-	78,415
-	-	972,249
-	17,488,898	17,488,898
148,169	308,583	(11,405,871)
\$ 148,169	\$ 34,884,139	\$ 197,565,207

ST. CLAIR COUNTY, MICHIGAN

**COMBINING STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Road Commission				
Governmental activities:				
Highways and Streets	\$ 25,977,474	\$ 3,593,746	\$ 16,158,894	\$ 14,087,481
Department of Public Works				
Governmental activities:				
Interest on Long Term Debt	352,721	352,721	-	-
Business type activities:				
Water and Sewer	1,886,211	1,325,439	-	172,635
Total Department of Public Works	2,238,932	1,678,160	-	172,635
Community Mental Health Authority				
Business type activities:				
Health and Welfare	58,265,294	2,412,454	58,067,579	-
Land Bank Authority				
Governmental activities:				
Community and Economic Development	1,025	-	-	-
Drainage Districts				
Governmental activities:				
Public Works	946,332	2,406,182	-	347,849
Interest on Long Term Debt	610,360	-	-	-
Total Drains	1,556,692	2,406,182	-	347,849
Total Component Units	\$ 88,039,417	\$ 10,090,542	\$ 74,226,473	\$ 14,607,965

General Revenues:
Property taxes
Unrestricted investment income
Special Item - Transfer of operations to Region 10
Special Item - Transfer from Region 10
Total general revenues and special item
Change in net position
Net position at beginning of year, as restated
Net position at end of year

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

Net (Expense) Revenue and Change in Net Position

Road Commission	Department of Public Works	Community Mental Health Authority	Land Bank Authority	Drainage Districts	Total
\$ 7,862,647					\$ 7,862,647
	\$ -				-
	(388,137)				(388,137)
	(388,137)				
		\$ 2,214,739			2,214,739
			\$(1,025)		(1,025)
				\$ 1,807,699	1,807,699
				(610,360)	(610,360)
				<u>1,197,339</u>	<u>10,885,563</u>
1,040,539	-	-	6,404	-	1,046,943
10,999	659	5,972	133	183	17,946
-	-	(1,965,970)	-	-	(1,965,970)
-	-	3,547	-	-	3,547
<u>1,051,538</u>	<u>659</u>	<u>(1,956,451)</u>	<u>6,537</u>	<u>183</u>	<u>(897,534)</u>
8,914,185	(387,478)	258,288	5,512	1,197,522	9,988,029
<u>143,838,108</u>	<u>12,860,036</u>	<u>(2,950,240)</u>	<u>142,657</u>	<u>33,686,617</u>	<u>187,577,178</u>
<u>\$ 152,752,293</u>	<u>\$ 12,472,558</u>	<u>\$(2,691,952)</u>	<u>\$ 148,169</u>	<u>\$ 34,884,139</u>	<u>\$ 197,565,207</u>

ST. CLAIR COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2015

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.

BLENDING COMPONENT UNIT -

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

DISCRETELY PRESENTED COMPONENT UNITS -

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

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

ST. CLAIR COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2015

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

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

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

ST. CLAIR COUNTY LAND BANK AUTHORITY - Established pursuant to the Michigan Land Bank Fast Track Public Act 258 of 2003 and an Intergovernmental Agreement entered into between the Michigan Land Bank Fast Track Authority and the St. Clair County Treasurer. The Land Bank Authority is governed by a five-member board including the St. Clair County Treasurer, who is, by law, its Chairperson, and four other members appointed by the St. Clair County Board of Commissioners. The Land Bank Authority was created to acquire, hold, manage and develop tax-foreclosed properties, as well as other vacant and abandoned properties. The Land Bank is primarily funded through contributions from the County and the Director of the Land Bank is an employee of the County. 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, 2015

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

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

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

B. Government-wide and fund financial statements -

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

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary funds and fiduciary fund financial statements. (Agency funds, a type of fiduciary fund, are unlike all other types of funds, reporting only assets and liabilities. Agency funds cannot be said to have a measurement focus. They do, however, use the accrual basis of accounting to recognize receivables and payables.) Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015**

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 judgements, are recorded only when payment is due.

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

The County reports the following major governmental funds:

Combined General Fund - is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The Budget Incentive and Development Revolving Funds have been included in the Combined General Fund as revenues come from the General Fund and can be used for General Fund operations.

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

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

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

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

The County reports the following major proprietary funds:

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

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

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015**

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

Additionally, the County reports the following fund types:

Governmental Fund Types -

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

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

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

Proprietary Fund Types -

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

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

Fiduciary Fund Types -

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

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

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

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

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

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

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015**

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

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

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

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

Deposits and Investments -

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

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

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

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

Receivables and Payables -

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

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

ST. CLAIR COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2015

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

Inventories and Prepaid Items -

Inventories of governmental funds are recorded as expenditures when purchased. Inventories of the Road Commission are stated at average cost recognized using the consumption method (recorded as expense when used). All other inventories are valued at the lower of cost or market using the first in/first out (FIFO) method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide and proprietary fund type statements using the consumption method. In the governmental fund financial statements, the purchases method is used, except for prepaid postage and spendable endowment deposits with the Community Foundation, which are recorded as prepaid items using the consumption method.

Properties Held for Sale -

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

Property Tax Calendar -

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

Capital Assets -

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable 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. Assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015**

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

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

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

Compensated Absences -

In accordance with contracts negotiated with the various employee groups of the County, individual employees have vested rights upon termination of employment to receive payment for unused vacation and sick leave under formulas and conditions specified in the contracts. All vested vacation and sick leave is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for this amount is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-Term Obligations -

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

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

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015**

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

Deferred Outflows/Inflows of Resources -

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses) until then. The County has two items that qualify for reporting in this category. A deferred loss on refunding is reported on the government-wide statement of net position. The deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Other items deferred by the County are related to the pension plan and are reported on the government-wide statement of net position and enterprise fund financial statements and relate to pension payments made subsequent to the measurement date, the net difference between expected and actual plan investment earnings, and proportionate share difference. The contributions made subsequent to the measurement date are recognized in the following plan year; the proportionate share difference is amortized over the expected remaining service lives of the participants; and the difference between expected and actual plan investment earnings is amortized over five (5) years.

In addition to liabilities, the statement of net position and balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) so will not be recognized as an inflow of resources (revenue) until that time. The County had several items that qualified for reporting under this category including taxes levied for a subsequent period, unavailable revenues that are not collected within the 60-day or 90-day availability period, and proportionate share difference in the pension plan. The County had unavailable revenues primarily from delinquent personal property taxes, long-term contract paid by other governmental units and individuals, fees, and expense reimbursement grants. The amounts are recognized as an inflow of resources in the period for which the tax is levied and in the period the amounts become available. The deferred inflows of resources related to the pension plan are amortized over the expected remaining service lives of the participants.

Fund Balance -

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

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

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

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

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

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015**

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

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

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

Estimates -

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

Federal Programs -

Federal Programs are accounted for in specific Special Revenue Funds or as part of the various fund types to which the programs pertain. The County has not integrated its Single Audit Reports and Schedule of Expenditures of Federal Awards as part of the Annual Financial Report. The Single Audit will be issued prior to September 30, 2016, under separate cover as supplementary information to the Annual Financial Report.

Upcoming Accounting Pronouncements -

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

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

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

ST. CLAIR COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2015

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

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

GASB Statement No. 77, *Tax Abatement Disclosures*, was issued in August 2015 and will become effective for the County's December 31, 2016 fiscal year. The statement requires governments that enter into tax abatement agreements to disclose certain information about the agreements, including the tax being abated, the authority under which abatements are provided, the gross dollar amount of taxes abated during the period, and commitments made by the government.

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, 2015**

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, 2015, 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>
Combined General Fund -			
General Fund -			
Judicial -			
Courthouse Security	\$ 458,505	\$ 461,984	\$ 3,479
Family Division - Circuit Court	1,565,704	1,580,260	14,556
General Government -			
Elections	73,000	74,355	1,355
Equalization	841,835	842,158	323
Register of Deeds	98,444	103,864	5,420
Information Technology	2,107,876	2,138,314	30,438
Public Safety -			
Sheriff	7,908,248	8,099,169	190,921
Marine Law Enforcement	217,590	228,617	11,027
Corrections/Jail	10,848,384	11,077,106	228,722
Emergency Preparedness	671,126	731,740	60,614
Health and Welfare -			
Medical Examiner	314,399	316,407	2,008
Veterans' Burial	14,000	15,000	1,000
Transfers to Other Funds	6,510,307	6,650,749	140,442
Budget Incentive Fund -			
Capital Outlay	-	11,460	11,460

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015**

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

<u>Fund Type/Function/Activity</u>	<u>Appropriations</u>	<u>Expended</u>	<u>Variance</u>
Nonmajor Special Revenue Funds -			
Drug Task Force - Public Safety	\$ 1,438,829	\$ 1,452,511	\$ 13,682
Convention Center - Recreation and Cultural	800,000	860,755	60,755
Health Department - Health and Welfare	6,360,809	6,586,049	225,240
Human Services - Health and Welfare	406,001	425,695	19,694
Child Care - Health and Welfare	5,987,499	6,215,541	228,042
E-911 - Transfers to Other Funds	1,055,000	1,055,638	638
Local Corrections and Training - Public Safety	30,000	42,096	12,096

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, 2015**

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, 2015**

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

Carrying Amount -

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

	<u>Primary Government</u>	<u>Component Units</u>	<u>Fiduciary Unit</u>	<u>Reporting Entity</u>
Cash on Hand -				
Petty cash and cash on hand	\$ 19,497	\$ 3,285	\$ 1,200	\$ 23,982
Deposits with Financial Institutions -				
Checking/Savings/Certificates of Deposit/Money Market	<u>55,537,854</u>	<u>24,313,966</u>	<u>3,989,739</u>	<u>83,841,559</u>
Investments -				
Investment Trust Funds	1,021,213	-	11,252,900	12,274,113
Marketable CD's	-	-	874,102	874,102
U.S. Government/Agencies	-	9,510	2,256,984	2,266,494
Corporate Debt	-	-	32,995,500	32,995,500
Stocks	-	-	98,118,923	98,118,923
Hedge Funds	-	-	9,498,126	9,498,126
Foreign Bonds	-	-	16,106,424	16,106,424
Mutual Funds	-	-	22,836,120	22,836,120
Municipal Bonds	-	-	205,172	205,172
Partnerships	-	-	56,955,513	56,955,513
Total Investments	<u>1,021,213</u>	<u>9,510</u>	<u>251,099,764</u>	<u>252,130,487</u>
Grand Total	<u>\$ 56,578,564</u>	<u>\$ 24,326,761</u>	<u>\$ 255,090,703</u>	<u>\$ 335,996,028</u>

Reconciliation to Statements of Net Position -

Reported as Cash and Cash Equivalents -	
Petty Cash and Cash on Hand	\$ 23,982
Cash in Checking/Cash in Savings	
Money Market/Certificate of Deposit	77,599,767
Investment Trust Funds	<u>12,274,113</u>
Total Cash and Cash Equivalents Reported on Statements of Net Position	<u>89,897,862</u>

Reported as Investments -	
Certificates of Deposits	7,115,894
U.S. Government/Agencies	2,266,494
Corporate Debt	32,995,500
Stocks	98,118,923
Hedge Funds	9,498,126
Foreign Bonds	16,106,424
Mutual Funds	22,836,120
Municipal Bonds	205,172
Partnerships	<u>56,955,513</u>
Total Investments Reported on Statements of Net Position	<u>246,098,166</u>

Grand Total - Statements of Net Position \$ 335,996,028

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015**

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

Deposits with Financial Institutions -

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

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

Custodial Credit Risk - Deposits - Custodial credit risk for deposits is the risk that in the event of a bank failure, the County's deposits may not be returned. As an indication of the level of deposit custodial credit risk assumed by the County at year end, the bank balance of the County's deposits was \$83,169,756, of which \$22,698,458 was insured, \$28,457,197 was collateralized by securities held by the pledging financial institution, and the remaining \$32,014,101 was uninsured, uncollateralized, and in the County's name.

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

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

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

Investments (Excluding Retirement) -

Credit Risk - Investments - The County has \$1,021,213 excluding retirement, invested in investment trust funds that invest primarily in U.S. Treasuries, U.S. Agencies, repurchase agreements, and commercial paper. The County's investment policy does not specifically address credit risk for investments. The investment trust has been rated as follows:

	<u>Amount</u>	<u>Rating</u>	<u>Rating Agency</u>	<u>Average Days to Maturity</u>
Primary Government - MBIA Michigan CLASS	\$ 1,021,213	AAAm	Standard & Poors	58

Michigan Cooperative Liquid Assets Security System ("Michigan CLASS") is a participant-controlled trust created in accordance with Section 5 of Act 7 of the Urban Cooperation Act of 1967 and the Local Government Investment Pool Act, 1985 PA 121, MCL 129.141 to 129.150. Michigan CLASS is not subject to regulatory oversight and is not registered with the SEC, however does issue a separate audited financial statement. Michigan CLASS operates like a money market mutual fund, with each share valued at \$1.00. Fair value of the County's position in the pool is the same as the value of the Michigan CLASS pool shares.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015**

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. The \$9,510 of U.S. Government/Agencies investments is rated AAA by S&P.

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

Investment Types	Fair Value	Maturity (Years)	
		<1	1-5
Investment Trusts -			
Primary Government	\$ 1,021,213	\$ 1,021,213	\$ -
Certificates of Deposit (1) -			
Primary Government	6,142,472	-	6,142,472
Fiduciary Unit	99,320	-	99,320

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

Investments - Retirement System -

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

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

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

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015**

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

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

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

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

Pension investments are made through the use of investment advisors, which are selected and retained by the Retirement Board. The advisors serve at the pleasure of the Retirement Board as provided by investment agreements. At December 31, 2015 the Retirement System had 12 investment advisors. As of December 31, 2015, the County had the following investment types in its Retirement System:

<u>Investment Types</u>	<u>Fair Value</u>	<u>Percentage</u>
Corporate Debt	\$ 32,995,500	13.14 %
Marketable CD's	874,102	0.35
U.S. Government/Agency Bonds	2,256,984	0.90
Municipal Bonds	205,172	0.08
Foreign Bonds	16,106,424	6.41
Stocks	98,118,923	39.08
Mutual Funds	22,836,120	9.10
Hedge Funds	9,498,126	3.78
Partnerships	<u>56,955,513</u>	<u>22.68</u>
	239,846,864	95.52
Investment Trust Funds (1)	<u>11,252,900</u>	<u>4.48</u>
Total	<u>\$ 251,099,764</u>	<u>100.00 %</u>

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

	<u>Amount</u>	<u>Rating</u>	<u>Rating Agency</u>	<u>Average Days to Maturity</u>
Federated -				
Govt. Obligations Tx Mgd Fund	\$ 2,084,541	AAAm	Standard & Poors	50
Treasury Obligations Fund	9,168,359	AAAm	Standard & Poors	44

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015**

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

Credit Risk - The Board's adopted Statement of Investment Policies Procedures and Objectives states that all debt securities, except Treasuries and Agencies, must have a quality rating of B or above at the time of issue and allows up to 25% of the portfolio in BB to CCC rated securities. If more than allowed value of securities is within that investment grade, it shall be reported to the Retirement Board immediately along with a proposed plan of action. As of December 31, 2015, 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>
\$ 4,803,591	AAA
678,598	AA+
433,011	AA
951,096	AA-
1,432,791	A+
5,242,612	A
708,757	A-
4,593,137	BBB+
10,593,189	BBB
9,849,169	BBB-
2,328,334	BB+
2,150,049	BB
710,823	BB-
1,028,630	B+
196,213	B
123,387	B-
76,850	CCC+
<u>5,663,843</u>	No Rating
<u>\$ 51,564,080</u>	

Custodial Credit Risk - The risk that, in the event of a failure of the counterparty, the Retirement System would not be able to recover the value of its investments that are in the possession of another third party. The Retirement System's Investment Policy requires that all investment transactions shall be conducted through a custodian that will act as the system's third party. Securities shall be held by the custodian, as designated by the Retirement Board, and shall be evidenced by a custodial report. As of December 31, 2015, \$182,891,351 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 U.S. 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, 2015**

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

Interest Rate Risk - The Board's adopted Statement of Investment Policy and Objectives places no limitation on the system's fixed income manager on the length to maturity for fixed income investments. The system's fixed income investments had lengths of maturities ranging from one month to 47 years, which is reasonable given the long-term nature of the system. Having staggered maturities will reduce the retirement system's risk exposure to rising interest rates. As of December 31, 2015, the Retirement System's investments had the following maturities:

Investment	Fair Value	Years			
		<1	1-5	5-10	10>
Corporate Debt	\$ 32,995,500	\$ 846,572	\$ 7,187,532	\$ 17,337,566	\$ 7,623,830
Municipal Bonds	205,172	-	205,172	-	-
Foreign Bonds	16,106,424	675,007	3,653,163	8,098,941	3,679,313
Marketable CD's	874,102	699,022	175,080	-	-
	<u>\$ 50,181,198</u>	<u>\$ 2,220,601</u>	<u>\$ 11,220,947</u>	<u>\$ 25,436,507</u>	<u>\$ 11,303,143</u>

Foreign Currency Risk - Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value as a result of changes in foreign currency exchange rates. The pension system restricts the amount of investments in foreign equities to 20%. The following securities are subject to foreign currency risk:

	Fair Value (in U.S. dollars)
Euro	\$ 4,351,234
Great British pounds	2,540,328
Mexican peso	1,190,848
Canadian dollar	3,465,609
Brazilian real	1,879,743
Bermudian dollar	630,230
Other	2,048,432

Derivatives

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

The following table summarizes the various contracts in the portfolio as of December 31, 2015. The notional value associated with these derivative instruments are generally not recorded on the financial statements; however, the amounts for the exposure (unrealized gains/losses) on these instruments are recorded. Interest rate risks associated with these investments are included in the table.

Options Contracts - December 31, 2015

Futures Contract	Expiration Date	Long/Short	Cost	Market Value	Unrealized Gain/(Loss)
U.S. T-Bonds Mar 16	3/31/16	Short	\$ 658,213	\$(657,375)	\$(838)

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

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 4 - RECEIVABLES:

Receivables at December 31, 2015 in the governmental and business-type activities are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Property taxes	\$ 14,915,909	\$ 7,126,854
Interest and accounts	1,621,235	1,167,949
Notes receivable	-	8,449
Intergovernmental	<u>3,747,116</u>	<u>339,913</u>
	20,284,260	8,643,165
Less - allowance for uncollectible	<u>(866,741)</u>	<u>(25,000)</u>
	<u>\$ 19,417,519</u>	<u>\$ 8,618,165</u>

NOTE 5 - CAPITAL ASSETS:

Primary Government

Capital asset activity of the primary government for the year ended December 31, 2015 was as follows:

	<u>Balance January 1, 2015</u>	<u>Additions</u>	<u>Disposals/ Adjustments</u>	<u>Balance December 31, 2015</u>
Governmental Activities:				
Capital assets, not being depreciated				
Land	\$ 12,488,040	\$ 279,283	\$ -	\$ 12,767,323
Construction in progress	<u>7,361,925</u>	<u>1,547,717</u>	<u>7,808,706</u>	<u>1,100,936</u>
Total capital assets, not being depreciated	<u>19,849,965</u>	<u>1,827,000</u>	<u>7,808,706</u>	<u>13,868,259</u>
Capital assets, being depreciated				
Buildings	91,311,889	7,457,738	5,249	98,764,378
Improvements other than buildings	7,518,566	78,318	-	7,596,884
Machinery and equipment	21,116,626	1,356,256	434,258	22,038,624
Books	<u>7,217,720</u>	<u>345,743</u>	<u>1,138,201</u>	<u>6,425,262</u>
Total capital assets being depreciated	<u>127,164,801</u>	<u>9,238,055</u>	<u>1,577,708</u>	<u>134,825,148</u>
Less accumulated depreciation for:				
Buildings	29,343,675	2,456,506	2,122	31,798,059
Improvements other than buildings	3,539,002	358,993	-	3,897,995
Machinery and equipment	12,276,405	1,734,353	375,372	13,635,386
Books	<u>5,169,183</u>	<u>495,733</u>	<u>1,138,201</u>	<u>4,526,715</u>
Total accumulated depreciation	<u>50,328,265</u>	<u>5,045,585</u>	<u>1,515,695</u>	<u>53,858,155</u>
Total capital assets being depreciated, net	<u>76,836,536</u>	<u>4,192,470</u>	<u>62,013</u>	<u>80,966,993</u>
Governmental activities capital assets, net	<u>\$ 96,686,501</u>	<u>\$ 6,019,470</u>	<u>\$ 7,870,719</u>	<u>\$ 94,835,252</u>

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015**

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

	Balance January 1, 2015	Additions	Disposals/ Adjustments	Balance December 31, 2015
Business-type Activities:				
Capital assets, not being depreciated				
Land	\$ 1,317,858	\$ -	\$ -	\$ 1,317,858
Construction in progress	<u>502,936</u>	<u>982,057</u>	-	<u>1,484,993</u>
Total capital assets, not being depreciated	<u>1,820,794</u>	<u>982,057</u>	-	<u>2,802,851</u>
Capital assets, being depreciated				
Buildings	8,286,246	-	-	8,286,246
Improvements other than buildings	34,501,008	225,039	-	34,726,047
Machinery and equipment	<u>6,996,238</u>	<u>447,215</u>	-	<u>7,443,453</u>
Total capital assets being depreciated	<u>49,783,492</u>	<u>672,254</u>	-	<u>50,455,746</u>
Less accumulated depreciation for:				
Buildings	1,320,479	332,011	-	1,652,490
Improvements other than buildings	23,416,154	1,079,268	-	24,495,422
Machinery and equipment	<u>2,775,578</u>	<u>582,407</u>	-	<u>3,357,985</u>
	<u>27,512,211</u>	<u>1,993,686</u>	-	<u>29,505,897</u>
Total capital assets being depreciated, net	<u>22,271,281</u>	<u>(1,321,432)</u>	-	<u>20,949,849</u>
Business-type activities capital assets, net	<u>\$ 24,092,075</u>	<u>\$(339,375)</u>	<u>\$ -</u>	<u>\$ 23,752,700</u>

The business-type capital assets include \$279,630 of capitalized interest. During the year ended December 31, 2015, interest incurred by the County business-type activities was \$178,927, of which \$176,063 was expensed and \$2,864 was capitalized.

Depreciation expense for 2015 was charged to functions/programs of the primary government as follows:

Governmental activities:	
Judicial	\$ 32,902
General Government	1,293,207
Public Safety	2,403,316
Health and Welfare	170,385
Recreation and Cultural	<u>1,142,698</u>
Total depreciation expense-governmental activities	5,042,508
Depreciation in the internal service fund	<u>3,077</u>
	<u>\$ 5,045,585</u>
Business-type activities:	
Solid Waste Disposal System	\$ 1,759,538
Delinquent Tax Revolving	2,796
Airport Commission	<u>231,352</u>
Total depreciation expense-business-type activities	<u>\$ 1,993,686</u>

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015**

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

Construction/Purchase Commitments

The County has committed to the following contracts at December 31, 2015 (These commitments do not include any change orders made after December 31, 2015):

	<u>Contract Amount</u>	<u>Payments Through 12/31/15</u>	<u>Accounts Payable/ Retention</u>	<u>Remaining Balance 12/31/15</u>
Dive Team Custom Boat (a)	\$ 238,925	\$ 59,731	\$ -	\$ 179,194
Landfill Cell Maintenance (b)	1,233,744	-	-	1,233,744
Airport Fixed Basis Operator (c)	890,948	432,278	-	458,670
Inmate Medical Services (d)	1,493,063	961,188	40,914	490,961
911 Hardware and Software (e)	324,218	161,018	-	163,200
Gas Extraction Component Installation (f)	655,500	86,841	90,755	477,904
Grant Writing and Legislative Services (g)	270,000	120,000	-	150,000

The County has open contracts at 12/31/15 for:

- | | |
|--|--|
| (a) A new custom-built vessel for the Dive Team | (e) A new 911 phone system |
| (b) Cell maintenance at the landfill through December 31, 2017 | (f) The installation of the gas extraction component at the Landfill |
| (c) A Fixed Base Operator at the airport | (g) Grant writing and legislative strategy services |
| (d) Jail inmate medical services | |

Discretely Presented Component Units

Drainage Districts. Activity for the Drainage Districts for the year ended December 31, 2015 was as follows:

	<u>Balance January 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2015</u>
Capital assets, not being depreciated:				
Right of Ways	\$ 1,074,682	\$ 48,633	\$ 84,000	\$ 1,039,315
Construction in progress	<u>4,574,526</u>	<u>1,416,661</u>	<u>1,273,319</u>	<u>4,717,868</u>
	<u>5,649,208</u>	<u>1,465,294</u>	<u>1,357,319</u>	<u>5,757,183</u>
Capital assets, being depreciated:				
Infrastructure	37,740,550	1,688,953	-	39,429,503
Equipment	<u>52,167</u>	<u>-</u>	<u>-</u>	<u>52,167</u>
	<u>37,792,717</u>	<u>1,688,953</u>	<u>-</u>	<u>39,481,670</u>
Less accumulated depreciation for:				
Infrastructure	7,242,771	590,937	-	7,833,708
Equipment	<u>39,477</u>	<u>1,880</u>	<u>-</u>	<u>41,357</u>
	<u>7,282,248</u>	<u>592,817</u>	<u>-</u>	<u>7,875,065</u>
Total capital assets being depreciated, net	<u>30,510,469</u>	<u>1,096,136</u>	<u>-</u>	<u>31,606,605</u>
Total capital assets, net	<u>\$ 36,159,677</u>	<u>\$ 2,561,430</u>	<u>\$ 1,357,319</u>	<u>\$ 37,363,788</u>

Depreciation expense for 2015 was \$592,817.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015**

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

Road Commission. Activity for the Road Commission for the year ended December 31, 2015 was as follows:

	Balance January 1, 2015	Additions	Deletions/ Removals	Balance December 31, 2015
Capital assets, not being depreciated -				
Land	\$ 65,629	\$ -	\$ -	\$ 65,629
Land Improvements *	23,757,337	-	-	23,757,337
Right of Ways	<u>2,587,830</u>	<u>616,901</u>	-	<u>3,204,731</u>
Total capital assets, not being depreciated	<u>26,410,796</u>	<u>616,901</u>	-	<u>27,027,697</u>
Capital assets, being depreciated -				
Building and Improvements	4,778,827	110,512	-	4,889,339
Road Equipment	13,001,616	1,263,432	266,468	13,998,580
Shop Equipment	692,841	140,000	55,963	776,878
Office Equipment	176,377	10,048	22,488	163,937
Engineering Equipment	302,239	4,217	19,213	287,243
Infrastructure -				
Roads *	129,713,783	12,609,777	2,709,508	139,614,052
Bridges	66,225,997	4,458,037	-	70,684,034
Traffic Signals	460,813	-	-	460,813
Depletable Assets -				
Gravel Pits	<u>163,455</u>	-	-	<u>163,455</u>
	<u>215,515,948</u>	<u>18,596,023</u>	<u>3,073,640</u>	<u>231,038,331</u>
Less - accumulated depreciation for -				
Buildings and Improvements	3,004,947	104,689	-	3,109,636
Road Equipment	10,987,032	844,599	265,832	11,565,799
Shop Equipment	591,036	21,796	55,963	556,869
Office Equipment	142,198	15,402	22,488	135,112
Engineering Equipment	226,788	21,485	17,854	230,419
Infrastructure -				
Roads *	57,502,638	6,716,543	2,709,508	61,509,673
Bridges	18,893,502	1,387,332	-	20,280,834
Traffic Signals	384,034	15,516	-	399,550
Depletable Assets	<u>46,342</u>	-	-	<u>46,342</u>
	<u>91,778,517</u>	<u>9,127,362</u>	<u>3,071,645</u>	<u>97,834,234</u>
Total capital assets being depreciated, net	<u>123,737,431</u>	<u>9,468,661</u>	<u>1,995</u>	<u>133,204,097</u>
Total capital assets, net	<u>\$ 150,148,227</u>	<u>\$ 10,085,562</u>	<u>\$ 1,995</u>	<u>\$ 160,231,794</u>

Depreciation expense for 2015 was \$9,127,362.

