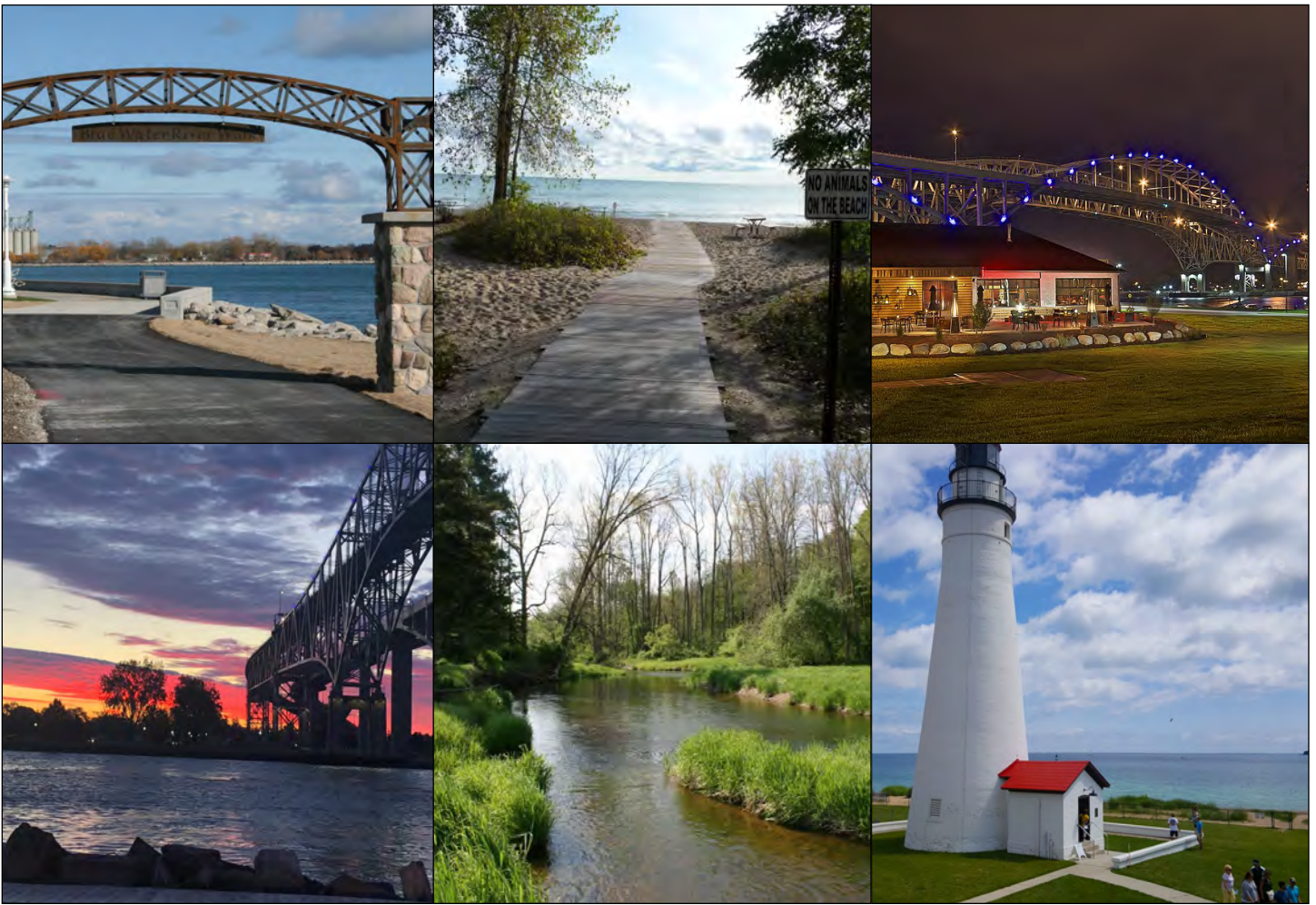


St. Clair County, Michigan

Comprehensive Annual Financial Report



Administrator/Controller's Office
Year Ending December 31, 2019



COMPREHENSIVE ANNUAL FINANCIAL REPORT

ST. CLAIR COUNTY, MICHIGAN

FOR THE YEAR ENDED DECEMBER 31, 2019

Current members of the
BOARD OF COMMISSIONERS

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

Prepared by:
ADMINISTRATOR/CONTROLLER'S OFFICE

Karry Hepting, CPA, Administrator/Controller
Dena Alderdyce, Accounting Manager

ST. CLAIR COUNTY, MICHIGAN

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COUNTY OF ST. CLAIR



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July 13, 2020

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. Due to COVID-19 the County applied for, and was granted a thirty day extension. This report is published to fulfill that requirement for the fiscal year ended December 31, 2019.