* As restated. See Note 19.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015**

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

Department of Public Works. Activity for the Department of Public Works for the year ended December 31, 2015 was as follows:

	Balance January 1, 2015	Additions	Deletions/ Removals	Balance December 31, 2015
Business-type activities:				
Capital assets, not being depreciated -				
Land	\$ 83,776	\$ -	\$ -	\$ 83,776
Construction in progress	494,403	86,035	580,438	-
	<u>578,179</u>	<u>86,035</u>	<u>580,438</u>	<u>83,776</u>
Capital assets being depreciated -				
Plant	10,692,820	638,026	-	11,330,846
Utility System	16,002,766	-	-	16,002,766
Machinery and Equipment	970,722	27,392	206,666	791,448
	<u>27,666,308</u>	<u>665,418</u>	<u>206,666</u>	<u>28,125,060</u>
Less - accumulated depreciation for -				
Plant	5,659,231	220,237	-	5,879,468
Utility System	9,954,727	266,713	-	10,221,440
Machinery and Equipment	663,467	51,210	168,158	546,619
	<u>16,277,425</u>	<u>538,160</u>	<u>168,158</u>	<u>16,647,427</u>
Total capital assets, being depreciated, net	<u>11,388,883</u>	<u>127,258</u>	<u>38,508</u>	<u>11,477,633</u>
Total capital assets, net	<u>\$ 11,967,062</u>	<u>\$ 213,293</u>	<u>\$ 618,946</u>	<u>\$ 11,561,409</u>

Depreciation expense was charged to function/programs as follows:

 Business-type activities - Water and Sewer \$ 538,160

Community Mental Health Authority. Activity for the Community Mental Health Authority for the year ended September 30, 2015 was as follows:

	Balance October 1, 2014	Additions	Disposals/ Adjustments	Balance September 30, 2015
Capital assets not being depreciated -				
Land	\$ 1,464,611	\$ -	\$ -	\$ 1,464,611
Construction in progress	47,109	1,364,571	1,045,761	365,919
Total capital assets, not being depreciated	<u>1,511,720</u>	<u>1,364,571</u>	<u>1,045,761</u>	<u>1,830,530</u>
Capital assets being depreciated -				
Building	12,757,252	1,051,012	-	13,808,264
Leasehold improvements	54,980	21,364	-	76,344
Equipment and Furniture	2,708,855	121,299	589,841	2,240,313
	<u>15,521,087</u>	<u>1,193,675</u>	<u>589,841</u>	<u>16,124,921</u>
Less accumulated depreciation for -				
Building	4,123,060	653,297	-	4,776,357
Leasehold improvements	54,980	7,121	-	62,101
Equipment	2,106,458	216,822	589,841	1,733,439
	<u>6,284,498</u>	<u>877,240</u>	<u>589,841</u>	<u>6,571,897</u>
Total capital assets being depreciated, net	<u>9,236,589</u>	<u>316,435</u>	<u>-</u>	<u>9,553,024</u>
Total capital assets, net	<u>\$ 10,748,309</u>	<u>\$ 1,681,006</u>	<u>\$ 1,045,761</u>	<u>\$ 11,383,554</u>

Depreciation expense for 2015 was \$877,240.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 6 - PAYABLES:

Payables at December 31, 2015 in the governmental and business-type activities are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Accounts payable/accrued expenses	\$ 2,655,724	\$ 738,804
Wages and fringe benefits	1,862,317	25,328
Accrued interest	467,683	44,700
Intergovernmental	<u>172,733</u>	<u>36,993</u>
	<u>\$ 5,158,457</u>	<u>\$ 845,825</u>

NOTE 7 - INTERFUND RECEIVABLE, PAYABLE AND TRANSFERS:

The composition of interfund balances as of December 31, 2015 is as follows:

Due To/From Other Funds -

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government -		
Combined General Fund	E-911 Fund	\$ 256,613 (1)
Delinquent Tax Revolving Fund	Combined General Fund	4,000,000 (2)
Human Services	Child Care	22,623 (2)
Public Improvement	Drug Law Enforcement	<u>106,410 (5)</u>
		4,385,646
Fiduciary Funds -		
Basic Retirement System	Other Postemployment Benefits	199,258 (3)
Other Postemployment Benefits	Basic Retirement System	<u>6,115,763 (4)</u>
		<u>\$ 10,700,667</u>

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

Advances From/To Primary Government & Component Unit -

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

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

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015**

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

Transfers From/To Other Funds -

<u>Receiving Fund</u>	<u>Expending Fund</u>	<u>Amount</u>
Combined General	Drug Task Force	\$ 205,633 (4)
	Solid Waste Disposal System	900,000 (5)*
	E-911	1,055,638 (4)
Nonmajor Governmental Funds -		
Convention Center	Combined General	50,000 (1)
	Solid Waste Disposals System	600,000 (1)*
Health Department	Combined General	1,580,400 (1)
CDBG Housing	Combined General	10,000 (1)
Human Services	Combined General	218,501 (1)
Child Care	Combined General	3,160,031 (1)
Public Improvement	Combined General	582,628 (3)
Jail/Juvenile Facility Debt	Delinquent Tax Revolving	2,147,875 (2)*
Building Authority Debt	Combined General	781,858 (2)
Communications Series 2009 Debt	Combined General	267,331 (2)
Convention Center Debt	Combined General	327,611 (2)
Nonmajor Enterprise Fund -		
Airport Commission	Solid Waste Disposal System	<u>210,000 (1)</u>
Total Transfers		<u>\$ 12,097,506</u>

(1) Annual appropriations for operations

(2) Transfers for the payment of debt

(3) Transfers for construction/equipment

(4) Transfers to cover costs

(5) Transfer to cover Road Appropriation

* Transfer Between Governmental and Business-type Activities

NOTE 8 - LEASES:

Primary Government

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 with a cost of \$16,829,327 and accumulated depreciation of \$7,050,386. The agreement calls for annual rent payments of \$754,218 per year with an adjustment based on actual operating cost after the end of each year. The original lease is for 25 years ending July 31, 2022 with an option to rent for an additional five years. However, the lease may be cancelled with the State for various reasons with at least 60 days notice. The noncancellable portion of the lease is \$125,703.

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

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 8 - LEASES - (cont'd):

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

	<u>Principal</u>	<u>Interest</u>
2016	\$ 450,000	\$ 331,800
2017	455,000	313,700
2018	555,000	293,500
2019	650,000	269,400
2020	750,000	241,400
2021-2025	4,170,000	687,425
2026	<u>900,000</u>	<u>16,875</u>
Total Receivable	<u>\$ 7,930,000</u>	<u>\$ 2,154,100</u>

Component Unit - Department of Public Works

Lessor Leases - The DPW has entered into a number of capital lease agreements with various municipalities within the County. Under the agreements, the 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 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>
2016	\$ 1,945,000	\$ 416,830
2017	2,000,000	365,499
2018	2,042,500	306,002
2019	1,635,600	244,244
2020	1,170,000	204,464
2021-2025	2,740,000	431,258
2026-2029	1,351,954	84,693
2030-2034	<u>67,038</u>	<u>3,828</u>
	<u>\$ 12,952,092</u>	<u>\$ 2,056,818</u>

The aggregate future capital lease payments necessary for the retirement of the debt principal and accrued interest payable at December 31, 2015 have been reported net of available cash as a capital lease receivable.

Principal due	\$ 12,952,092
Accrued interest	74,928
Net premium (discount)	<u>(4,280)</u>
	13,022,740
Less -	
Cash available after	
current liabilities	<u>(642,402)</u>
	<u>\$ 12,380,338</u>

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015**

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, 2015:

	Balance January 1, 2015	Additions	Reductions	Balance December 31, 2015	Due Within One Year
<u>Governmental Activities:</u>					
Governmental Funds -					
2007 General Obligation Bonds, Series A	\$ 8,850,000	\$ -	\$ 8,400,000	\$ 450,000	\$ 450,000
2015 Refunding Bonds, Series A	-	7,480,000	-	7,480,000	-
2007 General Obligation Bonds, Series B	2,400,000	-	2,100,000	300,000	300,000
2015 Refunding Bonds, Series B	-	1,800,000	-	1,800,000	-
2009 General Obligation Bonds	2,375,000	-	175,000	2,200,000	175,000
2012 Refunding Bonds	23,250,000	-	1,155,000	22,095,000	1,185,000
2012 General Obligation Bonds	8,800,000	-	205,000	8,595,000	210,000
2013 Refunding Bonds	5,260,000	-	700,000	4,560,000	775,000
Drain Districts	3,098,484	232,438	302,033	3,028,889	287,191
Accumulated Vacation, Sick, & Compensatory Leave	4,616,572	332,466	267,811	4,681,227	260,000
Amounts for -					
Issuance Discounts	(79,932)	-	(79,046)	(886)	(111)
Issuance Premiums	2,096,208	1,137,516	279,425	2,954,299	279,425
Total Governmental Funds	<u>60,666,332</u>	<u>10,982,420</u>	<u>13,505,223</u>	<u>58,143,529</u>	<u>3,921,505</u>
Internal Service Fund -					
Workers' Compensation Claims Liability	125,000	145,419	65,419	205,000	205,000
General, Auto, & Property Insurance Claims Liability	650,000	101,715	206,715	545,000	21,000
Total Internal Service Fund	<u>775,000</u>	<u>247,134</u>	<u>272,134</u>	<u>750,000</u>	<u>226,000</u>
Total Governmental Activities	<u>61,441,332</u>	<u>11,229,554</u>	<u>13,777,357</u>	<u>58,893,529</u>	<u>4,147,505</u>
<u>Business Activities:</u>					
Enterprise Funds -					
Solid Waste Disposal System -					
General Obligation Bonds 2010	7,055,760	268,621	360,000	6,964,381	370,000
General Obligation Bonds 2014	-	532,696	-	532,696	-
Closure and Post-closure Costs	5,467,703	393,392	-	5,861,095	-
Accumulated Vacation, Sick, & Compensatory Leave	33,620	2,642	-	36,262	-
Airport Commission -					
Accumulated Vacation, Sick, & Compensatory Leave	9,599	746	-	10,345	-
Total Enterprise Funds	<u>12,566,682</u>	<u>1,198,097</u>	<u>360,000</u>	<u>13,404,779</u>	<u>370,000</u>
Total Primary Government	<u>\$ 74,008,014</u>	<u>\$ 12,427,651</u>	<u>\$ 14,137,357</u>	<u>\$ 72,298,308</u>	<u>\$ 4,517,505</u>

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015**

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

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

2007 General Obligation Bonds, Series A -

The County issued \$10,490,000 of General Obligation Limited Tax Bonds, pursuant to the provisions of Act 34, Public Acts of Michigan of 2001. The bonds were issued for the cost of acquiring, constructing, and equipping a new consolidated office building to house the Mental Health Authority administrative staff and direct operated programs. The bonds were partially refunded with the 2015 Refunding Bond. The bonds, dated April 1, 2007, are due April 1, 2016 with interest of 4.0%.

\$ 450,000

2015 Refunding Bonds, Series A -

The County issued \$7,480,000 of General Obligation Limited Tax Refunding Bonds to provide resources to purchase securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$8,000,000 of 2007 General Obligation Series A Bonds. As a result, the refunded bonds are considered defeased and the liability has been removed from the governmental activities column in the statement of net position. The refunding resulted in an economic gain of \$511,902, reducing debt service payments by \$584,703 over the life of the bond. The bonds, dated April 15, 2015, are due in annual installments of \$455,000 to \$900,000 through April 1, 2026 with interest ranging from 3.75% to 5.0%, payable semi-annually.

\$ 7,480,000

2007 General Obligation Bonds, Series B -

The County issued \$3,500,000 of General Obligation Limited Tax Bonds, pursuant to the provisions of Act 34, Public Acts of Michigan of 2001. The bonds were issued for the cost of acquiring and installing equipment related to 911 services located in the County. The bonds, dated April 1, 2007, are due April 1, 2016 with interest of 4.0%.

\$ 300,000

2015 Refunding Bonds, Series B -

The County issued \$1,800,000 of General Obligation Limited Tax Refunding Bonds to provide resources to purchase securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$1,850,000 of 2007 General Obligation Series B Bonds. As a result, the refunded bonds are considered defeased and the liability has been removed from the governmental activities column in the statement of net position. The refunding resulted in an economic gain of \$64,368, reducing debt service payments by \$67,125 over the life of the bond. The bonds, dated April 15, 2015, are due in annual installments of \$290,000 to \$415,000 through April 1, 2021 with interest of 4.0%, payable semi-annually.

\$ 1,800,000

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015**

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 \$175,000 to \$325,000 through April 1, 2024 with interest ranging from 4.0% to 4.125%, payable semi-annually.

\$ 2,200,000

2012 Refunding Bonds -

The County issued \$24,365,000 of general obligation limited tax refunding bonds to provide resources to purchase U.S. Government, State, and Local series securities that were placed in an irrevocable trust for the purpose of generating resources for future debt service payments of \$25,800,000 of 2003 General Obligation limited tax bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position. The bonds dated June 4, 2012 are due in annual installments from \$1,185,000 to \$2,365,000 through April 1, 2028, with interest ranging from 3.0% to 5.0%, payable semi-annually.

\$ 22,095,000

2012 General Obligation Bonds -

The County issued \$9,000,000 of General Obligation Limited Tax Bonds, pursuant to the provisions of Act 34 Public Acts of Michigan of 2001. The bonds were issued for the cost of acquiring, constructing, and equipping a Convention Center. The bonds, dated September 11, 2012, are due in annual installments from \$210,000 to \$490,000, through April 1, 2042 with interest ranging from 2.0% to 5.0%, payable semi-annually.

\$ 8,595,000

2013 Refunding Bonds -

The County issued \$5,380,000 of limited tax general obligation refunding bonds to provide resources to purchase securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$5,020,000 of 2004 Building Authority refunding bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position. The bonds dated June 20, 2013 are due in annual installments from \$725,000 to \$795,000 through April 1, 2021 with interest ranging from 0.95% to 2.45%, payable semi-annually.

\$ 4,560,000

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015**

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

2010 General Obligation Bonds -

The County issued \$14,045,000 of General Obligation Limited Tax Bonds through the Michigan Municipal Bond Authority to finance the construction of the Landfill Leachate System, of which \$5,096,000 or 36.3% of the bonds are forgivable. A capital grant has been reported in 2011 for the forgivable portion of the obligation. At December 31, 2015, the County had drawn \$12,500,760 including the forgivable portion of \$5,096,000. The bonds, dated January 22, 2010, are due in annual installments ranging from \$360,000 to \$560,000 through October 1, 2033 with interest of 2.5% payable semi-annually.

\$ 6,964,381

2014 General Obligation Bonds -

The County issued \$6,870,000 of General Obligation Limited Tax Bonds through the Michigan Municipal Bond Authority to finance the construction of the Landfill Leachate System, of which \$3,435,000 or 50% of the bonds are forgivable. A capital grant has been reported for the forgivable portion of the obligation of \$3,434,990 (\$152,593 in 2015). At December 31, 2015, the County had drawn \$3,967,686. The bonds, dated June 25, 2014, are due in annual installments ranging from \$135,000 to \$215,000 beginning April 1, 2019 through April 1, 2038 with interest of 2.5% payable semi-annually.

\$ 532,696

The proceeds of the 2004, 2012, 2013, 2015A, and 2015B refunding bond issues were placed in special escrow accounts and are invested in securities of the U.S. Government and its Agencies. The maturities of these investments coincide with the principal and interest payments on the extinguished debts and are sufficient to pay all principal and interest on the 1996 and 2003 General Obligation Bonds, 2004 Refunding Bonds, and the 2007A and 2007B General Obligation Bonds when due. Accordingly, the trust account assets and liabilities for the defeased bonds outstanding are not included in the Financial Statements. At December 31, 2015, the defeased bonds outstanding were \$4,500,000, \$23,450,000, \$4,420,000, \$8,000,000, and \$1,850,000, respectively.

Drain Districts -

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

\$ 3,028,889

Accrued Workers' Compensation Claims -

The County has estimated accrued outstanding workers' compensation insurance claims, including an estimate for claims incurred but not reported (IBNR), at December 31, 2015. The dollar amount of these claims is reflected on the Balance Sheet of the Self-Insurance Fund, including the current portion of \$205,000.

\$ 205,000

Accrued Insurance Claims -

The County has estimated the accrued claims for general and auto liability, motor vehicle physical damage and property, including estimates for claims incurred but not reported (IBNR), at December 31, 2015. The dollar amount of these claims is reflected on the Balance Sheet of the Self-Insurance Fund, including the current portion of \$21,000.

\$ 545,000

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015**

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 \$46,607 has been recorded as a long-term liability on the government-wide and fund level financial statements. The governmental activities portion of \$4,681,227 has been recorded in the government-wide financial statements as a long-term liability. The governmental activities portion is generally liquidated by the Combined General Fund or other governmental fund where the employee is charged.

Closure and Post-Closure Costs - In accordance with the Governmental Accounting Standards Board (GASB) Statement No. 18, the closure and post-closure care landfill liability at December 31, 2015, as reported in the Solid Waste Disposal System (Enterprise Fund/business activities) amounts to \$5,861,095. See Note 17 for additional information.

Letter of Credit - The County Landfill has a letter of credit as a surety bond issued to the Michigan Department of Environmental Quality for \$2,595,000. The letter is set to mature August 1, 2017 with interest at the prime rate. As of December 31, 2015, there have been no claims on the letter of credit.

Annual Debt Requirements - The annual requirements to pay the debt outstanding at December 31, 2015 for the following bonds and notes (excluding the 2010 and 2014 General Obligation Limited Tax Bonds since payments have not been finalized) of Primary Government are as follows:

Year Ending December 31,	Refunding Bonds		G.O. Limited Tax Bonds		Drain Districts	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 1,960,000	\$ 1,428,301	\$ 1,135,000	\$ 400,374	\$ 287,191	\$ 132,586
2017	2,760,000	1,361,770	415,000	373,624	287,192	122,249
2018	2,925,000	1,266,895	415,000	361,324	251,235	112,004
2019	3,205,000	1,161,144	445,000	348,199	251,235	103,180
2020	3,400,000	1,044,123	475,000	333,412	246,486	94,416
2021-2025	14,035,000	3,421,801	2,390,000	1,399,801	1,025,310	355,551
2026-2030	7,650,000	534,625	1,450,000	1,086,765	598,536	172,058
2031-2035	-	-	1,725,000	793,110	51,061	13,404
2036-2040	-	-	2,130,000	386,627	30,643	2,681
2041-2042	-	-	965,000	36,470	-	-
	<u>\$ 35,935,000</u>	<u>\$10,218,659</u>	<u>\$ 11,545,000</u>	<u>\$ 5,519,706</u>	<u>\$ 3,028,889</u>	<u>\$ 1,108,129</u>

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015**

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, 2015:

	Balance January 1, <u>2015</u>	<u>Additions</u>	<u>Reductions</u>	Balance December 31, <u>2015</u>	Due Within <u>One Year</u>
Department of Public Works (DPW) -					
General Obligation Bonds	\$ 6,856,903	\$ 87,635	\$ 1,365,000	\$ 5,579,538	\$ 795,000
Drinking Water Revolving Loan	8,497,554	-	1,125,000	7,372,554	1,150,000
Amounts for -					
Issuance Premiums	388	-	194	194	194
Issuance Discounts	(8,948)	-	(4,474)	(4,474)	(4,474)
Total DPW	<u>15,345,897</u>	<u>87,635</u>	<u>2,485,720</u>	<u>12,947,812</u>	<u>1,940,720</u>
Road Commission -					
Accrued Vacation & Sick	<u>283,000</u>	<u>466,000</u>	<u>450,000</u>	<u>299,000</u>	<u>228,000</u>
Drainage Districts -					
Notes Payable	6,437,710	670,000	624,957	6,482,753	5,000,253
State Clean Water Revolving Loans	3,657,000	-	177,000	3,480,000	179,000
Bonds Payable	10,300,696	915,000	825,231	10,390,465	895,232
Amounts for -					
Issuance Premiums	29,338	-	12,908	16,430	12,908
Issuance Discounts	(99,635)	-	(7,117)	(92,518)	(7,117)
Total Drainage Districts	<u>20,325,109</u>	<u>1,585,000</u>	<u>1,632,979</u>	<u>20,277,130</u>	<u>6,080,276</u>
Land Bank Authority -					
Notes Payable	<u>29,947</u>	-	<u>21,498</u>	<u>8,449</u>	-
Community Mental Health Authority (1) -					
Notes Payable	1,390,428	-	57,915	1,332,513	1,278,329
Contracts Payable	8,850,000	7,480,000	8,400,000	7,930,000	450,000
Amounts for -					
Issuance Premiums	-	970,388	44,108	926,280	88,217
Issuance Discounts	(65,981)	-	(65,981)	-	-
Accrued Vacation & Sick	<u>1,482,850</u>	<u>1,320,481</u>	<u>1,277,969</u>	<u>1,525,362</u>	<u>1,350,000</u>
Total Mental Health	<u>11,657,297</u>	<u>9,770,869</u>	<u>9,714,011</u>	<u>11,714,155</u>	<u>3,166,546</u>
Total Component Units	<u>\$ 47,641,250</u>	<u>\$ 11,909,504</u>	<u>\$ 14,304,208</u>	<u>\$ 45,246,546</u>	<u>\$ 11,415,542</u>

(1) October 1, 2014 through September 30, 2015

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015**

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 \$15,355,000.

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

	<u>Interest Rate (Percent)</u>	<u>Principal Balance</u>
Governmental Activities (G.O. Bonds) -		
Sewage Disposal System No. X - Series 2000 Bonds (Village of Capac)	5.50-5.55	\$ 285,000
Water Supply System No. XII - Series 2008 Bonds (Cottrellville Township)	4.00-5.00	975,000
Water Supply System No. XIIA - Series 2009 Bonds (Cottrellville Township)	3.00-4.20	<u>1,750,000</u>
		<u>3,010,000</u>
Governmental Activities (G.O. Refunding) -		
Water Supply System VII - 2003 A Refunding Bonds (Ira Township)	3.90-4.125	1,280,000
Sewage Disposal System I - 2012 Refunding Bonds (City of Algonac and Ira Township)	1.50-2.625	<u>1,015,000</u>
		<u>2,295,000</u>
Total G.O. Bonds - Governmental Activities		<u>5,305,000</u>

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015**

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

Business-type Activities -

2014 General Obligation Bonds -

The Department of Public Works issued \$585,000 of General Obligation Limited Tax Bonds through the Michigan Municipal Bond Authority to finance construction at the Sewage Disposal System, of which \$292,500 or 50% of the bonds are forgivable. A capital grant was reported in 2014 for the forgivable portion of the obligation. At December 31, 2015, the DPW had drawn \$567,038, including the forgivable portion of \$292,500. The bonds, dated July 1, 2014, are due in annual installments, ranging from \$10,000 to \$20,000 beginning October 1, 2015 through October 1, 2035 with interest of 2.5% payable semi-annually.

\$ 274,538

Total G.O. Bonds

\$ 5,579,538

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.

The following is a summary of refunding transactions with the balance of bonds considered defeased at December 31, 2015:

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.

\$ 115,000

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

\$ 110,000

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

\$ 975,000

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

\$ 1,250,000

Drinking Water Revolving Loans -

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

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015**

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

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

Governmental Activities (Revolving Loans) -

	<u>Interest Rate (Percent)</u>	<u>Principal Balance</u>
Water Supply System X Series 1998 (City of Algonac/Clay Township)	2.50	\$ 1,890,600
Water Supply System III Series 1999 (Charter Townships of East China and China)	2.50	2,515,000
Water Supply System XI Series 2006 (Ira Township)	2.125	<u>2,966,954</u>
Total Revolving Loans		<u>\$ 7,372,554</u>

Annual debt service requirements to maturities are as follows:

Year Ending December 31,	General Obligation Bonds		Drinking Water Revolving Loans	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 795,000	\$ 201,917	\$ 1,150,000	\$ 214,913
2017	820,000	173,753	1,180,000	191,746
2018	827,500	143,153	1,215,000	162,849
2019	395,000	111,085	1,240,600	133,159
2020	400,000	96,679	770,000	107,785
2021-2025	1,470,000	304,401	1,270,000	126,857
2026-2029	805,000	72,996	546,954	11,697
2030-2034	<u>67,038</u>	<u>3,828</u>	<u>-</u>	<u>-</u>
	<u>\$ 5,579,538</u>	<u>\$ 1,107,812</u>	<u>\$ 7,372,554</u>	<u>\$ 949,006</u>

Road Commission -

Letter of Credit -

The Road Commission has a letter of credit as a surety bond issued to the Michigan Department of Environmental Quality for \$40,250. The letter is set to mature on August 2, 2016 with interest of 1.0% in excess of the prime rate and collateralized by a hold on a checking account. As of December 31, 2015, there have been no claims on the letter of credit.

Accrued Sick and Vacation -

In accordance with contracts negotiated with the various employee groups of the Road Commission, individual employees have a vested right upon termination of employment to receive payment for unused sick leave and vacation under formulas and conditions specified in the contracts. The dollar amount of these vested rights, which has been accrued on the financial statements, amounted to approximately \$71,000 for sick leave and \$228,000 for vacation at December 31, 2015.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015**

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

Drainage Districts -

Bonds Payable -

South Branch of Mill Creek Intercounty Drain Bonds -

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

Principal on the bonds is due on June 1 of each year through 2017 with interest due semi-annually at interest rates ranging from 5.0% to 6.0%. \$ 400,465

Blue River Gardens Drain Drainage District Bonds -

In February 2008, the Blue River Gardens Drain Drainage District issued \$555,000 of bonds for improvements to the drainage district. The bonds will be paid from special assessments against property and public corporations within the drainage district. Principal on the bonds is due June 1 of each year through 2027 with interest due semi-annually at interest rates ranging from 3.80% to 5.10%.

360,000

Bunce Creek & Huffman Drain Drainage District Bonds -

In March 2009, the Bunce Creek & Huffman Drain Drainage District issued \$4,625,000 of bonds for improvements to the drainage district. The bonds will be paid from special assessments against property and public corporations within the drainage district. Principal on the bonds is due on April 1 of each year through 2029 with interest due semi-annually at interest rates ranging from 4.25% to 5.375%.

3,500,000

Gossman and Branches Drain Drainage District Bonds -

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

1,525,000

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

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

1,980,000

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015**

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

Pelton Drain Drainage District Bonds -

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

\$ 1,095,000

Lakeland Drain Drainage District Bonds -

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

615,000

Lester Bammel Drain Drainage District Bonds -

In October 2015, the Lester Bammel Drain Drainage District issued \$915,000 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 June 1 of each year through 2030 with interest due semi-annually at interest rates ranging from 2.00% to 4.00%.

915,000

\$ 10,390,465

State Clean Water Revolving Fund Loans -

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

\$ 2,115,000

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

1,365,000

\$ 3,480,000

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015**

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

Notes Payable -

St. Clair County, through the Drain Commission, administers the construction of drains, which are deemed to benefit properties against which special assessments are levied. To finance the construction, notes are issued in accordance with the provisions of Act No. 40 of the Michigan Public Acts of 1956, as amended by Act No. 71, Public Acts of 1976 or has received loans from the primary government. Repayment of the notes is made from the special assessment revenues, payment from other government units, etc. During the year, the Drain Commission issued \$670,000 of drain notes. The balance of the obligations at December 31, 2015 was as follows:

	<u>Interest Rate</u>	<u>Amount</u>
Governmental Activities -		
Layle-Robbins Drain	2.60 %	\$ 9,500*
202 County Drain	0.90	90,000*
State Road County Drain	0.90	50,000*
Stocks Creek & Branch	1.60	1,220,000*
Galbraith County Drain	3.50	295,000*
Richmond/Columbus Intercounty Drain	4.70	254,343
Fueslein Drain	3.75	144,000*
Metcalf Drain	3.25	32,500*
Carrigan & Grace Drain	0.90	330,000*
Carrigan Branch 1	5.69	87,000
Shanahan 2009ZE	3.25	60,000*
Chase Ext - Coon Creek Intercounty Drain	4.75	39,648
Green Drain	0.90	260,000*
Holland & Branches 2010 County Drain	0.90	290,000*
King County Drain	0.90	25,000*
Meldrum Drain	0.90	180,000*
Macomb County Drain	0.90	60,000*
Howe Brandymore & Branches	0.90	1,330,000*
Holland & Branches 2013 County Drain	0.90	70,000*
Baldwin Drain	3.50	265,000*
Forest Manor Drain	0.90	290,000*
South Branch of the Pine River Drain	4.23	76,000
Barringer Drain	3.77	348,000
Shea Drain	3.50	135,333*
Marine City Drain	0.90	260,000*
Price Drain	3.50	171,429*
Bricker Drain	0.90	110,000*
		<u>\$ 6,482,753</u>

* Amounts held by Primary Government

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015**

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
2016	\$ 895,232	\$ 415,895	\$ 5,000,253	\$ 106,546	\$ 179,000	\$ 94,549
2017	895,233	375,947	402,754	49,072	180,000	90,530
2018	700,000	343,992	279,039	34,998	187,000	86,426
2019	715,000	317,421	216,824	20,487	193,000	82,136
2020	715,000	289,662	216,824	20,339	200,000	77,698
2021-2025	3,595,000	1,010,328	309,059	78,174	1,050,000	318,313
2026-2030	2,810,000	294,118	58,000	43,791	812,000	195,083
2031-2035	65,000	1,381	-	-	345,000	116,238
2036-2039	-	-	-	-	334,000	36,254
	<u>\$ 10,390,465</u>	<u>\$ 3,048,744</u>	<u>\$ 6,482,753</u>	<u>\$ 353,407</u>	<u>\$ 3,480,000</u>	<u>\$ 1,097,227</u>

Land Bank Authority -

Notes Payable -

The Land Bank Authority issued notes in accordance with Provisions of Act No. 40 of the Michigan Public Acts of 1956, as Amended by Act No. 71 of the Public Acts of 1976. The Land Bank Authority has received a loan from the primary government to acquire foreclosed properties within the County. Repayment of the promissory notes will be made when the properties are ultimately sold. The balance at December 31, 2015 was \$8,449.

Community Mental Health Authority -

Loans Payable -

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

\$ 1,001,220

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

95,770

On June 28, 2011, the Authority entered into a promissory note for the Strawberry Lane Home for \$86,400. The note is to be repaid in 180 monthly payments of \$743, including interest at the Treasury Security Rate plus 3.89%.

60,865

On October 1, 2013, a term loan was entered into for \$191,641. The loan calls for 59 monthly payments of \$1,540 including interest of 5.17% with a final payment of \$145,108 on October 1, 2018. The note is secured by the property, however, is due on demand.

174,658

\$ 1,332,513

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015**

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

Contracts Payable -

The Authority has entered into a lease agreement with St. Clair County for the acquisition, construction, and equipping of a new consolidated office building. The County has issued bonds for the project, and the debt service payments will be paid through the lease with the Authority. The bonds, dated April 1, 2007 for \$10,490,000, were partially refunded April 15, 2015. The last payment of \$450,000 is due April 1, 2016 with interest of 4.0%.

\$ 450,000

The Authority and County modified their lease agreement with the refunding of the bonds used to purchase, construct, and equip the office building of the Authority. Upon the retirement of debt, the site will be deeded to the Authority. The bonds, dated April 15, 2015, are due in annual installments of \$455,000 to \$900,000 through April 11, 2026 with interest ranging from 3.75% to 5.00% payable semi-annually.

7,480,000

\$ 7,930,000

Accrued Vacation and Sick -

In accordance with contracts negotiated with various employee groups of the Authority, individual employees have vested rights upon termination of employment to receive payments for unused vacation and sick leave under formulas and conditions specified in the contract. As of September 30, 2015, the vested benefits amounted to \$1,525,362.

Annual debt service requirements to pay the debt outstanding at September 30, 2015 (excluding vacation and sick) are as follows:

Year Ended September 30,	Notes Payable		Contracts Payable	
	Principal *	Interest *	Principal	Interest
2016	\$ 151,116	\$ 64,570	\$ 450,000	\$ 331,800
2017	979,368	55,243	455,000	313,700
2018	17,951	9,456	555,000	293,500
2019	151,568	2,040	650,000	269,400
2020	7,804	1,121	750,000	241,400
2021-2025	24,706	1,462	4,170,000	687,425
2026	-	-	900,000	16,875
	<u>\$ 1,332,513</u>	<u>\$ 133,892</u>	<u>\$ 7,930,000</u>	<u>\$ 2,154,100</u>

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

NOTE 10 - RETIREMENT PLAN:

DEFINED BENEFIT PLAN

Two years of information on the pension plan (the "Plan") is presented. The current year is presented for the Plan to satisfy requirements of GASB No. 67, and the prior year is presented as the measurement date for reporting the liability of the employer to satisfy requirements of GASB No. 68.

ST. CLAIR COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2015

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

Plan Description -

The St. Clair County Retirement System is a single employer, defined benefit 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). Effective January 1, 2016, the Plan is closed to all but one bargaining unit. The system is administered, managed and operated by a Board composed of 9 trustees, the chairperson of the Board of Commissioners, or their appointee, a member of the Board of Commissioners, a member of the St. Clair County Road Commission Board, one appointed citizen, four elected employees of the retirement system, and one retired member elected by the retired members. The benefit provisions are governed by Act No. 427 of the Michigan Public Acts of 1984, as amended. The Plan may be amended by the County Board of Commissioners. The Plan is audited within the scope of the audit of the basic financial statements. Separate audited financial statements are not issued.

The membership at December 31, 2013 was composed of 739 active participants, 668 retirees and beneficiaries, and 155 inactive but vested members. The membership at December 31, 2014 was composed of 708 active participants, 683 retirees and beneficiaries, and 159 inactive but vested members. In general, all employees are eligible for regular retirement as follows:

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

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

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

All Employees - age 60 with 8 years of service.

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

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

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015**

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

Summary of Significant Accounting Policies -

Basis of Accounting -

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

Method Used to Value Investments -

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

Contribution and Funding Policy -

The Plan's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as a level dollar amount for General County and Road Commission employees and as a percentage of annual covered payroll for Community Mental Health are designed to accumulate sufficient assets to pay benefits when due. During the year ended December 31, 2015, contributions totaling \$9,218,938 (\$7,179,980 employer and \$2,038,958 employee) were made in accordance with contribution requirements determined by an actuarial valuation for the Plan as of December 31, 2013. The required employer contributions were \$4,062,123 for General County, \$961,297 for the Road Commission, and 10.0% of covered payroll for Community Mental Health. Employee contributions represent 5.0% of covered payroll. (For the Road Commission, employees contributed 8.0%.) The contribution requirement of a Plan member and the County are established by the St. Clair County Retirement Board and may be amended by the St. Clair County Board of Commissioners. Most administrative costs of the Plan are paid with retirement assets. The defined benefit Plan for the General County excluding Sheriff Deputies, along with the Road Commission, are closed to new hires.

The required contribution rate was determined as part of the December 31, 2013 actuarial valuation using the individual entry age normal cost method. The actuarial assumptions included (a) 7.5% net investment rate of return, and (b) projected salary increases of 5.5% to 11.0% per year, which includes pay inflation at 3.0%. There are no projected cost of living adjustments. The actuarial value was determined using techniques that smooth the effect of short-term volatility in the market value of investments over a five-year period. The Plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open period, with a remaining amortization period as of December 31, 2013 of 20 years for Community Mental Health and amortized as a level dollar on a closed period with a remaining amortization period, as of December 31, 2013, of 16 years for General Employees and 18 years for the Road Commission.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015**

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

Net Pension Liability of the County -

The net pension liability of the County has been measured as of December 31, 2014, which used updated procedures to roll forward the estimated liability to December 31, 2015 and is composed of the following:

	<u>Total Pension Liability</u>	<u>Plan's Net Position</u>	<u>Net Pension Liability</u>
Beginning balance	\$ 235,897,699	\$ 212,716,972	\$ 23,180,727
Service cost	4,389,780	-	4,389,780
Interest on total pension liability	17,509,331	-	17,509,331
Net investment income	-	3,454,816	(3,454,816)
Expected and actual differences	(206,413)	-	(206,413)
Contributions from employer	-	7,179,980	(7,179,980)
Contributions from employees	-	2,038,958	(2,038,958)
Benefit payments	(13,659,456)	(13,659,456)	-
Administrative costs	-	(142,937)	142,937
Ending balance	<u>\$ 243,930,941</u>	<u>\$ 211,588,333</u>	<u>\$ 32,342,608</u>

Plan fiduciary net position as a percentage of the total pension liability 86.74 %

The net pension liability of the County has been measured as of December 31, 2013, which used updated procedures to roll forward the estimated liability to December 31, 2014 and is composed of the following:

	<u>Total Pension Liability</u>	<u>Plan's Net Position</u>	<u>Net Pension Liability</u>
Beginning balance	\$ 227,858,413	\$ 205,468,437	\$ 22,389,976
Service cost	4,781,202	-	4,781,202
Interest on total pension liability	16,948,045	-	16,948,045
Net investment income	-	11,448,618	(11,448,618)
Expected and actual differences	(358,590)	-	(358,590)
Contributions from employer	-	7,192,197	(7,192,197)
Contributions from employees	-	2,093,855	(2,093,855)
Benefit payments	(13,331,371)	(13,331,371)	-
Administrative costs	-	(154,764)	154,764
Ending balance	<u>\$ 235,897,699</u>	<u>\$ 212,716,972</u>	<u>\$ 23,180,727</u>

Plan fiduciary net position as a percentage of the total pension liability 90.17%

Proportionate share of liability at December 31, 2014 is as follows:

Primary Government	\$ 13,746,175	59.30 %
Component Units -		
Road Commission	5,045,124	21.76
Community Mental Health Authority	4,389,428	18.94
	<u>\$ 23,180,727</u>	<u>100.00 %</u>

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015**

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

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2015, the County recognized pension expense of \$3,052,122 in the government-wide and proprietary fund financial statements of the primary government and \$1,887,616 in the component units (\$982,138 in Road Commission and \$905,478 in Community Mental Health Authority). At December 31, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Primary Government</u>	<u>Component Units</u>
Deferred Outflows of Resources		
Proportionate share difference	\$ 491,430	\$ -
Net difference between projected and actual earnings on Plan investments	1,804,623	1,238,587
Contributions made subsequent to the measurement date	<u>4,835,265</u>	<u>2,073,988</u>
	<u>\$ 7,131,318</u>	<u>\$ 3,312,575</u>
Deferred Inflows of Resources		
Proportionate share difference	<u>\$ -</u>	<u>\$ 491,430</u>

The amounts of deferred outflows of resources and deferred inflows of resources related to pension, excluding contributions to the plan subsequent to the measurement date which will be recognized by the plan in the next measurement period, will be recognized in pension expense as follows:

	<u>Primary Government</u>	<u>Component Units</u>
2016	\$ 574,013	\$ 186,789
2017	574,013	186,789
2018	574,013	186,789
2019	<u>574,014</u>	<u>186,790</u>
	<u>\$ 2,296,053</u>	<u>\$ 747,157</u>

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015**

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

Investment Policy - The Plan's policy in regard to the allocation of invested assets is established and may be amended by the Retirement Board by a majority vote of its members. It is the policy of the Retirement Board to pursue an investment strategy that manages risk through diversification of the portfolio across a broad selection of distinct asset classes. The following was the Board's adopted asset allocation policy as of December 31, 2015 and 2014:

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

Rate of Return - For the year ended December 31, 2015 and 2014, the annual money-weighted rate of return on Plan investments, net of Plan investment expense, was 1.60% and 5.62%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation as of December 31, 2013, which used updated procedures to roll forward the estimated liability to December 31, 2014, and by an actuarial valuation as of December 31, 2014, which also used updated procedures to roll forward this estimated liability to December 31, 2015. The valuations used the following actuarial assumptions based on the most recent experience study, completed December 31, 2013:

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

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

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

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

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015**

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

The long-term expected rate of return on Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of Plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return as of December 31, 2015 and 2014 for each major asset class included in the Plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following table.

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

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

	<u>1% Decrease (6.50%)</u>	<u>Current Discount Rate (7.50%)</u>	<u>1 % Increase (8.50%)</u>
Net pension liability at December 31, 2015	\$ <u>60,475,597</u>	\$ <u>32,342,608</u>	\$ <u>7,118,733</u>
Net pension liability at December 31, 2014			
Primary government	\$ 30,532,651	\$ 13,746,175	\$(1,241,758)
Component units	<u>20,955,800</u>	<u>9,434,552</u>	<u>(852,268)</u>
	<u>\$ 51,488,451</u>	<u>\$ 23,180,727</u>	<u>\$(2,094,026)</u>

DEFINED CONTRIBUTION PLAN

General Government -

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

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015**

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

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

Employer and employee contributions for the year ended December 31, 2015 were \$401,167 and \$479,271, respectively.

Component Units -

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

For the year ended December 31, 2015, the Road Commission contributed \$72,912 to the plan, and employees contributed \$101,474.

NOTE 11 - POSTEMPLOYMENT HEALTH CARE PLAN:

The single employer 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 Community Mental Health Authority. Postemployment benefits consist of health, dental and prescription drug coverage. The plan is audited within the scope of the audit of the basic financial statements. Separate audited financial statements are not issued.

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

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

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

Summary of Significant Accounting Policies -

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

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015**

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

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 to be proportionate to the average net position balance for the year of the basic retirement plan assets.

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

Contribution and Funding Policy -

The Plan’s funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. During the year ended December 31, 2015, contributions of \$4,122,234 (\$3,630,467 employer and \$491,767 employee) were made. Employer contributions were \$2,352,176 or 20.04% of covered payroll for Community Mental Health, \$733,691 for the Road Commission and \$544,600 for General County employees. The actuarial valuation dated December 31, 2014 determined a contribution rate of 11.91% of covered payroll for Community Mental Health, \$7,182,525 for General County, and \$2,263,066 for Road Commission employees using an assumed rate of increase of health care costs as follows:

	<u>Medical and Prescription Drug</u>	<u>Dental</u>
2016	9.0 %	5.0 %
2017	8.5	5.0
2018	8.0	5.0
2019	7.5	5.0
2020	7.0	5.0
2021 and after	5.0 - 6.5	5.0

The contribution requirement of a plan member and the County are established by the St. Clair County Retirement Board and may be amended by the St. Clair County Board of Commissioners. Most administrative costs of the plan are paid with 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, 2015**

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

The required contribution rate was determined as part of the December 31, 2014 actuarial valuation using the individual entry age normal level percent of salary cost method. The actuarial assumption included (a) 5.0% net investment rate of return, (b) projected salary increases of 3.5% to 8.0% per year, (c) an annual healthcare cost trend of 9.0% initially, reduced by decrements of 0.5% to an ultimate rate of 5.0% after 8 years, (d) an annual dental cost trend rate of 5.0%, and (e) inflation rate of 3.0%. There are no projected cost of living adjustments. The actuarial value was determined using techniques that smooth the effect of short-term volatility in the market value of investment over a five-year period. The Plan unfunded actuarial accrued liability is being amortized as a level dollar amount for General County employees and as a level percentage of member payroll for Community Mental Health and Road Commission on a closed period, with a remaining amortization period, as of December 31, 2014, of 15 years.

Annual OPEB Cost and Net OPEB Obligation -

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

	<u>Primary Government</u>	<u>Component Units</u>
Annual required contribution	\$ 7,182,525	\$ 3,500,197
Interest on net OPEB obligation	2,204,599	1,019,560
Adjustment to annual required contribution	<u>(4,247,923)</u>	<u>(1,575,595)</u>
Annual OPEB cost (expense)	5,139,201	2,944,162
Contributions made	<u>(544,600)</u>	<u>(3,046,978)</u>
Increase in net OPEB obligation	4,594,601	(102,816)
Net OPEB obligation – beginning of year	<u>44,091,992</u>	<u>20,391,191</u>
Net OPEB obligation – end of year	<u>\$ 48,686,593</u>	<u>\$ 20,288,375</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 -

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/(c)
12/31/12*	\$ 32,831,573	\$ 116,604,115	\$ 83,772,542	28.2 %	\$ 40,053,245	209 %
12/31/13	35,159,413	125,538,349	90,378,936	28.0	37,222,197	243
12/31/14	37,543,635	125,951,254	88,407,619	29.8	36,573,262	242

*Assumptions and plan provisions changed

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015**

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

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

Schedule of Employer Contributions -

Primary Government

<u>Year Ended December 31,</u>	<u>Annual OPEB Cost</u>	<u>Percentage Contributed</u>	<u>Change In Net OPEB Obligation</u>	<u>Net OPEB Obligation</u>
2013	\$ 4,974,109	12.21 %	\$ 4,366,539	\$ 39,300,231
2014	5,355,957	10.53	4,791,761	44,091,992
2015	5,139,201	10.60	4,594,601	48,686,593

Component Units -

Road Commission

<u>Year Ended December 31,</u>	<u>Annual OPEB Cost</u>	<u>Percentage Contributed</u>	<u>Change In Net OPEB Obligation</u>	<u>Net OPEB Obligation</u>
2013	\$ 1,515,939	10.90 %	\$ 1,351,394	\$ 11,639,177
2014	1,535,973	10.20	1,379,297	13,018,474
2015	1,908,073	38.45	1,174,382	14,192,856

Community Mental Health

<u>Year Ended September 30,</u>	<u>Annual OPEB Cost</u>	<u>Percentage Contributed</u>	<u>Change In Net OPEB Obligation</u>	<u>Net OPEB Obligation</u>
2013	\$ 1,000,463	55.43 %	\$ 445,857	\$ 8,368,739
2014	1,183,498	184.16	(996,022)	7,372,717
2015	1,036,089	223.27	(1,277,198)	6,095,519

ST. CLAIR COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2015

NOTE 12 - CONTINGENT LIABILITIES:

Primary Government -

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

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

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

Component Unit - Road Commission -

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

The Road Commission participates in a number of federal and state assisted grant programs, which are subject to compliance audits. The periodic program compliance monitoring of many of the federal and state programs have not yet been conducted or completed. Accordingly, the Road Commission'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 Road Commission expects such amounts, if any, to be immaterial.

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

Component Unit - Community Mental Health Authority -

As is common for Mental Health Authorities, St. Clair County Community Mental Health Authority receives a significant portion of its revenues through contracts with the State of Michigan Department of Health and Human Services. Medicaid revenue is passed through Region 10 (PIHP), with a settlement reached at the end of each fiscal year. The settlement is based on accumulated reimbursable cost of the Authority and is subject to final audit by the Michigan Department of Health and Human Services.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 13 - RISK MANAGEMENT:

Primary Government -

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

The County is completely self-insured for unemployment compensation and short-term disability claims, and is self-insured for workers' compensation claims up to an amount of \$450,000 in individual claims for 2015.

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 \$205,000 for unemployment compensation, disability and workers' compensation, respectively.

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

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

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

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

The County has also elected to be a member of the Stop Loss Program, which limits the County's self-insurance retention. For 2015, that Stop Loss Program limited the retention for St. Clair County to \$760,000 in aggregate claims paid during the year.

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

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015**

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

The Authority has established a reserve to pay losses incurred by members who 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 \$545,000, 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 \$150,000 per contract per contract year. Stop-loss insurance has been purchased to insure the County against losses in excess of these limits. Based on past history, the County has estimated the accrued health care claims, including an estimate for claims incurred but not reported (IBNR), of \$600,000 at December 31, 2015, 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>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Unpaid claims, beginning of year	\$ 650,000	\$ 390,000	\$ -	\$ -	\$ -	\$ -
Incurring claims (including IBNR's)	101,715	547,292	409,292	370,886	23,165	69,675
Claims paid	(206,715)	(287,292)	(409,292)	(370,886)	(23,165)	(69,675)
Unpaid claims, end of year	545,000	650,000	-	-	-	-
Less current portion	(21,000)	(150,000)	-	-	-	-
Long-term Liabilities	<u>\$ 524,000</u>	<u>\$ 500,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
	<u>Worker's Compensation</u>		<u>Health Care</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Unpaid claims, beginning of year	\$ 125,000	\$ 160,000	\$ 425,000	\$ 400,000	\$ 1,200,000	\$ 950,000
Incurring claims (including IBNR's)	145,419	204,450	8,871,389	7,441,255	9,550,980	8,633,558
Claims paid	(65,419)	(239,450)	(8,696,389)	(7,416,255)	(9,400,980)	(8,383,558)
Unpaid claims, end of year	205,000	125,000	600,000	425,000	1,350,000	1,200,000
Less current portion	(205,000)	(125,000)	(600,000)	(425,000)	(826,000)	(700,000)
Long-term Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 524,000</u>	<u>\$ 500,000</u>

ST. CLAIR COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2015

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

The Road Commission is also a member of the County Road Commission Road Association Self-Insurance Fund for Workers' Compensation self-insurance. This Fund is a municipal self-insurance entity operating within the laws of the State of Michigan. The Fund has entered into reinsurance agreements providing for loss coverage in excess of amounts to be retained by the Fund.

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

The Road Commission is self-insured for health care benefits. The administrative services for the self-insured program are performed by a health insurance company. The Road Commission makes monthly payments, based on estimated claims and a stop-loss provision (up to \$30,000 per contract per contract year), which are adjusted quarterly. The Road Commission has estimated accrued health care claims in excess of the last quarter payments, including an estimate for claims incurred but not reported (IBNR), of \$27,000 at December 31, 2014, which is recorded as a current liability.

Community Mental Health Authority

The Authority is exposed to various risks of loss to general and auto liability, property damage and errors and omissions. The Authority is a member in a public risk pool administered by the Michigan Municipal Risk Management Authority for risk of losses relating to its property and general liability (including auto liability and vehicle physical damage). MMRMA is a municipal self-insurance entity operating pursuant to the State of Michigan Public Act 138 of 1982. The purpose of the MMRMA is to administer a risk management fund, which provides members with loss protection for general and property liability. The St. Clair County Community Mental Health Authority has joined with numerous other governmental agencies in Michigan as a participant in MMRMA's "State Pool." Members of the State Pool do not have individual self-retention amounts other than \$250 deductible per occurrence of property and vehicle coverage. State Pool members' limits of coverage (per occurrence) are \$15 million for liability and approximately \$15 million for buildings and personal property. If a loss exceeds these limits or, if for any reason, MMRMA's resources are depleted, the payment of all unpaid losses is the sole obligation of St. Clair County Community Mental Health Authority.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015**

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

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

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

NOTE 14 - MAJOR TAXPAYER:

The County is economically dependent upon the Detroit Edison Company that has real and personal property within the County with a taxable value of \$750,237,145. This represents approximately 14.2 percent of the taxable value for the County.

NOTE 15 - DEFERRED COMPENSATION:

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

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

NOTE 16 - NET POSITION/FUND BALANCE:

NET INVESTMENT IN CAPITAL ASSETS -

Governmental Activities:

Capital Assets	\$ 94,835,252
Less related debt -	
2007 G.O. Bonds	(300,000)
2013 Refunding Bonds	(4,560,000)
2009 G.O. Bonds	(2,200,000)
2012 Refunding Bonds	(22,095,000)
2012 G.O. Bonds	(8,595,000)
2015 Refunding Bonds	(1,800,000)
Bond premiums	(2,064,777)
Bond discounts	111
Deferred Charge	<u>1,195,948</u>
	<u>\$ 54,416,534</u>

Business-type Activities:

Capital Assets	\$ 23,752,700
Less related debt -	
2010 G.O. Bond	(6,964,381)
2014 G.O. Bond	(<u>532,696</u>)
	<u>\$ 16,255,623</u>

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015**

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

RESTRICTED FUND BALANCE/NET POSITION -

The fund balances and net position the Primary Government have been restricted for the following purposes at December 31, 2015:

	<u>Enabling Legislation</u>	<u>Other</u>	<u>Total</u>
Governmental Funds/Activities:			
Acquisition/construction of capital assets:			
Public Improvement	\$ -	\$ 2,449,946	\$ 2,449,946
Communications Construction	-	980	<u>980</u>
			<u>2,450,926</u>
Debt Service:			
Mental Health Building Debt Fund	-	610	610
Communications Debt Fund - Series B	879,070	-	879,070
Communications Debt Fund - 2009	375	-	375
Building Authority Debt Fund	-	3,727	3,727
Convention Center	-	1,021,905	1,021,905
Jail/Juvenile Facility	-	3,504	<u>3,504</u>
			<u>1,909,191</u>
Recreation and Cultural:			
Parks and Recreation	2,143,851	-	2,143,851
Library	2,753,011	-	<u>2,753,011</u>
			<u>4,896,862</u>
Health and Welfare:			
Senior Citizens Millage	2,758,078	-	2,758,078
CDBG Housing	-	391,052	391,052
HUD Housing	-	95,311	95,311
Veterans' Trust	-	9,262	9,262
Veterans' Millage	227,835	-	<u>227,835</u>
			<u>3,481,538</u>
Public Safety:			
Drug Task Force	99,982	-	99,982
Drug Law Enforcement	-	409,430	409,430
Local Corrections and Training	-	37,234	37,234
Prosecutor's Drug Forfeiture	-	220,155	220,155
Concealed Pistol License	41,049	-	<u>41,049</u>
			<u>807,850</u>
Other Purposes:			
Friend of Court	-	377,195	377,195
Family Counseling	92,490	-	92,490
Deeds Automation	489,937	-	<u>489,937</u>
			<u>959,622</u>
Total Restricted Fund Balance - Governmental Funds			14,505,989
Deferred Inflows of Resources			
Recreation and Cultural Programs			81,901
Health and Welfare Programs			637,364
Public Safety Programs			<u>4,519</u>
Total Restricted Net Position - Governmental Activities			<u>\$ 15,229,773</u>

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015**

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

	<u>Enabling Legislation</u>	<u>Other</u>	<u>Total</u>
Business-type Activities:			
Foreclosure sales	\$ -	\$ 3,007,984	<u>\$ 3,007,984</u>

COMMITTED FUND BALANCES -

At December 31, 2015, the Board of Commissioners had committed the following fund balances:

Combined General Fund -		
Budget Incentive	\$	1,352,764
Nonmajor Funds -		
General Government -		
Convention Center		248,725
Health and Welfare -		
Health Department		2,578,254
Human Services		153,869
Child Care		46,995
Community and Economic Development -		
Brownfield Redevelopment		42,800
Capital Outlay -		
Municipal Building		215,751
Convention Center		<u>42,506</u>
	\$	<u>4,681,664</u>

ASSIGNED FUND BALANCES -

At December 31, 2015, the Administrator/Controller had assigned the following fund balance:

Combined General Fund -		
Development Revolving	\$	<u>579,850</u>

NOTE 17 - CLOSURE AND POSTCLOSURE CARE COSTS:

State and Federal laws and regulations require that the County of St. Clair place a final cover on its landfill and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on the future closure and postclosure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of the landfill closure and postclosure care costs is based on the amount of the landfill capacity used during the year. The estimated liability for landfill closure and postclosure care costs was \$5,861,095 at December 31, 2015, which is based on the estimated percentage of capacity used to date of 32.7%.

Currently the County has 97 acres licensed, with an additional 10 acres available for licensing. It is estimated that an additional \$13,396,206 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 75 years.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015**

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

The estimated total cost of the landfill closure and post-closure care cost of \$19,257,301 is based on the amount that would be paid if all equipment, facilities and services required to close, monitor, and maintain that landfill were acquired as of December 31, 2015. However, the actual cost of closure and post-closure care may be higher or lower due to inflation, changes in technology or changes in landfill laws and regulations.

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

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

NOTE 18 - DISCONTINUED OPERATIONS:

On January 1, 2014, Region 10 assumed the operations of the Medicaid program with the State of Michigan as the Prepaid Inpatient Health Plan (the "PIHP") for the region that includes St. Clair County. The Authority now contracts with Region 10 rather than with the MDHHS through the former Thumb Alliance PIHP for the Medicaid contract. As a part of this change, the Authority transferred the Medicaid Risk Reserve Internal Service Fund of \$5,765,481 to Region 10 during fiscal 2014. During 2015, there was an adjustment of \$3,547 to this amount based on the final fiscal year 2013 settlement with MDHHS.

On September 30, 2015, Region 10 assumed the operations of the Substance Abuse program with the State of Michigan as the Prepaid Inpatient Health Plan (the "PIHP") for the region that includes St. Clair County. St. Clair County Community Mental Health Authority is no longer contracting with providers for Substance Use Disorder services. As part of this change, the Authority was required to transfer the SUD/CA Fund Balance of \$1,965,970 to Region 10.

NOTE 19 - CHANGE IN ACCOUNTING PRINCIPLE/PRIOR PERIOD ADJUSTMENT:

Primary Government and Component Units -

During the year, the County adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. GASB No. 68 requires the net pension liability and related deferred outflows of resources and deferred inflows of resources for the County be reported on the statement of net position and within the note disclosures. GASB No. 71 requires contributions that are made to the Plan after the measurement date to be classified as deferred outflows of resources on the statement of net position. The effect of implementing these statements decreased net position at December 31, 2014 by \$15,857,415 (\$8,364,480 by the governmental activities, \$87,504 in the Solid Waste Disposal System Fund comprising the entire effect in the business-type activities of the primary government, \$4,105,860 by the Road Commission, and \$3,299,571 by Community Mental Health Authority component units).

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 19 - CHANGE IN ACCOUNTING PRINCIPLE/PRIOR PERIOD ADJUSTMENT - (cont'd):

Component Unit - Road Commission -

During the year, an examination of the infrastructure determined that the original estimation percentages established with the GASB No. 34 implementation to allocate certain capital additions between depreciable and non-depreciable categories continued to be used. As such, land improvements were reclassified as road improvements, and the associated depreciation was recorded through December 31, 2014 in the amount of \$5,187,659. As a result, capital assets and corresponding net position of the governmental activities was overstated by \$5,187,659, while the change in net position of the governmental activities was overstated by \$433,440 for the year ended December 31, 2014. Beginning net position at January 1, 2015 in the governmental activities has been restated to correct these misclassifications.

REQUIRED SUPPLEMENTARY INFORMATION

ST. CLAIR COUNTY, MICHIGAN

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
Revenues:				
Taxes	\$ 30,069,340	\$ 30,069,340	\$ 30,253,540	\$ 184,200
Licenses and permits	529,000	529,000	528,430	(570)
Intergovernmental	12,558,554	12,359,381	12,401,271	41,890
Charges for services	7,558,557	6,759,121	6,631,957	(127,164)
Fines and forfeits	360,000	360,000	367,202	7,202
Interest and rent	955,693	990,693	945,000	(45,693)
Other	1,724,058	2,180,979	2,167,467	(13,512)
Total Revenues	<u>53,755,202</u>	<u>53,248,514</u>	<u>53,294,867</u>	<u>46,353</u>
Expenditures:				
Legislative -				
Board of Commissioners	209,226	211,806	203,883	7,923
Other Legislative Activities	1,392,580	888,680	823,787	64,893
	<u>1,601,806</u>	<u>1,100,486</u>	<u>1,027,670</u>	<u>72,816</u>
Judicial -				
Circuit Court	1,787,993	1,783,661	1,702,144	81,517
District Court	2,405,768	2,395,682	2,384,075	11,607
Courthouse Security	459,013	458,505	461,984	(3,479)
Friend of the Court	2,637,997	2,626,623	2,484,938	141,685
Probate Court	1,047,067	1,008,124	1,003,642	4,482
Family Division - Circuit Court	1,569,460	1,565,704	1,580,260	(14,556)
Probation	9,050	9,050	4,802	4,248
District Court Probation	676,969	674,464	633,629	40,835
	<u>10,593,317</u>	<u>10,521,813</u>	<u>10,255,474</u>	<u>266,339</u>
General Government -				
Administrator/Controller	469,453	472,862	472,530	332
Elections	30,000	73,000	74,355	(1,355)
Accounting	339,679	338,257	332,843	5,414
Clerk	850,755	847,979	804,484	43,495
Equalization	843,832	841,835	842,158	(323)
Human Resources	337,127	336,552	322,468	14,084
Prosecuting Attorney	2,718,850	2,709,539	2,686,397	23,142
Victims Rights	10,800	10,800	3,562	7,238
Purchasing	120,665	155,157	118,439	36,718
Register of Deeds	98,613	98,444	103,864	(5,420)
Treasurer	421,714	420,056	406,939	13,117
Cooperative Extension	198,045	212,537	207,996	4,541
Information Technology	2,112,988	2,107,876	2,138,314	(30,438)
Building and Grounds	2,324,049	2,315,924	2,250,064	65,860
Drain Commissioner	588,773	572,774	491,716	81,058
Motor Pool	19,500	34,500	27,242	7,258
	<u>11,484,843</u>	<u>11,548,092</u>	<u>11,283,371</u>	<u>264,721</u>

Continued

ST. CLAIR COUNTY, MICHIGAN

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

FOR THE YEAR ENDED DECEMBER 31, 2015

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
Public Safety -				
Sheriff	\$ 7,622,801	\$ 7,908,248	\$ 8,099,169	\$(190,921)
Training	14,000	14,000	3,766	10,234
Communications/Radio	1,722,230	1,717,155	1,700,421	16,734
Marine Law Enforcement	179,040	217,590	228,617	(11,027)
Dive Team	27,376	27,376	23,509	3,867
Corrections / Jail	10,884,169	10,848,384	11,077,106	(228,722)
Other Corrections Activities	231,684	231,684	212,005	19,679
Emergency Preparedness	1,092,971	671,126	731,740	(60,614)
Hazardous Material Handling	27,888	34,388	33,830	558
Animal Shelter/Dog Warden	392,929	391,405	382,061	9,344
	<u>22,195,088</u>	<u>22,061,356</u>	<u>22,492,224</u>	<u>(430,868)</u>
Public Works -				
Road Commission	900,000	900,000	900,000	-
Drains	500,000	141,854	141,854	-
	<u>1,400,000</u>	<u>1,041,854</u>	<u>1,041,854</u>	<u>-</u>
Health and Welfare -				
Medical Examiner	314,568	314,399	316,407	(2,008)
Mental Health	955,672	955,672	955,672	-
Public Guardian	291,840	305,464	300,040	5,424
Veterans' Burial	10,000	14,000	15,000	(1,000)
Veterans' Counselor	14,800	-	-	-
	<u>1,586,880</u>	<u>1,589,535</u>	<u>1,587,119</u>	<u>2,416</u>
Community and Economic Development -				
Planning Commission	615,404	629,542	605,364	24,178
Transportation Planning	8,350	8,350	3,004	5,346
	<u>623,754</u>	<u>637,892</u>	<u>608,368</u>	<u>29,524</u>
Other	<u>157,032</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt Service -				
Principal	-	302,033	302,033	-
Interest	-	121,126	121,126	-
	<u>-</u>	<u>423,159</u>	<u>423,159</u>	<u>-</u>
Total Expenditures	<u>49,642,720</u>	<u>48,924,187</u>	<u>48,719,239</u>	<u>204,948</u>
Revenues over expenditures	<u>4,112,482</u>	<u>4,324,327</u>	<u>4,575,628</u>	<u>251,301</u>

Continued

ST. CLAIR COUNTY, MICHIGAN

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	Variance with Amended Budget Positive (Negative)
Other Financing Sources (Uses):				
Issuance of debt	\$ -	\$ 232,438	\$ 232,438	\$ -
Transfers from other funds	2,145,633	2,162,511	2,161,271	(1,240)
Transfers to other funds	<u>(6,258,115)</u>	<u>(6,510,307)</u>	<u>(6,650,749)</u>	<u>(140,442)</u>
Total Other Financing Sources (Uses)	<u>(4,112,482)</u>	<u>(4,115,358)</u>	<u>(4,257,040)</u>	<u>(141,682)</u>
Net Change in Fund Balance	-	208,969	318,588	109,619
Fund Balance at beginning of year	<u>9,487,434</u>	<u>9,487,434</u>	<u>9,487,434</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 9,487,434</u></u>	<u><u>\$ 9,696,403</u></u>	<u><u>\$ 9,806,022</u></u>	<u><u>\$ 109,619</u></u>

Reconciliation of Budget-Basis to GAAP-Basis Reporting:

Net Change in General Fund Fund Balance (Budgetary Basis)	\$ 318,588
Perspective difference -	
Other Budgeted Funds Net Change Allocated to the General Fund for GAAP-basis reporting	
Budget Incentive	(11,460)
Development Revolving	<u>(346,360)</u>
Net Change in Combined General Fund Fund Balance (GAAP-Basis)	<u><u>\$(39,232)</u></u>

Concluded

ST. CLAIR COUNTY, MICHIGAN

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL - SPECIAL REVENUE FUND
PARKS AND RECREATION
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	Variance with Amended Budget Positive (Negative)
Revenues:				
Taxes	\$ 2,687,000	\$ 2,718,600	\$ 2,716,321	\$(2,279)
Intergovernmental	1,022,900	923,000	922,998	(2)
Charges for services	97,000	98,100	109,407	11,307
Interest and rent	4,700	6,800	7,155	355
Other	<u>2,100</u>	<u>20,900</u>	<u>24,218</u>	<u>3,318</u>
Total Revenues	3,813,700	3,767,400	3,780,099	12,699
 Expenditures:				
Recreation and Cultural	<u>3,842,900</u>	<u>3,759,400</u>	<u>3,584,155</u>	<u>175,245</u>
Net Change in Fund Balance	(29,200)	8,000	195,944	187,944
Fund Balance at beginning of year	<u>1,947,907</u>	<u>1,947,907</u>	<u>1,947,907</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 1,918,707</u></u>	<u><u>\$ 1,955,907</u></u>	<u><u>\$ 2,143,851</u></u>	<u><u>\$ 187,944</u></u>

ST. CLAIR COUNTY, MICHIGAN

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL - SPECIAL REVENUE FUND
LIBRARY
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	Variance with Amended Budget Positive (Negative)
Revenues:				
Taxes	\$ 3,863,700	\$ 3,863,700	\$ 3,842,687	\$(21,013)
Intergovernmental	129,000	129,000	135,708	6,708
Charges for services	87,000	87,000	96,012	9,012
Fines and forfeits	750,000	750,000	766,722	16,722
Interest and rent	54,500	54,500	50,604	(3,896)
Other	12,100	12,100	24,910	12,810
Total Revenues	<u>4,896,300</u>	<u>4,896,300</u>	<u>4,916,643</u>	<u>20,343</u>
 Expenditures:				
Recreation and Cultural	<u>5,135,475</u>	<u>4,896,300</u>	<u>4,783,914</u>	<u>112,386</u>
Net Change in Fund Balance	(239,175)	-	132,729	132,729
Fund Balance at beginning of year	<u>2,620,282</u>	<u>2,620,282</u>	<u>2,620,282</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 2,381,107</u></u>	<u><u>\$ 2,620,282</u></u>	<u><u>\$ 2,753,011</u></u>	<u><u>\$ 132,729</u></u>

ST. CLAIR COUNTY, MICHIGAN

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL - SPECIAL REVENUE FUND
SENIOR CITIZENS MILLAGE
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Revenues:				
Taxes	\$ 4,503,269	\$ 4,395,000	\$ 4,385,156	\$(9,844)
Interest and rent	-	-	6,391	6,391
Total Revenues	<u>4,503,269</u>	<u>4,395,000</u>	<u>4,391,547</u>	<u>(3,453)</u>
 Expenditures:				
Health and Welfare	<u>3,852,935</u>	<u>4,002,225</u>	<u>3,870,013</u>	<u>132,212</u>
 Net Change in Fund Balance	650,334	392,775	521,534	128,759
 Fund Balance at beginning of year	<u>2,236,544</u>	<u>2,236,544</u>	<u>2,236,544</u>	<u>-</u>
 Fund Balance at end of year	<u><u>\$ 2,886,878</u></u>	<u><u>\$ 2,629,319</u></u>	<u><u>\$ 2,758,078</u></u>	<u><u>\$ 128,759</u></u>

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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

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

	2015	2014	2013-2005*
Annual money-weighted rate of return, net of investment expenses	1.60%	5.62%	0%

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

ST. CLAIR COUNTY, MICHIGAN

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

	<u>2015</u>	<u>2014</u>	<u>2013*</u>	<u>2012-2005*</u>
Total Pension Liability				
Service Cost	\$ 4,389,780	\$ 4,781,202	\$ -	\$ -
Interest	17,509,331	16,948,045	-	-
Differences between expected and actual experience	(206,413)	(358,590)	-	-
Benefit payments, including refunds	<u>(13,659,456)</u>	<u>(13,331,371)</u>	<u>-</u>	<u>-</u>
Change in total pension liability	8,033,242	8,039,286	-	-
Total pension liability, beginning of year	<u>235,897,699</u>	<u>227,858,413</u>	<u>-</u>	<u>-</u>
Total pension liability, end of year	<u><u>\$ 243,930,941</u></u>	<u><u>\$ 235,897,699</u></u>	<u><u>\$ 227,858,413</u></u>	<u><u>\$ -</u></u>
Plan Fiduciary Net Position				
Contributions - Employer	\$ 7,179,980	\$ 7,192,197	\$ -	\$ -
Contributions - Member	2,038,958	2,093,855	-	-
Net investment income	3,454,816	11,448,618	-	-
Benefit payments, including refunds	(13,659,456)	(13,331,371)	-	-
Administrative expenses	(101,847)	(113,781)	-	-
Other	<u>(41,090)</u>	<u>(40,983)</u>	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	(1,128,639)	7,248,535	-	-
Plan fiduciary net position, beginning of year	<u>212,716,972</u>	<u>205,468,437</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position, end of year	<u><u>\$ 211,588,333</u></u>	<u><u>\$ 212,716,972</u></u>	<u><u>\$ 205,468,437</u></u>	<u><u>\$ -</u></u>
County's Net Pension Liability - Ending	<u><u>\$ 32,342,608</u></u>	<u><u>\$ 23,180,727</u></u>	<u><u>\$ 22,389,976</u></u>	<u><u>\$ -</u></u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	86.74%	90.17%	90.17%	0.00%
Covered Employee Payroll	\$ 38,937,952	\$ 39,542,954	\$ 40,514,547	
County's Net Pension Liability as a Percentage of Covered Employee Payroll	83.1%	58.6%	55.3%	0.00%

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

ST. CLAIR COUNTY, MICHIGAN

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Actuarially determined contributions	\$ 6,197,341	\$ 7,192,197	\$ 7,378,242	\$ 6,360,209	\$ 6,513,424
Contributions in relation to the actuarially determined contribution	<u>7,179,980</u>	<u>7,192,197</u>	<u>7,378,242</u>	<u>6,755,000</u>	<u>6,513,424</u>
Contribution Deficiency (Excess)	<u><u>\$ (982,639)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (394,791)</u></u>	<u><u>\$ -</u></u>
Covered Payroll	\$ 38,496,661	\$ 42,461,824	\$ 42,911,460	\$ 44,165,160	\$ 46,217,020
Contributions as a Percentage of Covered Employee Payroll	18.65%	16.94%	17.19%	15.29%	14.09%

Valuation Date December 31 of the second previous fiscal year

Methods and assumptions used to determine contribution rates:

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

<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 5,067,619	\$ 4,382,161	\$ 4,312,555	\$ 4,177,556	\$ 4,211,036
<u>5,067,619</u>	<u>4,382,161</u>	<u>4,312,555</u>	<u>4,177,556</u>	<u>4,211,036</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 45,859,200	\$ 47,125,760	\$ 47,841,420	\$ 46,017,580	\$ 44,930,640
11.05%	9.30%	9.01%	9.08%	9.37%

ST. CLAIR COUNTY, MICHIGAN

RETIREE HEALTH BENEFITS

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/05 #	\$ 37,605,130	\$ 122,105,333	\$ 84,500,203	30.80%	\$ 42,622,922	198.25%
12/31/06 #	38,429,172	193,221,993	154,792,821	19.89%	44,015,666	351.68%
12/31/07 **	39,332,611	214,700,277	175,367,666	18.32%	44,600,186	393.20%
12/31/08 **	38,496,962	214,789,128	176,292,166	17.92%	45,511,253	387.36%
12/31/09 **	37,213,548	249,961,670	212,748,122	14.89%	46,078,581	461.71%
12/31/10 **	36,105,532	244,063,636	207,958,104	14.79%	44,623,366	466.03%
12/31/11	35,528,936	223,723,268	188,194,332	15.88%	43,482,070	432.81%
12/31/12 #,@	32,831,573	116,604,115	83,772,542	28.16%	40,053,245	209.15%
12/31/13	35,159,413	125,538,349	90,378,936	28.01%	37,222,197	242.81%
12/31/14	37,543,635	125,951,254	88,407,619	29.81%	36,573,262	241.73%

Certain assumptions revised

** Amortization period changed

@ Plan provisions changed

Schedule of Employer Contributions

Year Ended December 31,	Annual Required Contribution	Percentage Contributed
2006	\$ 8,221,747	19.62%
2007	7,363,357	24.84%
2008	11,000,584	24.20%
2009	12,277,448	21.52%
2010	11,513,436	26.88%
2011	17,395,598	24.73%
2012	16,580,583	9.73%
2013	11,211,597	11.83%
2014	10,420,633	27.83%
2015	10,842,573	33.48%

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

5.00%

Projected Salary Increases

5.0% pay inflation plus merit and longevity

Cost-of-Living Adjustments

None

Rate of Increase of Healthcare Costs

Medical and Prescription

5.0% to 9.0%

Dental

5.0%

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

SUPPLEMENTARY INFORMATION

ST. CLAIR COUNTY, MICHIGAN

**COMBINING BALANCE SHEET
COMBINED GENERAL FUND
DECEMBER 31, 2015**

	<u>General</u>	<u>Budget Incentive</u>	<u>Development Revolving</u>	<u>Combined General</u>
Assets:				
Cash and cash equivalents	\$ 92,766	\$ 1,352,764	\$ 27,997	\$ 1,473,527
Investments	6,000,000	-	-	6,000,000
Receivables, net of allowance -				
Property taxes	2,059,383	-	-	2,059,383
Interest and accounts	143,311	-	-	143,311
Due from other governmental units	1,903,727	-	551,853	2,455,580
Due from other funds	256,613	-	-	256,613
Long-term notes receivable	5,677,762	-	-	5,677,762
Advances to component units	50,000	-	-	50,000
Prepayments and deposits	38,028	-	-	38,028
	<u>\$ 16,221,590</u>	<u>\$ 1,352,764</u>	<u>\$ 579,850</u>	<u>\$ 18,154,204</u>
Total Assets				
Liabilities:				
Accounts payable	\$ 767,486	\$ -	\$ -	\$ 767,486
Accrued liabilities	1,414,873	-	-	1,414,873
Due to other governmental units	31,905	-	-	31,905
Due to other funds	4,000,000	-	-	4,000,000
	<u>6,214,264</u>	<u>-</u>	<u>-</u>	<u>6,214,264</u>
Total Liabilities				
Deferred Inflows of Resources:				
Unavailable revenue -				
Property taxes	65,453	-	-	65,453
Grants/fees	135,851	-	-	135,851
	<u>201,304</u>	<u>-</u>	<u>-</u>	<u>201,304</u>
Total Deferred Inflows of Resources				
Fund Balances:				
Nonspendable -				
Long-term notes receivable/advances	5,727,762	-	-	5,727,762
Prepayments	38,028	-	-	38,028
Committed	-	1,352,764	-	1,352,764
Assigned	-	-	579,850	579,850
Unassigned	4,040,232	-	-	4,040,232
	<u>9,806,022</u>	<u>1,352,764</u>	<u>579,850</u>	<u>11,738,636</u>
Total Fund Balances				
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 16,221,590</u>	<u>\$ 1,352,764</u>	<u>\$ 579,850</u>	<u>\$ 18,154,204</u>

ST. CLAIR COUNTY, MICHIGAN

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
COMBINED GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>General</u>	<u>Budget Incentive</u>	<u>Development Revolving</u>	<u>Combined General</u>
Revenues:				
Taxes	\$ 30,253,540	\$ -	\$ -	\$ 30,253,540
Licenses and permits	528,430	-	-	528,430
Intergovernmental	12,401,271	-	-	12,401,271
Charges for services	6,631,957	-	-	6,631,957
Fines and forfeits	367,202	-	-	367,202
Interest and rent	945,000	-	-	945,000
Other	2,167,467	-	-	2,167,467
Total Revenues	<u>53,294,867</u>	<u>-</u>	<u>-</u>	<u>53,294,867</u>
Expenditures:				
Current -				
Legislative	1,027,670	-	-	1,027,670
Judicial	10,255,474	-	-	10,255,474
General Government	11,283,371	-	-	11,283,371
Public Safety	22,492,224	-	-	22,492,224
Public Works	1,041,854	-	-	1,041,854
Health and Welfare	1,587,119	-	-	1,587,119
Community and Economic Development	608,368	-	18,749	627,117
Capital Outlay	-	11,460	-	11,460
Debt Service -				
Principal	302,033	-	-	302,033
Interest	121,126	-	-	121,126
Total Expenditures	<u>48,719,239</u>	<u>11,460</u>	<u>18,749</u>	<u>48,749,448</u>
Revenues over (under) expenditures	<u>4,575,628</u>	<u>(11,460)</u>	<u>(18,749)</u>	<u>4,545,419</u>
Other Financing Sources (Uses):				
Issuance of debt	232,438	-	-	232,438
Transfers from other funds	2,161,271	-	-	2,161,271
Transfers to other funds	<u>(6,650,749)</u>	<u>-</u>	<u>(327,611)</u>	<u>(6,978,360)</u>
Total Other Financing Sources (Uses)	<u>(4,257,040)</u>	<u>-</u>	<u>(327,611)</u>	<u>(4,584,651)</u>
Net Change in Fund Balance	318,588	(11,460)	(346,360)	(39,232)
Fund Balance at beginning of year	<u>9,487,434</u>	<u>1,364,224</u>	<u>926,210</u>	<u>11,777,868</u>
Fund Balance at end of year	<u>\$ 9,806,022</u>	<u>\$ 1,352,764</u>	<u>\$ 579,850</u>	<u>\$ 11,738,636</u>

ST. CLAIR COUNTY, MICHIGAN

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
BUDGET INCENTIVE
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Actual Positive (Negative)</u>
Expenditures:			
Capital Outlay	\$ -	\$ 11,460	\$(11,460)
Other Financing Sources:			
Transfers from other funds	<u>350,000</u>	<u>-</u>	<u>(350,000)</u>
Net Change in Fund Balance	350,000	(11,460)	(361,460)
Fund Balance at beginning of year	<u>1,364,224</u>	<u>1,364,224</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 1,714,224</u></u>	<u><u>\$ 1,352,764</u></u>	<u><u>\$(361,460)</u></u>

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Concealed Pistol Licensing – was created under State of Michigan Act 3 of 2015 and accounts for the deposit of licensing fees collected by the County and the related expenditures of the cost of administering.

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

DEBT SERVICE FUNDS

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

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

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

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

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

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

CAPITAL PROJECTS FUNDS

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

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

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

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

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

ST. CLAIR COUNTY, MICHIGAN

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2015**

	Special Revenue Funds					
	Friend of Court	Drug Task Force	Brownfield Redevelopment	Convention Center	Drug Law Enforcement	Health Department
Assets:						
Cash and cash equivalents	\$ 169,164	\$ 280,665	\$ 39,404	\$ 262,978	\$ 485,455	\$ 2,641,681
Investments	142,472	-	-	-	-	-
Receivables, net of allowance -						
Property taxes	-	1,464,467	-	-	-	-
Interest and accounts	741	15	-	32,151	32,162	51,737
Due from other governmental units	75,577	2,985	20,632	-	-	373,838
Due from other funds	-	-	-	-	-	-
Total Assets	\$ 387,954	\$ 1,748,132	\$ 60,036	\$ 295,129	\$ 517,617	\$ 3,067,256
Liabilities:						
Accounts payable	\$ 2,266	\$ 19,325	\$ 17,236	\$ 20,131	\$ 1,777	\$ 178,489
Accrued liabilities	8,493	44,174	-	-	-	166,303
Advances and deposits	-	-	-	25,823	-	40,627
Due to other governmental units	-	-	-	-	-	53,954
Due to other funds	-	-	-	-	106,410	-
Unearned revenue	-	-	-	-	-	18,623
Total Liabilities	10,759	63,499	17,236	45,954	108,187	457,996
Deferred Inflows of Resources:						
Unavailable revenue -						
Delinquent property taxes	-	4,519	-	-	-	-
Lease contract/revolving loans	-	-	-	-	-	-
Grants/fees	-	-	-	450	-	31,006
Taxes levied for a subsequent period	-	1,580,132	-	-	-	-
Total Deferred Inflows of Resources	-	1,584,651	-	450	-	31,006
Fund Balances:						
Restricted	377,195	99,982	-	-	409,430	-
Committed	-	-	42,800	248,725	-	2,578,254
Total Fund Balances	377,195	99,982	42,800	248,725	409,430	2,578,254
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 387,954	\$ 1,748,132	\$ 60,036	\$ 295,129	\$ 517,617	\$ 3,067,256

Special Revenue Funds

HUD Housing	CDBG Housing	Human Services	Child Care	Veterans' Trust	Veterans' Millage	E - 911	Deeds Automation
\$ 95,311	\$ 391,052	\$ 205,203	\$ 2,535	\$ 9,262	\$ 285,747	\$ 256,613	\$ 492,273
-	-	-	-	-	-	-	-
-	-	-	-	-	524,444	-	-
208,381	502,075	-	10	-	-	-	375
-	-	29,010	522,430	-	-	-	-
-	-	22,623	-	-	-	-	-
<u>\$ 303,692</u>	<u>\$ 893,127</u>	<u>\$ 256,836</u>	<u>\$ 524,975</u>	<u>\$ 9,262</u>	<u>\$ 810,191</u>	<u>\$ 256,613</u>	<u>\$ 492,648</u>
\$ -	\$ -	\$ 80,225	\$ 176,707	\$ -	\$ 1,688	\$ -	\$ -
-	-	233	76,762	-	11,593	-	2,711
-	-	-	-	-	-	-	-
-	86,595	279	-	-	-	-	-
-	-	-	22,623	-	-	256,613	-
-	-	-	-	-	-	-	-
-	<u>86,595</u>	<u>80,737</u>	<u>276,092</u>	<u>-</u>	<u>13,281</u>	<u>256,613</u>	<u>2,711</u>
-	-	-	-	-	1,613	-	-
208,381	415,480	-	-	-	-	-	-
-	-	22,230	201,888	-	-	-	-
-	-	-	-	-	567,462	-	-
<u>208,381</u>	<u>415,480</u>	<u>22,230</u>	<u>201,888</u>	<u>-</u>	<u>569,075</u>	<u>-</u>	<u>-</u>
95,311	391,052	-	-	9,262	227,835	-	489,937
-	-	153,869	46,995	-	-	-	-
<u>95,311</u>	<u>391,052</u>	<u>153,869</u>	<u>46,995</u>	<u>9,262</u>	<u>227,835</u>	<u>-</u>	<u>489,937</u>
<u>\$ 303,692</u>	<u>\$ 893,127</u>	<u>\$ 256,836</u>	<u>\$ 524,975</u>	<u>\$ 9,262</u>	<u>\$ 810,191</u>	<u>\$ 256,613</u>	<u>\$ 492,648</u>

Continued

ST. CLAIR COUNTY, MICHIGAN

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2015**

	Special Revenue Funds				Debt Service Funds	
	Local		Concealed	Prosecutor's	Communications	
	Corrections and Training	Family Counseling	Pistol Licensing	Drug Forfeitures	Series B	Series 2009
Assets:						
Cash and cash equivalents	\$ 37,530	\$ 93,162	\$ 40,475	\$ 220,598	\$ 870,507	\$ 375
Investments	-	-	-	-	-	-
Receivables, net of allowance -						
Property taxes	-	-	-	-	-	-
Interest and accounts	-	30	574	-	8,563	-
Due from other governmental units	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Total Assets	\$ 37,530	\$ 93,192	\$ 41,049	\$ 220,598	\$ 879,070	\$ 375
Liabilities:						
Accounts payable	\$ 125	\$ 702	\$ -	\$ 443	\$ -	\$ -
Accrued liabilities	171	-	-	-	-	-
Advances and deposits	-	-	-	-	-	-
Due to other governmental units	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
Total Liabilities	296	702	-	443	-	-
Deferred Inflows of Resources:						
Unavailable revenue -						
Delinquent property taxes	-	-	-	-	-	-
Lease contract/revolving loans	-	-	-	-	-	-
Grants/fees	-	-	-	-	-	-
Taxes levied for subsequent period	-	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-	-
Fund Balances:						
Restricted	37,234	92,490	41,049	220,155	879,070	375
Committed	-	-	-	-	-	-
Total Fund Balances	37,234	92,490	41,049	220,155	879,070	375
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 37,530	\$ 93,192	\$ 41,049	\$ 220,598	\$ 879,070	\$ 375

Debt Service Funds			Capital Projects Funds				Total
Building Authority	Convention Center	Jail/Juvenile Facility	Public Improvement	Municipal Building	Convention Center	Communications Construction	
\$ 3,727	\$ 1,004,925	\$ 3,504	\$ 2,373,551	\$ 216,024	\$ 44,368	\$ 980	\$ 10,527,069
-	-	-	-	-	-	-	142,472
-	-	-	-	-	-	-	1,988,911
-	16,980	-	8,453	122	-	-	862,369
-	-	-	-	-	-	-	1,024,472
-	-	-	106,410	-	-	-	129,033
<u>\$ 3,727</u>	<u>\$ 1,021,905</u>	<u>\$ 3,504</u>	<u>\$ 2,488,414</u>	<u>\$ 216,146</u>	<u>\$ 44,368</u>	<u>\$ 980</u>	<u>\$ 14,674,326</u>
\$ -	\$ -	\$ -	\$ 38,468	\$ 395	\$ 1,862	\$ -	\$ 539,839
-	-	-	-	-	-	-	310,440
-	-	-	-	-	-	-	66,450
-	-	-	-	-	-	-	140,828
-	-	-	-	-	-	-	385,646
-	-	-	-	-	-	-	18,623
-	-	-	38,468	395	1,862	-	1,461,826
-	-	-	-	-	-	-	6,132
-	-	-	-	-	-	-	623,861
-	-	-	-	-	-	-	255,574
-	-	-	-	-	-	-	2,147,594
-	-	-	-	-	-	-	3,033,161
3,727	1,021,905	3,504	2,449,946	-	-	980	6,850,439
-	-	-	-	215,751	42,506	-	3,328,900
<u>3,727</u>	<u>1,021,905</u>	<u>3,504</u>	<u>2,449,946</u>	<u>215,751</u>	<u>42,506</u>	<u>980</u>	<u>10,179,339</u>
<u>\$ 3,727</u>	<u>\$ 1,021,905</u>	<u>\$ 3,504</u>	<u>\$ 2,488,414</u>	<u>\$ 216,146</u>	<u>\$ 44,368</u>	<u>\$ 980</u>	<u>\$ 14,674,326</u>

Concluded

ST. CLAIR COUNTY, MICHIGAN

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Special Revenue Funds					
	Friend of Court	Drug Task Force	Brownfield Redevelopment	Convention Center	Drug Law Enforcement	Health Department
Revenues:						
Taxes	\$ -	\$ 1,537,083	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	224,530
Intergovernmental	317,694	41,740	89,920	-	-	2,788,747
Charges for services	58,660	-	-	150,023	-	2,414,734
Fines and forfeits	-	-	-	-	111,316	-
Interest and rent	944	540	-	32,790	-	-
Other	303	14,890	-	373	91,480	486,411
Total Revenues	<u>377,601</u>	<u>1,594,253</u>	<u>89,920</u>	<u>183,186</u>	<u>202,796</u>	<u>5,914,422</u>
Expenditures:						
Current -						
Judicial	277,132	-	-	-	-	-
General Government	-	-	-	-	-	-
Public Safety	-	1,452,511	-	-	154,225	-
Health and Welfare	-	-	-	-	-	6,586,049
Community and Economic Development	-	-	89,920	-	-	-
Recreation and Cultural	-	-	-	860,755	-	-
Capital Outlay	-	-	-	-	-	-
Debit Service -						
Principal	-	-	-	-	-	-
Interest and charges	-	-	-	-	-	-
Total Expenditures	<u>277,132</u>	<u>1,452,511</u>	<u>89,920</u>	<u>860,755</u>	<u>154,225</u>	<u>6,586,049</u>
Revenues over (under) expenditures	<u>100,469</u>	<u>141,742</u>	<u>-</u>	<u>(677,569)</u>	<u>48,571</u>	<u>(671,627)</u>
Other Financing Sources (Uses):						
Issuance of refunding bonds	-	-	-	-	-	-
Premium on refunding bonds	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-
Transfers from other funds	-	-	-	650,000	-	1,580,400
Transfers to other funds	-	(205,633)	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(205,633)</u>	<u>-</u>	<u>650,000</u>	<u>-</u>	<u>1,580,400</u>
Net Change in Fund Balances	100,469	(63,891)	-	(27,569)	48,571	908,773
Fund Balances at beginning of year	<u>276,726</u>	<u>163,873</u>	<u>42,800</u>	<u>276,294</u>	<u>360,859</u>	<u>1,669,481</u>
Fund Balances at end of year	<u>\$ 377,195</u>	<u>\$ 99,982</u>	<u>\$ 42,800</u>	<u>\$ 248,725</u>	<u>\$ 409,430</u>	<u>\$ 2,578,254</u>

Special Revenue Funds

HUD Housing	CDBG Housing	Human Services	Child Care	Veterans' Trust	Veterans' Millage	E - 911	Deeds Automation
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 557,391	\$ -	\$ -
-	-	-	-	-	-	-	-
-	26,274	149,531	2,308,482	12,708	-	-	-
-	-	-	72,065	-	1,290	1,055,638	135,118
-	-	-	-	-	-	-	-
-	90	-	-	-	141	-	21
-	49,268	2,265	5,275	-	250	-	-
<u>-</u>	<u>75,632</u>	<u>151,796</u>	<u>2,385,822</u>	<u>12,708</u>	<u>559,072</u>	<u>1,055,638</u>	<u>135,139</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	152,562
-	-	-	-	-	-	-	-
-	29,851	425,695	6,215,541	16,161	466,022	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>29,851</u>	<u>425,695</u>	<u>6,215,541</u>	<u>16,161</u>	<u>466,022</u>	<u>-</u>	<u>152,562</u>
-	45,781	(273,899)	(3,829,719)	(3,453)	93,050	1,055,638	(17,423)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	10,000	218,501	3,160,031	-	-	-	-
-	-	-	-	-	-	(1,055,638)	-
<u>-</u>	<u>10,000</u>	<u>218,501</u>	<u>3,160,031</u>	<u>-</u>	<u>-</u>	<u>(1,055,638)</u>	<u>-</u>
-	55,781	(55,398)	(669,688)	(3,453)	93,050	-	(17,423)
<u>95,311</u>	<u>335,271</u>	<u>209,267</u>	<u>716,683</u>	<u>12,715</u>	<u>134,785</u>	<u>-</u>	<u>507,360</u>
<u>\$ 95,311</u>	<u>\$ 391,052</u>	<u>\$ 153,869</u>	<u>\$ 46,995</u>	<u>\$ 9,262</u>	<u>\$ 227,835</u>	<u>\$ -</u>	<u>\$ 489,937</u>

Continued

ST. CLAIR COUNTY, MICHIGAN

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Special Revenue Funds				Debt Service Funds	
	Local	Family	Concealed	Prosecutor's	Communications	
	Corrections And Training	Counseling	Pistol Licensing	Drug Forfeitures	Series B	Series 2009
Revenues:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	41,049	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	28,007	15,214	-	15,826	300,347	-
Fines and forfeits	-	-	-	27,941	-	-
Interest and rent	-	-	-	-	-	-
Other	-	-	-	424	-	-
Total Revenues	<u>28,007</u>	<u>15,214</u>	<u>41,049</u>	<u>44,191</u>	<u>300,347</u>	<u>-</u>
Expenditures:						
Current -						
Judicial	-	10,329	-	-	-	-
General Government	-	-	-	-	-	-
Public Safety	42,096	-	-	10,849	-	-
Health and Welfare	-	-	-	-	-	-
Community and Economic Development	-	-	-	-	-	-
Recreation and Cultural	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-
Debit Service -						
Principal	-	-	-	-	250,000	175,000
Interest and charges	-	-	-	-	135,219	92,081
Total Expenditures	<u>42,096</u>	<u>10,329</u>	<u>-</u>	<u>10,849</u>	<u>385,219</u>	<u>267,081</u>
Revenues over (under) expenditures	<u>(14,089)</u>	<u>4,885</u>	<u>41,049</u>	<u>33,342</u>	<u>(84,872)</u>	<u>(267,081)</u>
Other Financing Sources (Uses):						
Issuance of refunding bonds	-	-	-	-	1,800,000	-
Premium on refunding bonds	-	-	-	-	167,128	-
Payment to refunded bond escrow agent	-	-	-	-	(1,920,428)	-
Transfers from other funds	-	-	-	-	-	267,331
Transfers to other funds	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>46,700</u>	<u>267,331</u>
Net Change in Fund Balances	<u>(14,089)</u>	<u>4,885</u>	<u>41,049</u>	<u>33,342</u>	<u>(38,172)</u>	<u>250</u>
Fund Balances at beginning of year	<u>51,323</u>	<u>87,605</u>	<u>-</u>	<u>186,813</u>	<u>917,242</u>	<u>125</u>
Fund Balances at end of year	<u>\$ 37,234</u>	<u>\$ 92,490</u>	<u>\$ 41,049</u>	<u>\$ 220,155</u>	<u>\$ 879,070</u>	<u>\$ 375</u>

Debt Service Funds			Capital Projects Funds				
Building Authority	Convention Center	Jail/Juvenile Facility	Public Improvement	Municipal Building	Convention Center	Communications Construction	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,094,474
-	-	-	-	-	-	-	265,579
-	142,421	-	-	-	-	-	5,877,517
-	-	-	-	27,668	-	-	4,274,590
-	-	-	-	-	-	-	139,257
-	-	-	-	-	84	-	34,610
-	191,214	-	101,398	-	250,000	-	1,193,551
-	333,635	-	101,398	27,668	250,084	-	13,879,578
-	-	-	-	-	-	-	287,461
-	-	-	-	-	-	-	152,562
-	-	-	-	-	-	-	1,659,681
-	-	-	-	-	-	-	13,739,319
-	-	-	-	-	-	-	89,920
-	-	-	-	-	-	-	860,755
-	-	-	1,457,606	12,593	484,011	-	1,954,210
700,000	205,000	1,155,000	-	-	-	-	2,485,000
81,858	304,569	992,875	-	-	-	-	1,606,602
781,858	509,569	2,147,875	1,457,606	12,593	484,011	-	22,835,510
(781,858)	(175,934)	(2,147,875)	(1,356,208)	15,075	(233,927)	-	(8,955,932)
-	-	-	-	-	-	-	1,800,000
-	-	-	-	-	-	-	167,128
-	-	-	-	-	-	-	(1,920,428)
781,858	327,611	2,147,875	582,628	-	-	-	9,726,235
-	-	-	-	-	-	-	(1,261,271)
781,858	327,611	2,147,875	582,628	-	-	-	8,511,664
-	151,677	-	(773,580)	15,075	(233,927)	-	(444,268)
3,727	870,228	3,504	3,223,526	200,676	276,433	980	10,623,607
\$ 3,727	\$ 1,021,905	\$ 3,504	\$ 2,449,946	\$ 215,751	\$ 42,506	\$ 980	\$ 10,179,339

Concluded

ST. CLAIR COUNTY, MICHIGAN

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
FRIEND OF COURT			
Revenues:			
Intergovernmental	\$ 300,000	\$ 317,694	\$ 17,694
Charges for services	-	58,660	58,660
Interest and rent	-	944	944
Other	-	303	303
Total Revenues	<u>300,000</u>	<u>377,601</u>	<u>77,601</u>
Expenditures:			
Judicial	<u>300,000</u>	<u>277,132</u>	<u>22,868</u>
Net Change in Fund Balance	-	100,469	100,469
Fund Balance at beginning of year	<u>276,726</u>	<u>276,726</u>	-
Fund Balance at end of year	<u><u>\$ 276,726</u></u>	<u><u>\$ 377,195</u></u>	<u><u>\$ 100,469</u></u>
DRUG TASK FORCE			
Revenues:			
Taxes	\$ 1,560,555	\$ 1,537,083	\$(23,472)
Intergovernmental	41,740	41,740	-
Interest and rent	-	540	540
Other	2,000	14,890	12,890
Total Revenues	<u>1,604,295</u>	<u>1,594,253</u>	<u>(10,042)</u>
Expenditures:			
Public Safety	<u>1,438,829</u>	<u>1,452,511</u>	<u>(13,682)</u>
Revenues over expenditures	<u>165,466</u>	<u>141,742</u>	<u>(23,724)</u>
Other Financing Sources (Uses):			
Transfers from other funds	40,167	-	(40,167)
Transfers to other funds	<u>(205,633)</u>	<u>(205,633)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(165,466)</u>	<u>(205,633)</u>	<u>(40,167)</u>
Net Change in Fund Balance	-	(63,891)	(63,891)
Fund Balance at beginning of year	<u>163,873</u>	<u>163,873</u>	-
Fund Balance at end of year	<u><u>\$ 163,873</u></u>	<u><u>\$ 99,982</u></u>	<u><u>\$(63,891)</u></u>

Continued

ST. CLAIR COUNTY, MICHIGAN

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
BROWNFIELD REDEVELOPMENT			
Revenues:			
Intergovernmental	\$ 100,000	\$ 89,920	\$(10,080)
Expenditures:			
Community and Economic Development	<u>100,000</u>	<u>89,920</u>	<u>10,080</u>
Net Change in Fund Balance	-	-	-
Fund Balance at beginning of year	<u>42,800</u>	<u>42,800</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 42,800</u></u>	<u><u>\$ 42,800</u></u>	<u><u>\$ -</u></u>
CONVENTION CENTER			
Revenues:			
Charges for services	\$ 80,000	\$ 150,023	\$ 70,023
Interest and rent	-	32,790	32,790
Other	<u>20,000</u>	<u>373</u>	<u>(19,627)</u>
Total Revenues	100,000	183,186	83,186
Expenditures:			
Recreation and Cultural	<u>800,000</u>	<u>860,755</u>	<u>(60,755)</u>
Revenues under expenditures	(700,000)	(677,569)	22,431
Other Financing Sources:			
Transfers from other funds	<u>650,000</u>	<u>650,000</u>	<u>-</u>
Net Change in Fund Balance	(50,000)	(27,569)	22,431
Fund Balance at beginning of year	<u>276,294</u>	<u>276,294</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 226,294</u></u>	<u><u>\$ 248,725</u></u>	<u><u>\$ 22,431</u></u>

Continued

ST. CLAIR COUNTY, MICHIGAN

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
DRUG LAW ENFORCEMENT			
Revenues:			
Fines and forfeits	\$ 160,000	\$ 111,316	\$(48,684)
Other	-	91,480	91,480
Total Revenues	<u>160,000</u>	<u>202,796</u>	<u>42,796</u>
Expenditures:			
Public Safety	<u>210,000</u>	<u>154,225</u>	<u>55,775</u>
Revenues over (under) expenditures	(50,000)	48,571	98,571
Other Financing Uses:			
Transfers to other funds	<u>(40,167)</u>	-	<u>40,167</u>
Net Change in Fund Balance	(90,167)	48,571	138,738
Fund Balance at beginning of year	<u>360,859</u>	<u>360,859</u>	-
Fund Balance at end of year	<u><u>\$ 270,692</u></u>	<u><u>\$ 409,430</u></u>	<u><u>\$ 138,738</u></u>
HEALTH DEPARTMENT			
Revenues:			
Licenses and permits	\$ -	\$ 224,530	\$ 224,530
Intergovernmental	3,331,001	2,788,747	(542,254)
Charges for services	1,449,408	2,414,734	965,326
Other	-	486,411	486,411
Total Revenues	<u>4,780,409</u>	<u>5,914,422</u>	<u>1,134,013</u>
Expenditures:			
Health and Welfare	<u>6,360,809</u>	<u>6,586,049</u>	<u>(225,240)</u>
Revenues under expenditures	(1,580,400)	(671,627)	908,773
Other Financing Sources:			
Transfers from other funds	<u>1,580,400</u>	<u>1,580,400</u>	-
Net Change in Fund Balance	-	908,773	908,773
Fund Balance at beginning of year	<u>1,669,481</u>	<u>1,669,481</u>	-
Fund Balance at end of year	<u><u>\$ 1,669,481</u></u>	<u><u>\$ 2,578,254</u></u>	<u><u>\$ 908,773</u></u>

Continued

ST. CLAIR COUNTY, MICHIGAN

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</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>
CDBG HOUSING			
Revenues:			
Intergovernmental	\$ 100,000	\$ 26,274	\$(73,726)
Interest	-	90	90
Other	-	49,268	49,268
Total Revenues	<u>100,000</u>	<u>75,632</u>	<u>(24,368)</u>
Expenditures:			
Health and Welfare	<u>110,000</u>	<u>29,851</u>	<u>80,149</u>
Revenues over (under) expenditures	(10,000)	45,781	55,781
Other Financing Sources:			
Transfers from other funds	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Net Change in Fund Balance	-	55,781	55,781
Fund Balance at beginning of year	<u>335,271</u>	<u>335,271</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 335,271</u></u>	<u><u>\$ 391,052</u></u>	<u><u>\$ 55,781</u></u>
HUMAN SERVICES			
Revenues:			
Intergovernmental	\$ 187,500	\$ 149,531	\$(37,969)
Other	-	2,265	2,265
Total Revenues	<u>187,500</u>	<u>151,796</u>	<u>(35,704)</u>
Expenditures:			
Health and Welfare	<u>406,001</u>	<u>425,695</u>	<u>(19,694)</u>
Revenues under expenditures	(218,501)	(273,899)	(55,398)
Other Financing Sources:			
Transfers from other funds	<u>218,501</u>	<u>218,501</u>	<u>-</u>
Net Change in Fund Balance	-	(55,398)	(55,398)
Fund Balance at beginning of year	<u>209,267</u>	<u>209,267</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 209,267</u></u>	<u><u>\$ 153,869</u></u>	<u><u>\$(55,398)</u></u>

Continued

ST. CLAIR COUNTY, MICHIGAN

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
CHILD CARE			
Revenues:			
Intergovernmental	\$ 2,732,468	\$ 2,308,482	\$(423,986)
Charges for services	145,000	72,065	(72,935)
Other	<u>-</u>	<u>5,275</u>	<u>5,275</u>
Total Revenues	<u>2,877,468</u>	<u>2,385,822</u>	<u>(491,646)</u>
Expenditures:			
Health and Welfare	<u>5,987,499</u>	<u>6,215,541</u>	<u>(228,042)</u>
Revenues under expenditures	(3,110,031)	(3,829,719)	(719,688)
Other Financing Sources:			
Transfers from other funds	<u>3,110,031</u>	<u>3,160,031</u>	<u>50,000</u>
Net Change in Fund Balance	-	(669,688)	(669,688)
Fund Balance at beginning of year	<u>716,683</u>	<u>716,683</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 716,683</u></u>	<u><u>\$ 46,995</u></u>	<u><u>\$(669,688)</u></u>
VETERANS' TRUST			
Revenues:			
Intergovernmental	\$ 35,000	\$ 12,708	\$(22,292)
Expenditures:			
Health and Welfare	<u>35,000</u>	<u>16,161</u>	<u>18,839</u>
Net Change in Fund Balance	-	(3,453)	(3,453)
Fund Balance at beginning of year	<u>12,715</u>	<u>12,715</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 12,715</u></u>	<u><u>\$ 9,262</u></u>	<u><u>\$(3,453)</u></u>

Continued

ST. CLAIR COUNTY, MICHIGAN

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
VETERANS' MILLAGE			
Revenues:			
Taxes	\$ 561,000	\$ 557,391	\$(3,609)
Charges for services	-	1,290	1,290
Interest and rent	-	141	141
Other	-	250	250
Total Revenues	<u>561,000</u>	<u>559,072</u>	<u>(1,928)</u>
Expenditures:			
Health and Welfare	<u>561,000</u>	<u>466,022</u>	<u>94,978</u>
Net Change in Fund Balance	-	93,050	93,050
Fund Balance at beginning of year	<u>134,785</u>	<u>134,785</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 134,785</u></u>	<u><u>\$ 227,835</u></u>	<u><u>\$ 93,050</u></u>
E - 911			
Revenues:			
Charges for services	\$ 1,055,000	\$ 1,055,638	\$ 638
Other Financing Uses:			
Transfers to other funds	<u>(1,055,000)</u>	<u>(1,055,638)</u>	<u>(638)</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	\$ 165,000	\$ 135,118	\$(29,882)
Interest	1,500	21	(1,479)
Total Revenues	<u>166,500</u>	<u>135,139</u>	<u>(31,361)</u>
Expenditures:			
General Government	<u>166,500</u>	<u>152,562</u>	<u>13,938</u>
Net Change in Fund Balance	-	(17,423)	(17,423)
Fund Balance at beginning of year	<u>507,360</u>	<u>507,360</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 507,360</u></u>	<u><u>\$ 489,937</u></u>	<u><u>\$(17,423)</u></u>

Continued

ST. CLAIR COUNTY, MICHIGAN

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
LOCAL CORRECTIONS AND TRAINING			
Revenues:			
Charges for services	\$ 30,000	\$ 28,007	\$(1,993)
Expenditures:			
Public Safety	<u>30,000</u>	<u>42,096</u>	<u>(12,096)</u>
Net Change in Fund Balance	-	(14,089)	(14,089)
Fund Balance at beginning of year	<u>51,323</u>	<u>51,323</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 51,323</u></u>	<u><u>\$ 37,234</u></u>	<u><u>\$(14,089)</u></u>
FAMILY COUNSELING			
Revenues:			
Charges for services	\$ 20,000	\$ 15,214	\$(4,786)
Expenditures:			
Judicial	<u>20,000</u>	<u>10,329</u>	<u>9,671</u>
Net Change in Fund Balance	-	4,885	4,885
Fund Balance at beginning of year	<u>87,605</u>	<u>87,605</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 87,605</u></u>	<u><u>\$ 92,490</u></u>	<u><u>\$ 4,885</u></u>
CONCEALED PISTOL LICENSING			
Revenues:			
Licenses and permits	\$ 35,000	\$ 41,049	\$ 6,049
Fund Balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 35,000</u></u>	<u><u>\$ 41,049</u></u>	<u><u>\$ 6,049</u></u>
PROSECUTOR'S DRUG FORFEITURES			
Revenues:			
Charges for services	\$ 20,000	\$ 15,826	\$(4,174)
Fines and forfeits	30,000	27,941	(2,059)
Other	<u>-</u>	<u>424</u>	<u>424</u>
Total Revenues	<u>50,000</u>	<u>44,191</u>	<u>(5,809)</u>
Expenditures:			
Public Safety	<u>50,000</u>	<u>10,849</u>	<u>39,151</u>
Net Change in Fund Balance	-	33,342	33,342
Fund Balance at beginning of year	<u>186,813</u>	<u>186,813</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 186,813</u></u>	<u><u>\$ 220,155</u></u>	<u><u>\$ 33,342</u></u>

Concluded

NON-MAJOR ENTERPRISE FUNDS

ENTERPRISE FUNDS

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

Airport Commission – is used to account for the operation of the County-owned airport which sells gasoline, rents hangers, etc.

Sheriff's Concession – is used to account for the concession operations in the County Jail complex, which sells various items to the jail inmates.

Homestead Exemption Audits – is used to account for the operations of administering audits of County residents claiming homestead exemption on their property.

School Tax Collection – is used to account for the administrative fees charged to school districts for the collection of their taxes.

ST. CLAIR COUNTY, MICHIGAN

**COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
DECEMBER 31, 2015**

	<u>Airport Commission</u>	<u>Sheriff's Concession</u>	<u>Homestead Exemption Audits</u>	<u>School Tax Collection</u>	<u>Total</u>
Assets:					
Current Assets:					
Cash and cash equivalents	\$ 331,074	\$ 262,433	\$ 50,045	\$ 114,613	\$ 758,165
Interest and accounts receivable, net of allowance	26,524	71,231	-	-	97,755
Inventories	25,408	-	-	-	25,408
Prepaid expenses and deposits	125	-	-	-	125
Total Current Assets	<u>383,131</u>	<u>333,664</u>	<u>50,045</u>	<u>114,613</u>	<u>881,453</u>
Noncurrent Assets:					
Capital assets	13,405,091	-	-	-	13,405,091
Less - accumulated depreciation	<u>(9,301,539)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,301,539)</u>
Total Noncurrent Assets	<u>4,103,552</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,103,552</u>
Total Assets	<u>4,486,683</u>	<u>333,664</u>	<u>50,045</u>	<u>114,613</u>	<u>4,985,005</u>
Liabilities:					
Current Liabilities:					
Accounts payable	11,672	36,655	-	-	48,327
Accrued expenses	4,311	3,236	-	-	7,547
Unearned revenue	7,689	-	-	-	7,689
Total Current Liabilities	<u>23,672</u>	<u>39,891</u>	<u>-</u>	<u>-</u>	<u>63,563</u>
Long-Term Liabilities:					
Accrued vacation and sick (less current portion)	10,345	-	-	-	10,345
Net OPEB obligation	113,377	-	-	-	113,377
Total Long-Term Liabilities	<u>123,722</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>123,722</u>
Total Liabilities	<u>147,394</u>	<u>39,891</u>	<u>-</u>	<u>-</u>	<u>187,285</u>
Net Position:					
Net investment in capital assets	4,103,552	-	-	-	4,103,552
Unrestricted	<u>235,737</u>	<u>293,773</u>	<u>50,045</u>	<u>114,613</u>	<u>694,168</u>
Total Net Position	<u>\$ 4,339,289</u>	<u>\$ 293,773</u>	<u>\$ 50,045</u>	<u>\$ 114,613</u>	<u>\$ 4,797,720</u>

ST. CLAIR COUNTY, MICHIGAN

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Airport Commission</u>	<u>Sheriff's Concession</u>	<u>Homestead Exemption Audits</u>	<u>School Tax Collection</u>	<u>Total</u>
Operating Revenues:					
Charges for services	\$ 476,456	\$ 603,265	\$ -	\$ -	\$ 1,079,721
Interest and rents	171,785	-	4,215	-	176,000
Other	2,172	-	-	-	2,172
Total Operating Revenues	<u>650,413</u>	<u>603,265</u>	<u>4,215</u>	<u>-</u>	<u>1,257,893</u>
Operating Expenses:					
Personal services	152,798	109,069	-	-	261,867
Supplies	354,243	9,225	-	-	363,468
Other services	300,574	453,169	458	12	754,213
Depreciation	231,352	-	-	-	231,352
Total Operating Expenses	<u>1,038,967</u>	<u>571,463</u>	<u>458</u>	<u>12</u>	<u>1,610,900</u>
Operating Income (Loss)	(388,554)	31,802	3,757	(12)	(353,007)
Capital Contributions	<u>568,342</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>568,342</u>
Net Income (Loss) Before Transfers	179,788	31,802	3,757	(12)	215,335
Transfers:					
Transfers from other funds	<u>210,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>210,000</u>
Change in Net Position	389,788	31,802	3,757	(12)	425,335
Net Position at beginning of year	<u>3,949,501</u>	<u>261,971</u>	<u>46,288</u>	<u>114,625</u>	<u>4,372,385</u>
Net Position at end of year	<u>\$ 4,339,289</u>	<u>\$ 293,773</u>	<u>\$ 50,045</u>	<u>\$ 114,613</u>	<u>\$ 4,797,720</u>

ST. CLAIR COUNTY, MICHIGAN

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<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	\$ 615,897	\$ 587,861	\$ 4,215	\$ -	\$ 1,207,973
Cash payments to suppliers	(645,511)	(451,904)	-	(12)	(1,097,427)
Cash payments to employees	(122,298)	(94,329)	-	-	(216,627)
Cash payments for interfund services	(16,573)	(14,355)	(458)	-	(31,386)
Net Cash Provided by (Used for)					
Operating Activities	(168,485)	27,273	3,757	(12)	(137,467)
Cash Flows From Noncapital Financing Activities:					
Transfers from other funds	210,000	-	-	-	210,000
Cash Flows From Capital and Related Financing Activities:					
Acquisition/construction of capital assets	(29,912)	-	-	-	(29,912)
Net Increase (Decrease) in Cash and Cash Equivalents	11,603	27,273	3,757	(12)	42,621
Cash and Cash Equivalents at Beginning of Year	<u>319,471</u>	<u>235,160</u>	<u>46,288</u>	<u>114,625</u>	<u>715,544</u>
Cash and Cash Equivalents at End of Year	<u>\$ 331,074</u>	<u>\$ 262,433</u>	<u>\$ 50,045</u>	<u>\$ 114,613</u>	<u>\$ 758,165</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for)					
Operating Activities:					
Operating income (loss)	\$(388,554)	\$ 31,802	\$ 3,757	\$(12)	\$(353,007)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities -					
Depreciation	231,352	-	-	-	231,352
Change in assets and liabilities:					
Accounts receivable	(16,857)	(15,404)	-	-	(32,261)
Inventory	8,578	-	-	-	8,578
Prepays and deposits	850	-	-	-	850
Accounts payable	(122)	10,490	-	-	10,368
Accrued expenses	13,927	385	-	-	14,312
Unearned revenue	(17,659)	-	-	-	(17,659)
Net Cash Provided by (Used for)					
Operating Activities	<u>\$(168,485)</u>	<u>\$ 27,273</u>	<u>\$ 3,757</u>	<u>\$(12)</u>	<u>\$(137,467)</u>
Non-Cash Capital and Related Financing Activities:					
Capital contributions	<u>\$ 568,342</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 568,342</u>

FIDUCIARY FUNDS

Fiduciary Funds are used to account for assets held by the County for the other parties (either as a trustee or as an agent) that cannot be used to finance the County's own operating programs.

Pension and Other Employee Benefit Trust Funds –

Basic Retirement System – is used to account for employer and employee pension contributions, investment income, accumulated assets and payments to beneficiaries including retiree health care.

Other Postemployment Benefits –

401h Health Care Fund – is an account within the pension trust fund established to account for employer and employee contributions, investment income, accumulated assets and payment for past employment benefits other than pensions. Starting on July 1, 2006 no new contributions are being recorded in this fund; however, benefit payments will continue to be paid from this fund until all the assets are used.

PA 149 Health Care Fund – was established on July 1, 2006 to account for employer and employee contributions, investment income, accumulated assets and payment for post-employment benefits other than pension.

The Pension and Other Employee Benefit Trust Funds are accounted for in essentially the same manner as Proprietary Funds, but with an important expanded emphasis on net position restricted for pension and other post-employment benefits.

Agency Funds –

Trust and Agency – is used to account for assets held by the County as an agent for individuals, private organizations, other governments and other funds.

Library Penal Fines – is used to account for the portion of fines that are collected by the 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 POSITION
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
DECEMBER 31, 2015**

	<u>Basic Retirement System</u>	<u>Other Postemployment Benefits</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 8,241,601	\$ 2,107,492	\$ 10,349,093
Investments, at fair value -			
U.S. Government/Agencies	2,256,984	-	2,256,984
Corporate Debt	28,602,009	4,393,491	32,995,500
Hedge Funds	9,498,126	-	9,498,126
Stocks	80,749,383	17,369,540	98,118,923
Foreign Bonds	16,106,424	-	16,106,424
Mutual Funds	15,464,636	7,371,484	22,836,120
Partnerships	56,955,513	-	56,955,513
Municipal Bonds	-	205,172	205,172
Certificates of Deposit	-	874,102	874,102
Receivables -			
Interest and dividends	597,229	57,175	654,404
Other	41,850	2,041,822	2,083,672
Due from other funds	199,258	6,115,763	6,315,021
Total Assets	<u>218,713,013</u>	<u>40,536,041</u>	<u>259,249,054</u>
Liabilities:			
Accounts payable	348,977	7,966	356,943
Accrued liabilities	2,565	-	2,565
Derivative instrument - interest rate future	657,375	-	657,375
Due to other funds	6,115,763	199,258	6,315,021
Total Liabilities	<u>7,124,680</u>	<u>207,224</u>	<u>7,331,904</u>
Net Position:			
Restricted for pension benefits	211,588,333	-	211,588,333
Restricted for other postemployment benefits	-	40,328,817	40,328,817
	<u>\$ 211,588,333</u>	<u>\$ 40,328,817</u>	<u>\$ 251,917,150</u>

ST. CLAIR COUNTY, MICHIGAN

**COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Basic Retirement System			
	<u>Member Contributions</u>	<u>Employer Contributions</u>	<u>Pension Payments</u>	<u>Total</u>
Additions:				
Contributions				
Member contributions	\$ 2,038,958	\$ -	\$ -	\$ 2,038,958
Employer contributions	<u>-</u>	<u>7,179,980</u>	<u>-</u>	<u>7,179,980</u>
Total contributions	<u>2,038,958</u>	<u>7,179,980</u>	<u>-</u>	<u>9,218,938</u>
Investment income				
Net appreciation (depreciation) in fair value of investments	-	182,558	-	182,558
Interest/Dividends	-	4,067,288	-	4,067,288
Less investment expense	<u>-</u>	<u>(795,030)</u>	<u>-</u>	<u>(795,030)</u>
Net investment income	<u>-</u>	<u>3,454,816</u>	<u>-</u>	<u>3,454,816</u>
Other				
Medicare Part D reimbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Additions	<u>2,038,958</u>	<u>10,634,796</u>	<u>-</u>	<u>12,673,754</u>
Deductions:				
Retirement payroll	-	-	13,455,530	13,455,530
Health/dental insurance	-	-	-	-
Death benefits	-	45,500	-	45,500
Employee refunds	158,426	-	-	158,426
Administration	-	101,847	-	101,847
Professional fees	<u>-</u>	<u>41,090</u>	<u>-</u>	<u>41,090</u>
Total Deductions	<u>158,426</u>	<u>188,437</u>	<u>13,455,530</u>	<u>13,802,393</u>
Net Increase (Decrease) Before Transfers	1,880,532	10,446,359	(13,455,530)	(1,128,639)
Interfund Transfers In (Out):				
Retirees obligation	(1,525,520)	(4,933,647)	6,459,167	-
Interest	<u>597,879</u>	<u>(2,603,183)</u>	<u>2,005,304</u>	<u>-</u>
Net Increase (Decrease)	952,891	2,909,529	(4,991,059)	(1,128,639)
Net position restricted for pension benefits and other postemployment benefits:				
Beginning of year	<u>29,538,975</u>	<u>52,839,083</u>	<u>130,338,914</u>	<u>212,716,972</u>
End of year	<u>\$ 30,491,866</u>	<u>\$ 55,748,612</u>	<u>\$ 125,347,855</u>	<u>\$ 211,588,333</u>

Other Postemployment Benefits

401H Health Care	Act 149 Health Care	Total	Total
\$ -	\$ 491,767	\$ 491,767	\$ 2,530,725
-	3,630,467	3,630,467	10,810,447
-	4,122,234	4,122,234	13,341,172
-	(438,919)	(438,919)	(256,361)
127,604	624,022	751,626	4,818,914
-	(93,520)	(93,520)	(888,550)
127,604	91,583	219,187	3,674,003
13,982	-	13,982	13,982
141,586	4,213,817	4,355,403	17,029,157
-	-	-	13,455,530
3,513,856	-	3,513,856	3,513,856
-	-	-	45,500
67,915	-	67,915	226,341
-	-	-	101,847
-	-	-	41,090
3,581,771	-	3,581,771	17,384,164
(3,440,185)	4,213,817	773,632	(355,007)
-	-	-	-
-	-	-	-
(3,440,185)	4,213,817	773,632	(355,007)
9,555,948	29,999,237	39,555,185	252,272,157
\$ 6,115,763	\$ 34,213,054	\$ 40,328,817	\$ 251,917,150

ST. CLAIR COUNTY, MICHIGAN

**COMBINING STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
DECEMBER 31, 2015**

	<u>Trust and Agency</u>	<u>Library Penal Fines</u>	<u>Payroll</u>	<u>Total</u>
Assets:				
Cash and cash equivalents	\$ 2,560,314	\$ 5,743	\$ 110,389	\$ 2,676,446
Investments	99,320	-	-	99,320
Receivables	18,354,717	4,491	-	18,359,208
Due from individuals	<u>-</u>	<u>-</u>	<u>14,436</u>	<u>14,436</u>
 Total Assets	 <u>\$ 21,014,351</u>	 <u>\$ 10,234</u>	 <u>\$ 124,825</u>	 <u>\$ 21,149,410</u>
 Liabilities:				
Due to individuals and agencies	\$ 19,684,091	\$ -	\$ -	\$ 19,684,091
Due to other governmental units	<u>1,330,260</u>	<u>10,234</u>	<u>124,825</u>	<u>1,465,319</u>
 Total Liabilities	 <u>\$ 21,014,351</u>	 <u>\$ 10,234</u>	 <u>\$ 124,825</u>	 <u>\$ 21,149,410</u>

ST. CLAIR COUNTY, MICHIGAN

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Balance January 1, 2015	Additions	Reductions	Balance December 31, 2015
TOTAL ALL AGENCY FUNDS				
Assets:				
Cash and cash equivalents	\$ 1,850,539	\$ 201,271,376	\$ 200,445,469	\$ 2,676,446
Investments	86,484	12,836	-	99,320
Receivables	13,139,944	5,792,551	573,287	18,359,208
Due from individuals	9,078	207,805	202,447	14,436
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 15,086,045</u>	<u>\$ 207,284,568</u>	<u>\$ 201,221,203</u>	<u>\$ 21,149,410</u>
Liabilities:				
Due to -				
Individuals and agencies	\$ 14,200,077	\$ 12,360,446	\$ 6,876,432	\$ 19,684,091
Other governmental units	885,968	175,370,889	174,791,538	1,465,319
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>\$ 15,086,045</u>	<u>\$ 187,731,335</u>	<u>\$ 181,667,970</u>	<u>\$ 21,149,410</u>
TRUST AND AGENCY				
Assets:				
Cash and cash equivalents	\$ 1,738,880	\$ 133,644,495	\$ 132,823,061	\$ 2,560,314
Investments	86,484	12,836	-	99,320
Receivables	13,136,763	5,788,060	570,106	18,354,717
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 14,962,127</u>	<u>\$ 139,445,391</u>	<u>\$ 133,393,167</u>	<u>\$ 21,014,351</u>
Liabilities:				
Due to -				
Individuals and agencies	\$ 14,200,077	\$ 12,360,446	\$ 6,876,432	\$ 19,684,091
Other governmental units	762,050	109,565,779	108,997,569	1,330,260
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>\$ 14,962,127</u>	<u>\$ 121,926,225</u>	<u>\$ 115,874,001</u>	<u>\$ 21,014,351</u>
LIBRARY PENAL FINES				
Assets:				
Cash and cash equivalents	\$ 9,107	\$ 1,433,483	\$ 1,436,847	\$ 5,743
Accounts receivable	3,181	4,491	3,181	4,491
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 12,288</u>	<u>\$ 1,437,974</u>	<u>\$ 1,440,028</u>	<u>\$ 10,234</u>
Liabilities:				
Due to other governmental units	<u>\$ 12,288</u>	<u>\$ 20,539</u>	<u>\$ 22,593</u>	<u>\$ 10,234</u>

Continued

ST. CLAIR COUNTY, MICHIGAN

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Balance January 1, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2015</u>
PAYROLL FUND				
Assets:				
Cash and cash equivalents	\$ 102,552	\$ 66,193,398	\$ 66,185,561	\$ 110,389
Due from individuals	<u>9,078</u>	<u>207,805</u>	<u>202,447</u>	<u>14,436</u>
Total Assets	<u><u>\$ 111,630</u></u>	<u><u>\$ 66,401,203</u></u>	<u><u>\$ 66,388,008</u></u>	<u><u>\$ 124,825</u></u>
Liabilities:				
Due to other governmental units	<u><u>\$ 111,630</u></u>	<u><u>\$ 65,784,571</u></u>	<u><u>\$ 65,771,376</u></u>	<u><u>\$ 124,825</u></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, 2015**

	Balance January 1, 2015	Additions	Disposals/ Adjustments	Balance December 31, 2015
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
General County:				
Land	\$ 12,488,040	\$ 279,283	\$ -	\$ 12,767,323
Land improvements	7,518,566	78,318	-	7,596,884
Buildings	91,206,430	7,457,738	5,249	98,658,919
Equipment -				
Machinery	16,854,207	812,934	14,899	17,652,242
Marine	1,564,644	-	94,851	1,469,793
Vehicles	2,697,775	543,322	324,508	2,916,589
Books	7,217,720	345,743	1,138,201	6,425,262
	<u>139,547,382</u>	<u>9,517,338</u>	<u>1,577,708</u>	<u>147,487,012</u>
Less - Accumulated depreciation	<u>(50,298,068)</u>	<u>(5,042,508)</u>	<u>(1,515,695)</u>	<u>(53,824,881)</u>
	89,249,314	4,474,830	62,013	93,662,131
Construction in progress	<u>7,361,925</u>	<u>1,547,717</u>	<u>7,808,706</u>	<u>1,100,936</u>
Total Capital Assets, Net	<u><u>\$ 96,611,239</u></u>	<u><u>\$ 6,022,547</u></u>	<u><u>\$ 7,870,719</u></u>	<u><u>\$ 94,763,067</u></u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal services fund are excluded from the above amounts. The capital assets of the internal services fund are included as governmental activities in the statement of net position.

ST. CLAIR COUNTY, MICHIGAN

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CAPITAL ASSETS BY FUNCTION AND ACTIVITY
DECEMBER 31, 2015**

	<u>Total</u>	<u>Land and Improvements</u>	<u>Buildings</u>	<u>Equipment</u>
Judicial:				
Circuit Court	\$ 5,890	\$ -	\$ -	\$ 5,890
District Court	544,421	50,051	357,254	137,116
Friend of Court	278,109	-	59,094	219,015
Courthouse Security	6,600	-	-	6,600
Public Improvement	434,966	5,900	97,633	331,433
	<u>1,269,986</u>	<u>55,951</u>	<u>513,981</u>	<u>700,054</u>
General Government:				
Administrator/Controller	8,687,329	980,999	7,660,114	46,216
Communications	549,616	-	-	549,616
Information Technology	122,892	-	-	122,892
Clerk	18,478	-	-	18,478
Register of Deeds	86,399	-	14,700	71,699
Equalization	46,225	-	-	46,225
Prosecuting Attorney	15,000	-	-	15,000
Human Resources	6,715	-	-	6,715
Property Description	16,341	-	-	16,341
County Treasurer	7,500	-	7,500	-
Buildings and Grounds	167,939	-	72,017	95,922
Public Improvement	3,149,410	747,035	972,777	1,429,598
Motor Pool	20,840	-	-	20,840
Drain Commissioner	362,771	25,000	20,000	317,771
	<u>13,257,455</u>	<u>1,753,034</u>	<u>8,747,108</u>	<u>2,757,313</u>
Public Safety:				
Sheriff and Patrol	1,259,517	-	-	1,259,517
Marine Law Enforcement	1,408,459	-	-	1,408,459
Jail	45,935,735	103,335	45,636,761	195,639
Juvenile Center	23,611	-	-	23,611
Radio/Communications	11,120,065	-	376,202	10,743,863
Secondary Road Patrol	19,294	-	-	19,294
Energy Efficiency	465,696	-	465,696	-
Emergency Services	1,278,420	9,142	345,106	924,172
Hazardous Materials Handling	965,187	60,895	477,340	426,952
Animal Shelter	333,206	19,200	295,006	19,000
Drug Task Force	548,741	-	99,543	449,198
Public Improvement	1,340,079	8,700	157,911	1,173,468
Planning Commission	23,200	-	-	23,200
	<u>64,721,210</u>	<u>201,272</u>	<u>47,853,565</u>	<u>16,666,373</u>

ST. CLAIR COUNTY, MICHIGAN

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CAPITAL ASSETS BY FUNCTION AND ACTIVITY
DECEMBER 31, 2015**

	<u>Total</u>	<u>Land and Improvements</u>	<u>Buildings</u>	<u>Equipment</u>
Health and Welfare:				
Veterans Counselor	\$ 8,323	\$ -	\$ 8,323	\$ -
Medical Examiner	50,845	-	19,500	31,345
Day Treatment/Night Watch	1,934,298	141,581	1,548,944	243,773
Health Department	1,653,043	81,920	1,301,471	269,652
Public Improvement	<u>535,627</u>	<u>32,800</u>	<u>319,519</u>	<u>183,308</u>
	<u>4,182,136</u>	<u>256,301</u>	<u>3,197,757</u>	<u>728,078</u>
Recreation and Cultural:				
Parks and Recreation	23,706,147	15,838,116	6,950,927	917,104
Public Library	7,662,637	111,759	864,383	6,686,495
Public Improvement	<u>31,032</u>	<u>-</u>	<u>22,563</u>	<u>8,469</u>
	<u>31,399,816</u>	<u>15,949,875</u>	<u>7,837,873</u>	<u>7,612,068</u>
General:				
Land and improvements	2,147,774	2,147,774	-	-
Buildings	<u>30,508,635</u>	<u>-</u>	<u>30,508,635</u>	<u>-</u>
	<u>32,656,409</u>	<u>2,147,774</u>	<u>30,508,635</u>	<u>-</u>
Total General Capital Assets	147,487,012	20,364,207	98,658,919	28,463,886
Less: Accumulated depreciation	<u>(53,824,881)</u>	<u>(3,897,995)</u>	<u>(31,764,785)</u>	<u>(18,162,101)</u>
	93,662,131	16,466,212	66,894,134	10,301,785
Construction in progress	<u>1,100,936</u>	<u>1,029,392</u>	<u>11,812</u>	<u>59,732</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>\$ 94,763,067</u>	<u>\$ 17,495,604</u>	<u>\$ 66,905,946</u>	<u>\$ 10,361,517</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal services fund are excluded from the above amounts. The capital assets of the internal services fund are included as governmental activities in the statement of net position.

Concluded

ST. CLAIR COUNTY, MICHIGAN

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES IN CAPITAL ASSETS BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Balance January 1, 2015	Additions	Disposals/ Adjustments	Balance December 31, 2015
Judicial:				
Circuit Court	\$ 5,890	\$ -	\$ -	\$ 5,890
District Court	535,810	8,611	-	544,421
Friend of Court	227,464	55,894	(5,249)	278,109
Courthouse Security	6,600	-	-	6,600
Public Improvement	409,690	25,276	-	434,966
Total Judicial	<u>1,185,454</u>	<u>89,781</u>	<u>(5,249)</u>	<u>1,269,986</u>
General Government:				
Administrator/Controller	1,325,802	7,361,527	-	8,687,329
Communications	549,616	-	-	549,616
Information Technology	105,664	17,228	-	122,892
Clerk/Register	18,478	-	-	18,478
Register of Deeds	86,399	-	-	86,399
Equalization	46,225	-	-	46,225
Prosecuting Attorney	15,000	-	-	15,000
Human Resources	6,715	-	-	6,715
Property Description	16,341	-	-	16,341
County Treasurer	7,500	-	-	7,500
Buildings and Grounds	153,579	32,633	(18,273)	167,939
Public Improvement	2,965,119	184,291	-	3,149,410
Motor Pool	20,840	-	-	20,840
Drain Commissioner	362,771	-	-	362,771
Total General Government	<u>5,680,049</u>	<u>7,595,679</u>	<u>(18,273)</u>	<u>13,257,455</u>
Public Safety:				
Sheriff and Patrol	1,427,815	40,000	(208,298)	1,259,517
Marine Law Enforcement	1,457,141	-	(48,682)	1,408,459
Jail	45,935,735	-	-	45,935,735
Juvenile Center	23,611	-	-	23,611
Radio/Communications	11,120,067	-	-	11,120,067
Secondary Road Patrol	19,294	-	-	19,294
Energy Efficiency	465,696	-	-	465,696
Emergency Preparedness	1,166,545	135,033	(23,158)	1,278,420
Hazardous Materials Handling	990,187	-	(25,000)	965,187
Animal Shelter	300,746	32,460	-	333,206
Drug Task Force	564,148	37,600	(53,008)	548,740
Public Improvement	636,048	736,190	(32,160)	1,340,078
Planning Commission	23,200	-	-	23,200
Total Public Safety	<u>64,130,233</u>	<u>981,283</u>	<u>(390,306)</u>	<u>64,721,210</u>

Continued

ST. CLAIR COUNTY, MICHIGAN

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES IN CAPITAL ASSETS BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Balance January 1, 2015	Additions	Disposals/ Adjustments	Balance December 31, 2015
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Health and Welfare:				
Veterans Counselor	\$ 8,323	\$ -	\$ -	\$ 8,323
Medical Examiner	50,845	-	-	50,845
Day Treatment/Night Watch	1,845,853	88,445	-	1,934,298
Health Department	1,647,758	16,065	(10,780)	1,653,043
Public Improvement	513,450	22,177	-	535,627
Total Health and Welfare	<u>4,066,229</u>	<u>126,687</u>	<u>(10,780)</u>	<u>4,182,136</u>
Recreation and Cultural:				
Parks and Recreation	23,369,277	351,769	(14,899)	23,706,147
Public Library	8,428,699	372,139	(1,138,201)	7,662,637
Public Improvement	31,032	-	-	31,032
Total Recreation and Cultural	<u>31,829,008</u>	<u>723,908</u>	<u>(1,153,100)</u>	<u>31,399,816</u>
General:				
Land and improvements	2,147,774	-	-	2,147,774
Buildings	30,508,635	-	-	30,508,635
Equipment	-	-	-	-
Total General	<u>32,656,409</u>	<u>-</u>	<u>-</u>	<u>32,656,409</u>
Construction in progress	<u>7,361,925</u>	<u>1,547,717</u>	<u>(7,808,706)</u>	<u>1,100,936</u>
 Total Capital Assets	 <u>\$ 146,909,307</u>	 <u>\$ 11,065,055</u>	 <u>\$(9,386,414)</u>	 <u>\$ 148,587,948</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal services fund are excluded from the above amounts. The capital assets of the internal services fund are included as governmental activities in the statement of net position.

Concluded

DRAIN COMMISSIONER

ST. CLAIR COUNTY, MICHIGAN

**BALANCE SHEET/STATEMENT OF NET POSITION
DRAIN FUNDS
DECEMBER 31, 2015**

	<u>County Drain</u>	<u>Drain Revolving</u>	<u>Special Services</u>	<u>Drain Debt</u>
Assets:				
Cash and cash equivalents	\$ 2,152,971	\$ 212,149	\$ 8,843	\$ 1,449,024
Investment	-	-	-	-
Special assessments receivable	627,514	-	-	13,607,958
Accounts receivable	6,220	-	-	-
Due from other governmental units	83,972	-	-	-
Capital assets (net of accumulated depreciation) -				
Assets not being depreciated	-	-	-	-
Assets being depreciated	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 2,870,677</u>	<u>\$ 212,149</u>	<u>\$ 8,843</u>	<u>\$ 15,056,982</u>
 Liabilities:				
Accounts payable	\$ 438,873	\$ -	\$ -	\$ 24
Accrued interest	4,806	-	-	-
Escrow deposit	200,716	-	-	-
Advances from primary government	-	50,000	-	-
Unearned revenue	65,250	-	-	-
Non-current liabilities				
Due within one year	-	-	-	-
Due in more than one year	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>709,645</u>	<u>50,000</u>	<u>-</u>	<u>24</u>
 Deferred Inflows of Resources:				
Unavailable revenue -				
Grants	80,297	-	-	-
Special Assessments	627,514	-	-	13,607,958
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	<u>707,811</u>	<u>-</u>	<u>-</u>	<u>13,607,958</u>
 Fund Balances:				
Restricted	1,453,221	-	-	1,449,000
Committed	-	162,149	8,843	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	<u>1,453,221</u>	<u>162,149</u>	<u>8,843</u>	<u>1,449,000</u>
 Total Liabilities, Deferred Inflows of Resources, and Fund Balance				
	<u>\$ 2,870,677</u>	<u>\$ 212,149</u>	<u>\$ 8,843</u>	<u>\$ 15,056,982</u>
 Net Position:				
Net investment in capital assets				
Restricted				
Unrestricted				
Total Net Position				

<u>Mill Creek Debt</u>	<u>Equipment</u>	<u>Total</u>	<u>GASB 34 Adjustments</u>	<u>Statement of Net Position</u>
\$ 65,975	\$ 141,498	\$ 4,030,460	\$ -	\$ 4,030,460
9,510	-	9,510	-	9,510
316,731	-	14,552,203	-	14,552,203
-	-	6,220	-	6,220
-	-	83,972	-	83,972
-	-	-	5,757,183	5,757,183
-	-	-	31,606,605	31,606,605
<u>\$ 392,216</u>	<u>\$ 141,498</u>	<u>\$ 18,682,365</u>	<u>37,363,788</u>	<u>56,046,153</u>
\$ -	\$ 3,907	\$ 442,804	-	442,804
-	-	4,806	121,308	126,114
-	-	200,716	-	200,716
-	-	50,000	-	50,000
-	-	65,250	-	65,250
-	-	-	6,080,276	6,080,276
-	-	-	14,196,854	14,196,854
-	3,907	763,576	20,398,438	21,162,014
-	-	80,297	(80,297)	-
316,731	-	14,552,203	(14,552,203)	-
<u>316,731</u>	<u>-</u>	<u>14,632,500</u>	<u>(14,632,500)</u>	<u>-</u>
75,485	-	2,977,706	(2,977,706)	-
-	137,591	308,583	(308,583)	-
<u>75,485</u>	<u>137,591</u>	<u>3,286,289</u>	<u>(3,286,289)</u>	<u>-</u>
<u>\$ 392,216</u>	<u>\$ 141,498</u>	<u>\$ 18,682,365</u>		
			17,086,658	17,086,658
			17,488,898	17,488,898
			308,583	308,583
			<u>\$ 34,884,139</u>	<u>\$ 34,884,139</u>

ST. CLAIR COUNTY, MICHIGAN

**RECONCILIATION OF THE BALANCE SHEET FOR DRAIN FUNDS
TO THE STATEMENT OF NET POSITION OF DRAIN ACTIVITIES
DECEMBER 31, 2015**

Fund Balances - Drain Funds		\$ 3,286,289
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds</p>		
Capital assets		45,238,853
Accumulated depreciation		(7,875,065)
<p>Other long term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds</p>		
Grants		80,297
Special assessments		14,552,203
<p>Discounts and premiums on bonds are reported as other financing sources or uses in the governmental funds, whereas they are capitalized and amortized from net position (netted against long-term debt)</p>		
Bond premium		(16,430)
Bond discount		92,518
<p>Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds</p>		
Notes payable	\$ (6,482,753)	
Bonds payable	(10,390,465)	
Clean water revolving loans	(3,480,000)	
Accrued interest on bonds/notes payable	(121,308)	(20,474,526)
Net Position of Drainage Districts		<u>\$ 34,884,139</u>

ST. CLAIR COUNTY, MICHIGAN

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES/STATEMENT OF ACTIVITIES
DRAIN FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>County Drain</u>	<u>Drain Revolving</u>	<u>Special Services</u>	<u>Drain Debt</u>
Revenues:				
Intergovernmental	\$ 308,903	\$ -	\$ -	\$ -
Charges for services	734,678	-	3,719	1,921,359
Interest and rent	183	-	-	-
Other	156,792	-	-	-
Total Revenues	<u>1,200,556</u>	<u>-</u>	<u>3,719</u>	<u>1,921,359</u>
Expenditures/Expenses:				
Public Works	2,207,965	-	-	-
Debt Service	-	-	-	2,019,604
Total Expenditures/Expenses	<u>2,207,965</u>	<u>-</u>	<u>-</u>	<u>2,019,604</u>
Revenues over (under) expenditures	<u>(1,007,409)</u>	<u>-</u>	<u>3,719</u>	<u>(98,245)</u>
Other Financing Sources (Uses):				
Bond/note proceeds	1,585,000	-	-	-
Transfer from other funds	-	-	-	198,316
Transfer to other funds	<u>(224,627)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>1,360,373</u>	<u>-</u>	<u>-</u>	<u>198,316</u>
Net Change in Fund Balance/Net Position	352,964	-	3,719	100,071
Fund Balances/Net Position at beginning of year	<u>1,100,257</u>	<u>162,149</u>	<u>5,124</u>	<u>1,348,929</u>
Fund Balances/Net Position at end of year	<u>\$ 1,453,221</u>	<u>\$ 162,149</u>	<u>\$ 8,843</u>	<u>\$ 1,449,000</u>

<u>Mill Creek Debt</u>	<u>Equipment</u>	<u>Total</u>	<u>GASB 34 Adjustments</u>	<u>Statement of Activities</u>
\$ -	\$ -	\$ 308,903	\$ 38,946	\$ 347,849
187,311	-	2,847,067	(513,677)	2,333,390
-	-	183	-	183
-	-	156,792	(84,000)	72,792
<u>187,311</u>	<u>-</u>	<u>3,312,945</u>	<u>(558,731)</u>	<u>2,754,214</u>
-	25,751	2,233,716	(1,287,384)	946,332
234,463	-	2,254,067	(1,643,707)	610,360
<u>234,463</u>	<u>25,751</u>	<u>4,487,783</u>	<u>(2,931,091)</u>	<u>1,556,692</u>
<u>(47,152)</u>	<u>(25,751)</u>	<u>(1,174,838)</u>	<u>2,372,360</u>	<u>1,197,522</u>
-	-	1,585,000	(1,585,000)	-
-	26,311	224,627	(224,627)	-
-	-	(224,627)	224,627	-
<u>-</u>	<u>26,311</u>	<u>1,585,000</u>	<u>(1,585,000)</u>	<u>-</u>
(47,152)	560	410,162	787,360	1,197,522
<u>122,637</u>	<u>137,031</u>	<u>2,876,127</u>	<u>30,810,490</u>	<u>33,686,617</u>
<u>\$ 75,485</u>	<u>\$ 137,591</u>	<u>\$ 3,286,289</u>	<u>\$ 31,597,850</u>	<u>\$ 34,884,139</u>

ST. CLAIR COUNTY, MICHIGAN

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF DRAIN FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015**

Net change in fund balances - Drain Fund	\$ 410,162
Change in prepaid expenses recorded in the funds on the purchase method	(727)
<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	1,880,928
Depreciation expense	(592,817)
Disposal of asset	(84,000)
Revenue in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(474,731)
<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 position.</p>	
Principal payments on long term liabilities	1,627,188
Bond/note proceeds	(1,585,000)
<p>Accrued interest expense on bonds and the amortization of bond issuance costs, discounts, and premiums are not recorded by governmental funds, but are reported under interest and fiscal charges for the purpose of net position.</p>	
Decrease in accrued interest payable	10,728
Amortization of bond premium	12,908
Amortization of bond discount	(7,117)
Change in net position of Drainage Districts	<u>\$ 1,197,522</u>

STATISTICAL SECTION

**STATISTICAL SECTION
(Unaudited)**

This part of St. Clair County, Michigan's comprehensive annual financial report presents detailed information as a context for understanding what the information says about the government's overall financial health.

Contents

Page

Financial Trends

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

S - 1 to S - 6

Revenue Capacity

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

S - 7 to S - 10

Debt Capacity

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

S - 11 to S - 14

Demographic and Economic Information

These schedules offer demographic indicators to help the reader understand the environment within which the government's financial activities take place.

S - 15 to S - 16

Operating Information

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

S - 17 to S - 20

Source: Unless otherwise noted, the information in these schedules is derived from the comprehensive financial reports for the relevant year.

ST. CLAIR COUNTY, MICHIGAN

SCHEDULE 1

**NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS - UNAUDITED**

(accrual basis of accounting)

(amounts expressed in thousands)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental Activities										
Net investment in capital assets	\$ 47,087	\$ 50,693	\$ 50,828	\$ 49,646	\$ 52,622	\$ 53,410	\$ 54,475	\$ 53,667	\$ 54,114	\$ 54,417
Restricted	32,161	30,141	28,469	28,607	24,480	21,420	12,905	13,540	14,037	15,230
Unrestricted	13,764	15,253	7,022	1,374	(4,253)	(14,232)	(23,262)	(27,904)	(33,040)	(45,509)
Total Governmental Activities Net Position	<u>\$ 93,012</u>	<u>\$ 96,087</u>	<u>\$ 86,319</u>	<u>\$ 79,627</u>	<u>\$ 72,849</u>	<u>\$ 60,598</u>	<u>\$ 44,118</u>	<u>\$ 39,303</u>	<u>\$ 35,111</u>	<u>\$ 24,138</u>
Business-Type Activities										
Net investment in capital assets	\$ 12,514	\$ 15,424	\$ 15,145	\$ 15,991	\$ 18,264	\$ 17,804	\$ 14,988	\$ 14,836	\$ 17,036	\$ 16,256
Restricted	316	535	935	1,272	1,518	1,822	2,078	2,417	2,735	3,008
Unrestricted	28,239	25,257	29,816	27,923	29,711	28,573	28,096	31,005	31,640	31,203
Total Business-Type Activities Net Position	<u>\$ 41,069</u>	<u>\$ 41,216</u>	<u>\$ 45,896</u>	<u>\$ 45,186</u>	<u>\$ 49,493</u>	<u>\$ 48,199</u>	<u>\$ 45,162</u>	<u>\$ 48,258</u>	<u>\$ 51,411</u>	<u>\$ 50,467</u>
Primary Government										
Net investment in capital assets	\$ 59,601	\$ 66,117	\$ 65,973	\$ 65,637	\$ 70,886	\$ 71,214	\$ 69,463	\$ 68,503	\$ 71,150	\$ 70,672
Restricted	32,477	30,676	29,404	29,879	25,998	23,242	14,983	15,957	16,772	18,238
Unrestricted	42,003	40,510	36,838	29,297	25,458	14,341	4,834	3,101	(1,400)	(14,306)
Total Primary Government Net Position	<u>\$ 134,081</u>	<u>\$ 137,303</u>	<u>\$ 132,215</u>	<u>\$ 124,813</u>	<u>\$ 122,342</u>	<u>\$ 108,797</u>	<u>\$ 89,280</u>	<u>\$ 87,561</u>	<u>\$ 86,522</u>	<u>\$ 74,604</u>

* The Change of the balances between 2007 and 2008 for the Net Position of the Business-Type Activities differs from the amount shown on Schedule 2 due to the prior period adjustment for a change in methodology of calculating the closure/post-closure liability.

The change of balances between 2014 and 2015 differs from the amount shown on Schedule 2 due to the prior period adjustment for GASB 68 implementation.

ST. CLAIR COUNTY, MICHIGAN

SCHEDULE 2

CHANGES IN NET POSITION
 LAST TEN FISCAL YEARS - UNAUDITED
 (accrual basis of accounting)
 (amounts expressed in thousands)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental Activities:										
Legislative	\$ 1,349	\$ 786	\$ 648	\$ 606	\$ 759	\$ 3,021	\$ 1,086	\$ 1,847	\$ 1,653	\$ 1,026
Judicial	11,850	12,240	12,813	12,834	11,985	13,053	13,140	11,213	11,302	10,953
General Government	14,519	14,798	17,057	15,610	15,197	15,569	13,832	12,685	13,734	13,311
Public Safety	22,012	23,708	25,937	28,314	27,820	29,256	34,740	29,208	28,362	28,042
Public Works	737	551	1,134	1,520	2,340	2,046	1,247	1,008	1,111	1,045
Health and Welfare	20,301	22,473	22,970	20,861	21,595	21,411	20,888	20,709	20,135	19,589
Community and Economic Development	633	693	652	819	678	972	844	788	1,015	705
Recreation and Culture	6,672	7,340	8,217	8,321	8,087	8,534	8,567	8,802	7,802	9,479
Interest on Long Term Debt	1,751	2,165	2,300	2,254	2,342	2,342	2,710	2,318	2,065	2,260
Total Governmental Activities Expenses	<u>79,824</u>	<u>84,754</u>	<u>91,728</u>	<u>91,139</u>	<u>90,803</u>	<u>96,204</u>	<u>97,054</u>	<u>88,577</u>	<u>87,179</u>	<u>86,410</u>
Business-Type Activities:										
Delinquent Revolving Tax	231	239	316	400	487	462	557	534	461	413
Airport Commission	510	474	569	683	583	592	490	1,063	1,125	1,039
Sheriff Concession	354	350	380	424	430	451	509	631	620	572
School Tax Collection	-	4	6	9	14	-	-	-	-	-
Homestead Exemption Audits	-	-	-	2	1	1	-	-	-	-
Solid Waste Disposal System	5,504	4,631	4,842	4,530	5,260	5,221	5,103	1,348	4,647	6,864
Total Business-Type Activities Expenses	<u>6,599</u>	<u>5,698</u>	<u>6,113</u>	<u>6,048</u>	<u>6,775</u>	<u>6,727</u>	<u>6,659</u>	<u>3,576</u>	<u>6,853</u>	<u>8,888</u>
Total Primary Government Expenses	<u>\$ 86,423</u>	<u>\$ 90,452</u>	<u>\$ 97,841</u>	<u>\$ 97,187</u>	<u>\$ 97,578</u>	<u>\$ 102,931</u>	<u>\$ 103,713</u>	<u>\$ 92,153</u>	<u>\$ 94,032</u>	<u>\$ 95,298</u>
Program Revenues										
Governmental Activities:										
Charges for Services:										
Legislative	\$ -	\$ -	\$ -	\$ 2	\$ -	\$ -	\$ -	\$ 1	\$ -	\$ -
Judicial	3,077	3,113	2,809	2,581	2,436	2,330	2,404	2,440	2,240	2,136
General Government	4,635	4,305	4,927	5,175	4,866	4,552	4,871	5,215	4,359	4,653
Public Safety	4,472	5,353	4,484	4,801	6,279	8,033	7,446	6,828	6,133	5,244
Health and Welfare	1,929	2,487	2,103	2,534	2,737	2,761	1,663	3,076	3,211	3,527
Community and Economic Development	51	37	36	10	47	81	73	76	69	420
Recreation and Culture	1,051	983	895	842	882	988	1,026	1,078	1,034	1,021
Interest on Long Term Debt	-	370	731	757	414	404	394	695	676	485
Operating Grants and Contributions	14,549	13,973	16,538	15,777	16,531	15,855	15,558	14,809	13,987	13,742
Capital Grants and Contributions	1,580	4,146	934	1,236	1,398	323	1,042	1,770	2,132	1,292
Total Governmental Activities Program Revenues	<u>31,344</u>	<u>34,767</u>	<u>33,457</u>	<u>33,715</u>	<u>35,590</u>	<u>35,327</u>	<u>34,477</u>	<u>35,988</u>	<u>33,841</u>	<u>32,520</u>

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Business-Type Activities:										
Charges for Services:										
Delinquent Revolving Tax	\$ 897	\$ 995	\$ 1,415	\$ 1,226	\$ 1,271	\$ 1,288	\$ 1,219	\$ 1,310	\$ 1,175	\$ 1,099
Airport Commission	197	74	150	130	124	122	128	527	669	651
Sheriff Concession	357	361	389	400	408	517	578	643	649	603
School Tax Collection	32	48	58	5	-	-	-	-	-	-
Homestead Exemption Audits	-	-	1	-	-	-	-	-	-	-
Solid Waste Disposal System	4,468	4,950	4,355	3,785	3,996	4,384	4,692	4,933	5,598	7,209
Operating Grants and Contributions	133	143	134	168	84	77	159	335	137	505
Capital Grants and Contributions	342	46	-	122	5,576	42	24	224	3,309	314
Total Business-Type Activities Program Revenues	6,426	6,617	6,502	5,836	11,459	6,430	6,800	7,972	11,537	10,381
Total Primary Government Program Revenues	\$ 37,770	\$ 41,384	\$ 39,959	\$ 39,551	\$ 47,049	\$ 41,757	\$ 41,277	\$ 43,960	\$ 45,378	\$ 42,901
Net (expense)/revenue										
Governmental Activities	\$ (48,480)	\$ (49,987)	\$ (58,271)	\$ (57,424)	\$ (55,213)	\$ (60,877)	\$ (62,577)	\$ (52,589)	\$ (53,338)	\$ (53,890)
Business-Type Activities	(173)	919	389	(212)	4,684	(297)	141	4,396	4,684	1,493
Total Primary Government Net Expense	\$ (48,653)	\$ (49,068)	\$ (57,882)	\$ (57,636)	\$ (50,529)	\$ (61,174)	\$ (62,436)	\$ (48,193)	\$ (48,654)	\$ (52,397)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes	\$ 52,637	\$ 46,895	\$ 46,594	\$ 47,200	\$ 44,677	\$ 42,495	\$ 41,670	\$ 42,145	\$ 41,955	\$ 43,235
Unrestricted Grants and Contributions	393	46	386	387	382	385	660	2,779	3,909	4,129
Unrestricted Investment Income	3,119	3,626	1,880	509	414	411	263	176	234	257
Interest and Penalties on Delinquent Taxes	29	17	21	2	28	13	10	9	6	11
Transfers	2,989	2,478	3,779	2,634	2,934	3,105	3,495	2,666	3,042	3,648
Special Item - Tribunal Settlement	-	-	(4,157)	-	-	1,700	-	-	-	-
Total Governmental Activities	59,167	53,062	48,503	50,732	48,435	48,109	46,098	47,774	49,146	51,280
Business-Type Activities										
Unrestricted Investment Income	1,819	1,137	551	20	84	78	56	24	32	49
Interest and Penalties on Delinquent Taxes	-	1,110	1,455	2,116	2,052	2,029	2,185	1,342	1,479	1,249
Gain on Sale of Capital Assets	-	59	-	-	-	-	-	-	-	-
Other/Road Commission	-	(600)	-	-	-	-	-	-	-	-
Transfers	(2,989)	(2,478)	(3,779)	(2,634)	(2,934)	(3,104)	(3,495)	(2,666)	(3,042)	(3,648)
Special Item – Return of contribution	-	-	-	-	420	-	-	-	-	-
Total Business-Type Activities	(1,170)	(772)	(1,773)	(498)	(378)	(997)	(1,254)	(1,300)	(1,531)	(2,350)
Total Primary Government	\$ 57,997	\$ 52,290	\$ 46,730	\$ 50,234	\$ 48,057	\$ 47,112	\$ 44,844	\$ 46,474	\$ 47,615	\$ 48,930
Change in Net Position										
Governmental Activities	\$ 10,687	\$ 3,075	\$ (9,768)	\$ (6,692)	\$ (6,778)	\$ (12,768)	\$ (16,479)	\$ (4,815)	\$ (4,192)	\$ (2,609)
Business-Type Activities	(1,343)	147	(1,384)	(710)	4,306	(1,294)	(1,113)	3,096	3,153	(857)
Total Primary Government	\$ 9,344	\$ 3,222	\$ (11,152)	\$ (7,402)	\$ (2,472)	\$ (14,062)	\$ (17,592)	\$ (1,719)	\$ (1,039)	\$ (3,466)

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)**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Reserved	\$ 92	\$ 65	\$ 66	\$ 2,785	\$ 3,055	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	7,842	8,082	8,406	5,919	5,894	-	-	-	-	-
Nonspendable	-	-	-	-	-	4,076	4,408	4,736	5,452	5,766
Restricted	-	-	-	-	-	45	-	-	-	-
Committed	-	-	-	-	-	-	686	1,093	1,364	1,353
Assigned	-	-	-	-	-	-	2,928	1,577	926	580
Unassigned	-	-	-	-	-	5,152	4,917	4,702	4,036	4,040
Total General Fund	<u>\$ 7,934</u>	<u>\$ 8,147</u>	<u>\$ 8,472</u>	<u>\$ 8,704</u>	<u>\$ 8,949</u>	<u>\$ 9,273</u>	<u>\$ 12,939</u>	<u>\$ 12,108</u>	<u>\$ 11,778</u>	<u>\$ 11,739</u>
All other Governmental Funds										
Reserved	\$ 715	\$ 8,440	\$ 2,309	\$ 5,961	\$ 3,267	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted, reported in:										
Special Revenue Funds	31,284	33,936	29,311	26,301	25,100	-	-	-	-	-
Debt Service Funds	418	-	-	-	-	-	-	-	-	-
Capital Project Funds	-	-	-	-	-	-	-	-	-	-
Nonspendable	-	-	-	-	-	389	-	-	-	-
Restricted	-	-	-	-	-	20,986	19,720	18,827	14,314	14,506
Committed	-	-	-	-	-	-	2,402	2,437	3,115	3,329
Assigned	-	-	-	-	-	2,482	-	-	-	-
Total all other Governmental Funds	<u>\$ 32,417</u>	<u>\$ 42,376</u>	<u>\$ 31,620</u>	<u>\$ 32,262</u>	<u>\$ 28,367</u>	<u>\$ 23,857</u>	<u>\$ 22,122</u>	<u>\$ 21,264</u>	<u>\$ 17,429</u>	<u>\$ 17,835</u>

NOTE: In 2011, the County implemented GASB statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

ST. CLAIR COUNTY, MICHIGAN

**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS - UNAUDITED
(modified accrual basis of accounting)
(amounts expressed in thousands)**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Revenues:					
Taxes	\$ 52,700	\$ 46,969	\$ 46,539	\$ 47,172	\$ 44,746
Licenses and Permits	737	746	780	776	792
Intergovernmental	18,872	22,015	17,749	18,386	18,806
Charges for Services	7,742	8,059	9,671	10,705	11,707
Fines and Forfeits	1,417	1,431	1,280	1,243	1,102
Interest and Rent	4,162	4,683	2,750	1,350	1,390
Other	2,157	1,834	3,299	2,524	2,957
Total Revenues	<u>87,787</u>	<u>85,737</u>	<u>82,068</u>	<u>82,156</u>	<u>81,500</u>
Expenditures:					
Legislative	1,362	788	625	582	2,002
Judicial	12,088	12,083	11,715	11,730	11,144
General Government	13,448	13,329	13,569	12,689	11,903
Public Safety	20,401	21,573	21,666	23,485	24,297
Public Works	755	68	677	1,521	2,340
Health and Welfare	20,436	22,596	22,354	20,597	20,909
Community and Economic Development	633	630	640	831	678
Recreation and Cultural	8,603	10,232	8,474	9,784	8,044
Other Activities	650	802	450	700	-
Capital Outlay	4,724	6,646	8,076	1,804	3,950
Debt Service					
Principal	1,208	1,327	1,634	1,840	2,014
Interest/Issuance Costs	1,708	1,959	2,242	2,220	2,289
Total Expenditures	<u>86,016</u>	<u>92,033</u>	<u>92,122</u>	<u>87,783</u>	<u>89,570</u>
Revenues over (under) expenditures	<u>1,771</u>	<u>(6,296)</u>	<u>(10,054)</u>	<u>(5,627)</u>	<u>(8,070)</u>
Other Financing Sources (Uses):					
Transfers In	16,775	18,268	21,805	20,163	16,662
Transfers Out	(13,787)	(15,790)	(18,026)	(17,529)	(13,728)
Issuance of debt	23	13,990	-	3,867	1,486
Issuance of Refunding Bonds	-	-	-	-	-
Premium on Debt	-	-	-	-	-
Payment to Refunding Bond Escrow Agent	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>3,011</u>	<u>16,468</u>	<u>3,779</u>	<u>6,501</u>	<u>4,420</u>
Special Item - Tribunal Settlement	<u>-</u>	<u>-</u>	<u>(4,157)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ 4,782</u>	<u>\$ 10,172</u>	<u>\$ (10,432)</u>	<u>\$ 874</u>	<u>\$ (3,650)</u>
Debt Service as a Percentage of Noncapital Expenditures	<u>3.74%</u>	<u>3.86%</u>	<u>4.35%</u>	<u>4.88%</u>	<u>5.12%</u>

SCHEDULE 4

	2011	2012	2013	2014	2015
\$	42,472	\$ 41,637	\$ 42,153	\$ 41,966	\$ 43,292
	765	717	749	758	794
	16,917	16,816	19,370	19,703	19,338
	13,444	12,299	12,365	11,868	11,112
	1,082	1,366	1,530	1,356	1,273
	1,243	1,079	1,648	1,681	1,786
	2,822	3,033	3,220	2,845	3,410
	<u>78,745</u>	<u>76,947</u>	<u>81,035</u>	<u>80,177</u>	<u>81,005</u>
	2,996	1,054	1,839	1,643	1,028
	11,153	11,262	10,462	10,383	10,543
	11,613	11,957	11,145	10,958	11,436
	23,913	25,227	25,063	23,918	24,152
	2,046	1,248	1,004	1,107	1,042
	19,822	19,321	19,967	19,330	19,196
	961	791	790	999	717
	8,187	9,150	7,986	7,695	9,229
	-	-	-	-	-
	1,957	3,501	2,180	6,270	1,966
	-	-	-	-	-
	2,242	2,364	2,622	3,066	3,187
	2,286	2,369	2,453	2,123	2,210
	<u>87,176</u>	<u>88,244</u>	<u>85,511</u>	<u>87,492</u>	<u>84,705</u>
	<u>(8,431)</u>	<u>(11,297)</u>	<u>(4,476)</u>	<u>(7,315)</u>	<u>(3,700)</u>
	15,871	15,665	15,557	11,546	11,888
	(12,767)	(12,170)	(12,891)	(8,504)	(8,240)
	1,141	9,622	-	107	232
	-	24,365	5,380	-	9,280
	-	2,620	-	-	1,138
	-	(26,874)	(5,259)	-	(10,231)
	<u>4,245</u>	<u>13,228</u>	<u>2,787</u>	<u>3,149</u>	<u>4,067</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$	<u>(4,186)</u>	<u>\$ 1,931</u>	<u>\$ (1,689)</u>	<u>\$ (4,166)</u>	<u>\$ 367</u>
	<u>5.42%</u>	<u>5.78%</u>	<u>6.18%</u>	<u>6.50%</u>	<u>6.63%</u>

ST. CLAIR COUNTY, MICHIGAN

SCHEDULE 5

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

Fiscal Year Ended 12/31/	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					
2006	5,053,480,633	670,202,027	1,362,439,979	549,748,926	545,477,448	8,181,349,013	7.3022	16,418,998,179	49.83%
2007	5,248,267,837	697,916,720	1,371,541,451	585,605,328	558,278,662	8,461,609,998	7.3022	17,048,618,161	49.63%
2008	5,231,341,989	711,841,017	1,380,728,677	589,786,748	577,689,370	8,491,387,801	7.3022	17,123,796,731	49.59%
2009	4,758,585,316	711,281,355	1,389,976,448	562,192,556	581,871,212	8,003,906,887	7.3022	16,106,193,867	49.69%
2010	3,971,598,924	703,012,594	749,672,675	469,173,055	578,004,195	6,471,461,443	7.3022	13,015,713,760	49.72%
2011	3,750,886,322	653,641,431	717,718,570	434,665,345	580,347,808	6,137,259,476	7.4022	12,363,112,485	49.64%
2012	3,538,223,638	610,977,218	698,943,058	401,257,193	595,313,942	5,844,715,049	7.9522	11,753,145,749	49.73%
2013	3,544,001,864	567,319,100	701,020,790	399,395,970	607,263,019	5,819,000,743	7.9522	11,700,887,497	49.73%
2014	3,647,452,119	514,049,239	704,585,720	477,832,025	629,706,602	5,973,625,705	7.9522	12,020,528,102	49.70%
2015	3,866,047,148	519,097,300	729,895,238	475,635,547	711,895,854	6,302,571,087	7.9522	12,676,913,578	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	Roads	Veterans	Total				
2006	2.36	15.38	5.3265	0.5000	0.2803	0.7000	0.4954	0.0000	0.0000	7.3022	1.89	3.43	28.13	58.49
2007	2.50	15.87	5.3265	0.5000	0.2803	0.7000	0.4954	0.0000	0.0000	7.3022	1.89	3.43	23.25	54.24
2008	2.55	15.39	5.3265	0.5000	0.2803	0.7000	0.4954	0.0000	0.0000	7.3022	1.89	3.43	26.90	57.46
2009	2.30	15.30	5.3265	0.5000	0.2803	0.7000	0.4954	0.0000	0.0000	7.3022	1.89	3.43	28.90	59.12
2010	2.36	15.34	5.3265	0.5000	0.2803	0.7000	0.4954	0.0000	0.0000	7.3022	1.89	3.43	29.48	59.80
2011	2.32	14.46	5.3265	0.5000	0.2803	0.7000	0.4954	0.0000	0.1000	7.4022	1.89	3.43	29.62	59.12
2012	2.55	15.06	5.3265	0.8000	0.2803	0.7000	0.4954	0.2500	0.1000	7.9522	1.89	3.43	29.78	60.66
2013	2.50	15.80	5.3265	0.8000	0.2803	0.7000	0.4954	0.2500	0.1000	7.9522	1.89	3.43	29.80	61.37
2014	2.66	16.28	5.3265	0.8000	0.2803	0.7000	0.4954	0.2500	0.1000	7.9522	1.89	3.43	30.23	62.44
2015	2.69	17.01	5.3265	0.8000	0.2803	0.7000	0.4954	0.2500	0.1000	7.9522	1.89	3.43	29.91	62.88

Note: All tax rates rounded to two (2) decimal places, except the County rates.

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

Source: Equalization Department

ST. CLAIR COUNTY, MICHIGAN

SCHEDULE 7

PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO - UNAUDITED

		2015			2006		
		Taxable Valuation	Rank	Percentage of Total Taxable Value	Taxable Valuation	Rank	Percentage of Total Taxable Value
DTE Companies	Electrical Utility	\$ 750,237,143	1	14.24%	\$ 810,810,349	1	13.13%
ITC Transmission	Electrical Transmission	95,988,159	2	1.82%	15,304,064	9	0.25%
Enbridge Energy	Natural Gas & Pipeline	55,989,468	3	1.06%	N/A	-	N/A
ZF Marysville	Production Manufacturing	53,333,400	4	1.01%	N/A	-	N/A
Blue Water Gas Storage	Natural Gas Storage	18,303,311	5	0.35%	20,552,488	5	0.33%
Marysville Ethanol	Ethanol Manufacturing	17,162,911	6	0.33%	N/A	-	N/A
MI DNR	Government - Natural Resources	15,244,165	7	0.29%	N/A	-	N/A
Domtar	Paper Manufacturing	13,843,000	8	0.26%	N/A	-	N/A
Acheson Ventures	Community Development	11,962,987	9	0.23%	22,105,009	3	0.36%
Cargill Salt	Salt Manufacturing	11,462,072	10	0.22%	N/A	-	N/A
Consumers Power	Liquid Natural Gas Storage	N/A	-	N/A	15,136,505	10	0.25%
Semco Energy & Affiliates	Gas Utility	N/A	-	N/A	21,440,897	4	0.35%
E.B. Eddy	Paper Manufacturing	N/A	-	N/A	19,580,290	7	0.32%
Michigan Consolidated Gas Co.	Natural Gas and Pipeline	N/A	-	N/A	31,287,395	2	0.51%
Daimler Chrysler	Automotive Parts Storage	N/A	-	N/A	20,078,673	6	0.33%
Meuller Brass Co. & Affiliates	Brass Rod Manufacturing	N/A	-	N/A	18,017,187	8	0.29%
		<u>\$ 1,043,526,616</u>		19.82%	<u>\$ 994,312,857</u>		16.12%

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>
2006	45,433,336	41,803,246	92.0%	3,552,794	45,356,040	99.8%	77,296	0.2%
2007	47,496,559	43,688,419	92.0%	3,728,541	47,416,960	99.8%	79,599	0.2%
2008	48,647,762	44,401,581	91.3%	3,938,715	48,340,296	99.4%	307,466	0.6%
2009	47,259,128	44,346,907	93.8%	2,554,609	46,901,516	99.2%	357,612	0.8%
2010	43,598,158	40,993,146	94.0%	2,379,194	43,372,340	99.5%	225,818	0.5%
2011	42,634,713	40,385,017	94.7%	2,031,428	42,416,445	99.5%	218,268	0.5%
2012	44,247,974	42,158,910	95.3%	1,894,263	44,053,173	99.6%	194,801	0.4%
2013	44,024,180	41,340,361	93.9%	2,491,636	43,831,996	99.6%	192,184	0.4%
2014	44,138,950	41,649,782	94.4%	2,305,638	43,955,420	99.6%	183,530	0.4%
2015	45,488,432	43,323,968	95.2%	1,981,333	45,305,300	99.6%	183,132	0.4%

** Represents Delinquent Personal Property Taxes and Chargebacks

Note: The Delinquent Tax Revolving Fund purchases the delinquent real taxes of each unit in March of each year.
Taxes levied are for County general operations and six extra-voted millages (Senior Citizens, Drug Task Force, Library, Veterans, Roads, and Parks).

Source: County Treasurer's Office

ST. CLAIR COUNTY, MICHIGAN

SCHEDULE 9

**RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS - UNAUDITED**

Fiscal Year	Governmental Activities			Business-Type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Drain Districts	Capital Leases	General Obligation Bonds	Capital Leases			
2006	\$ 41,575,000	\$ -	\$ 14,523	\$ -	\$ 121,751	\$ 41,711,274	0.81%	\$ 253.97
2007	54,315,000	414,379	6,551	-	121,751	54,857,681	1.02%	334.02
2008	52,775,000	772,882	-	-	40,584	53,588,466	0.99%	326.29
2009	54,060,000	1,514,539	-	-	-	55,574,539	1.05%	338.38
2010	52,185,000	2,862,168	-	4,830,496	-	59,877,664	1.15%	367.26
2011	50,185,000	3,244,497	-	6,184,811	-	59,614,308	1.10%	365.64
2012	55,665,000	3,588,472	-	6,623,535	-	65,877,007	1.16%	404.05
2013	53,680,000	3,311,730	-	7,041,911	-	64,033,641	1.10%	392.75
2014	50,935,000	3,098,484	-	7,055,760	-	61,089,244	1.02%	374.69
2015	47,480,000	3,028,889	-	7,497,077	-	58,005,966	0.97%	355.78

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

ST. CLAIR COUNTY, MICHIGAN

SCHEDULE 10

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

<u>Fiscal Year</u>	<u>Population *</u>	<u>Assessed Value (000)</u>	<u>Bonded Debt</u>	<u>Less: Amounts Available in Debt Service Funds</u>	<u>Total</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Per Capita</u>
2006	164,235	8,181,349	41,011,287	417,854	40,593,433	0.25	247.17
2007	164,235	8,461,610	53,660,799	616,976	53,043,823	0.31	322.98
2008	164,235	8,491,388	52,169,609	708,847	51,460,762	0.30	313.34
2009	164,235	8,003,907	53,501,870	807,732	52,694,138	0.33	320.85
2010	163,040	6,471,461	56,506,289	883,296	55,622,993	0.43	341.16
2011	163,040	6,137,259	55,909,526	939,005	54,970,521	0.44	337.16
2012	163,040	5,844,715	63,365,232	973,741	62,391,491	0.53	382.68
2013	163,040	5,819,001	61,522,919	1,750,395	59,772,524	0.51	366.61
2014	163,040	5,973,626	57,990,760	1,795,436	56,195,324	0.47	344.67
2015	163,040	6,302,571	54,977,077	1,909,191	53,067,886	0.42	325.49

* U.S. Census

Note: Net Bonded Debt represents the Building Authority Debt, less debt service money available.

ST. CLAIR COUNTY, MICHIGAN

SCHEDULE 11

**COMPUTATION OF DIRECT AND OVERLAPPING DEBT
DECEMBER 31, 2015 - UNAUDITED**

Direct Debt:

Building Authority		\$ 4,560,000
Communication System - General Obligation Bonds		300,000
Communication System - Refunding Bonds		1,800,000
Comm. Mental Health - General Obligation Bonds		450,000
Comm. Mental Health - Refunding Bonds		7,480,000
Communication System - General Obligation Bonds		2,200,000
Jail Refunding Bonds		22,095,000
Convention Center - General Obligation Bonds		8,595,000
Drain Districts		<u>3,028,889</u>
Net Direct Debt		50,508,889

Overlapping Debt:

Cities	\$ 80,045,630	
Townships	16,849,250	
Villages	316,339	
School Districts	171,028,333	
Intermediate School District	1,598,701	
Community College	<u>2,426,841</u>	<u>272,265,094</u>

Net Direct and Overlapping Debt \$ 322,773,983

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

Note: Percentage of overlap based on assessed property values.

ST. CLAIR COUNTY, MICHIGAN

SCHEDULE 12

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

<u>Fiscal Year</u>	<u>Debt Limit</u>	<u>Total Net Debt Applicable to Limit</u>	<u>Legal Debt Margin</u>
2006	817,931,908	41,011,287	776,920,621
2007	845,645,189	54,075,178	791,570,011
2008	849,227,458	52,942,491	796,284,967
2009	800,388,624	55,016,409	745,372,215
2010	647,034,586	54,537,961	592,496,625
2011	613,544,334	52,969,212	560,575,122
2012	584,459,452	60,330,169	524,129,283
2013	581,900,074	57,792,738	524,107,336
2014	597,362,571	54,797,787	542,564,784
2015	630,257,109	50,508,889	579,748,220

Legal Debt Margin Calculation for Fiscal Year 2014

State Equalized Value	<u><u>\$ 6,302,571,087</u></u>
Legal Debt Limit (10% of State Equalized Value)	\$ 630,257,109
Less: Total Long-Term Debt	<u>50,508,889</u>
Legal Debt Margin	<u><u>\$ 579,748,220</u></u>

Note: Total Long-Term Debt does not include accumulated vacation, sick and compensatory time, net OPEB obligation, Net Pension Liability, accrued insurance liability claims, and Landfill closure and post-closure costs.

ST. CLAIR COUNTY, MICHIGAN

SCHEDULE 13

DEMOGRAPHIC AND ECONOMICAL STATISTICS
LAST TEN FISCAL YEARS - UNAUDITED

Fiscal Year	Population *	U. S. Census	Personal Income **	Per Capita Income **	K - 12 School Enrollment ***	Unemployment Rate ****
2006	172,866	164,235	5,171,399	30,845	27,692	8.4
2007	174,954	164,235	5,358,337	30,942	26,890	9.1
2008	171,017	164,235	5,419,462	31,956	26,132	10.4
2009	166,842	164,235	5,290,584	31,574	25,477	17.5
2010	163,040	163,040	5,200,174	31,956	25,005	14.9
2011	162,569	163,040	5,408,369	33,459	24,408	13.1
2012	160,182	163,040	5,696,181	35,458	23,523	12.2
2013	160,327	163,040	5,802,172	36,158	22,849	10.6
2014	160,506	163,040	6,002,407	37,497	22,619	9.9
2015	160,025	163,040	6,002,407	37,497	22,084	7.1

Sources

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

Bold Data was not available at the time of publication, so the previous year data was used.

ST. CLAIR COUNTY, MICHIGAN

SCHEDULE 14

PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO - UNAUDITED

Employer	Product/Service	2015			2006		
		Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
McLaren Port Huron	Health Care Services	1,500	1	2.19%	1,057	2	1.87%
Port Huron School District	Public Education	1,065	2	1.56%	1,462	1	2.58%
St. Clair County	Municipal Government	872	3	1.27%	832	5	1.47%
DTE Energy	Public Utility	850	4	1.24%	1,044	3	1.84%
SMR Automotive	Manufacturer	804	5	1.18%	N/A	N/A	N/A
Lake Huron Medical Center	Health Care Services	778	6	1.14%	693	8	1.22%
Grupo Antolin	Manufacturer	684	7	1.00%	N/A	N/A	N/A
Meijer	Retail	630	8	0.92%	N/A	N/A	N/A
ZF Marysville	Manufacturer	603	9	0.88%	N/A	N/A	N/A
East China School District	Education	550	10	0.80%	594	10	1.05%
Schefenacker Vision Systems	Rearview Mirrors	N/A	N/A	N/A	832	6	1.47%
Collins & Ackman Products, Co	Automotive Products	N/A	N/A	N/A	700	7	1.24%
Bundy Corporation	Motor Vehicle Parts	N/A	N/A	N/A	620	9	1.10%
K-Mart Corporation	Grocery/Retail	N/A	N/A	N/A	850	4	1.50%
		<u>8,336</u>		<u>12.38%</u>	<u>8,684</u>		<u>15.34%</u>

Source: St. Clair County Metropolitan Planning, Bendzinski & Co., Economic Development Alliance of St. Clair County, and U.S. Bureau of Economic Analysis

ST. CLAIR COUNTY, MICHIGAN

SCHEDULE 15

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

Function	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Legislative										
Board of Commissioners	7	7	7	7	7	7	7	7	7	7
Judicial										
Circuit Court	14	14	13	13	13	13	13	13	13	12
District Court	28	28	30	30	27	27	27	27	28	27
Courthouse Security	7	7	7	7	7	7	7	5	5	5
Friend of the Court	41	40	40	40	40	35	35	32	32	33
Probate Court - Adult	10	10	9	9	9	9	9	9	9	9
Probate Court - Juvenile	23	23	23	23	21	19	19	17	17	15
Probation - Adult	8	8	8	8	8	8	8	8	8	8
General Government										
Administrator/Controller	4	4	3	3	3	3	3	3	3	4
Elections	1	1	1	1	1	1	1	1	0	0
Accounting	5	4	4	4	4	4	4	4	4	4
Purchasing	2	3	3	2	2	2	2	2	2	1
Clerk	11	11	11	11	10	10	10	10	9	9
Equalization	11	11	11	11	10	10	10	9	8	8
Human Resources	8	5	6	6	6	4	4	5	5	5
Prosecuting Attorney	26	26	25	25	24	25	25	24	24	25
Register of Deeds	6	6	4	4	3	2	2	2	2	2
Treasurer	8	8	7	7	7	7	7	7	7	7
Cooperative Extension	5	5	4	4	3	2	2	2	2	2
Information Technology	16	16	14	14	13	12	14	14	15	15
Buildings and Grounds	25	27	23	23	21	20	20	19	20	20
Drain Commissioner	9	9	8	8	8	8	8	8	7	7
Public Safety										
Sheriff Department	85	86	76	76	77	77	79	86	85	85
Communications	15	15	23	23	23	23	26	23	21	21
Marine Patrol	1	1	1	1	1	1	1	1	1	1
Jail	94	94	97	97	96	96	96	95	100	100
Emergency Services	5	5	4	4	3	3	3	3	3	3
Animal Control	4	4	3	3	1	1	3	3	3	3
Metropolitan Planning	7	7	7	7	7	7	5	5	5	5

(Continued)

Function	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Health and Welfare										
Medical Examiner	0	1	1	1	1	1	2	2	2	2
Veterans Counselor	4	4	3	2	2	2	4	4	4	6
Public Guardian	4	3	3	3	3	3	3	3	3	4
Health Department	93	93	79	79	79	75	75	68	61	61
Child Care	45	47	50	50	48	48	48	48	42	40
Recreation and Culture										
Parks and Recreation	7	7	9	9	9	10	10	10	11	11
Library	37	37	37	37	37	37	37	37	36	37
Proprietary Activities										
Landfill	3	3	3	3	3	4	5	5	4	4
Airport	3	3	2	2	2	1	1	1	1	1

(Concluded)

Source: Accounting Department, Annual Budget by Department Sheets and Annual Budget book.

ST. CLAIR COUNTY, MICHIGAN

SCHEDULE 16

**OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS - UNAUDITED**

Function	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Judicial										
Circuit Court Cases Filed	4,337	4,359	4,293	4,138	3,793	3,795	3,764	3,843	3,616	3,721
Circuit Court Cases Dispositions	4,327	4,647	4,429	4,295	3,952	3,851	3,952	4,099	3,797	3,836
General Government										
Marriage licenses	1,124	945	946	880	842	957	937	937	964	963
Births Certificates	1,860	1,798	1,746	1,705	1,536	1,605	1,496	1,462	1,501	1,429
Divorces Filed	687	625	638	621	715	635	743	787	780	735
Death Certificates	1,445	1,487	1,535	1,517	1,569	1,551	1,472	1,633	1,608	1,632
Public Safety										
Inmate bookings	5,960	6,052	6,165	5,908	5,789	5,451	5,794	5,935	5,646	6,047
Dispatch Calls	58,623	66,814	88,680	106,349	109,642	118,511	123,958	122,499	119,743	116,294
Dog Licenses Issued	24,996	26,000	24,198	22,196	22,389	25,816	27,023	25,719	25,600	27,019
Airport										
Take-offs and Landings (1)	50,000	30,000	36,000	27,000	20,000	32,000	18,775	27,500	25,689	26,230
Landfill										
Tons of Waste Collected	207,483	245,662	219,362	190,680	188,541	238,254	171,072	176,671	221,912	293,962

Source: Various County Departments

(1) These numbers were estimates

ST. CLAIR COUNTY, MICHIGAN

SCHEDULE 17

CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS - UNAUDITED

Function	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Judicial										
Buildings	1	1	1	1	1	1	1	1	1	1
Vehicles	1	1	1	1	1	1	3	2	0	0
General Government										
Buildings	3	3	3	3	3	2	2	3	3	4
Vehicles	11	12	11	11	10	10	20	26	28	27
Public Safety										
Buildings	5	5	5	5	5	3	3	4	5	5
Jail Beds Available	400	400	450	450	478	491	491	491	491	491
Vehicles										
Patrol	49	47	44	46	45	41	43	41	35	35
Other	20	20	19	20	22	28	30	33	34	35
Health & Welfare										
Buildings	2	2	2	2	3	2	2	2	2	2
Vehicles	2	2	5	5	6	6	6	8	8	11
Recreation & Cultural										
Buildings	37	37	37	37	37	37	43	43	47	47
Vehicles	8	8	8	9	10	10	10	10	10	10
Park Acreage	232	523	559	559	559	562	562	565	566	568
Airport										
Buildings	6	6	6	6	6	6	6	7	7	7
Vehicles	3	2	2	2	2	2	2	3	2	2
Landfill										
Buildings	1	1	1	1	1	2	3	3	6	6
Vehicles	0	0	0	1	1	2	3	3	3	3

Source: Accounting Department