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.

UHY LLP, has issued an unmodified (“clean”) opinion on St. Clair County’s financial statements for the year ended December 31, 2019. 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 2010 census reported the population at 163,040, living in 63,841 households. The Southeastern Michigan Council of Governments currently estimates our 2020 population to be 160,710 with an estimated 3.4% growth between 2020 and 2045. 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.

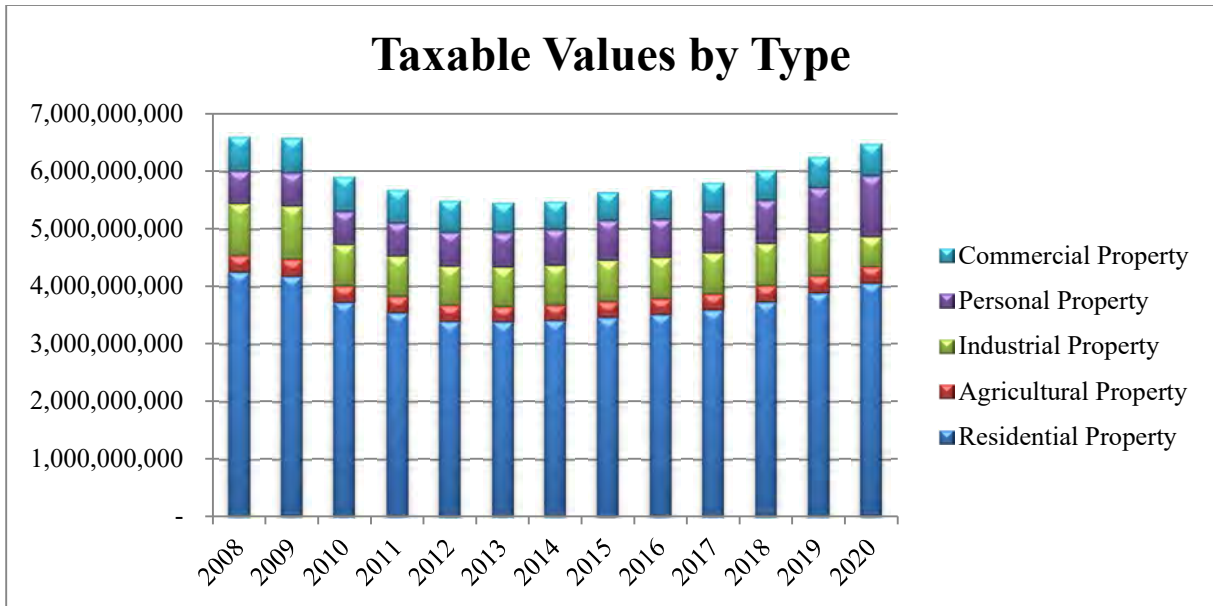
The Board of Commissioners appoints members to the three member Board of Road Commissioners, the three member Department of Public Works Board, the five member Land Bank Authority Board and the twelve member Community Mental Health Authority Board. These boards are governed and controlled by various 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, and Library).

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 2019. Despite the phase out of personal property tax under the State of Michigan's Personal Property Tax reform, the County still experienced an increase in taxable value of 4% in 2019 from 2018. The upward trend is expected to continue in 2020 with an expected increase of 3.7%. 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 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 Economic Development Alliance of St. Clair County reported just under \$1 billion of new investments in 2019. These investments resulted in the creation of over 520 new jobs. The single largest and most impactful project is DTE’s decision to construct a new power plant in East China Township. Construction of this plant is underway. This \$1 billion gas-fired plant will replace the capacity of the St. Clair Power Plant that is slated to close in 2023. In addition to gas plant construction, twenty seven local companies expanded with investments in machinery, facilities, or workforce.

The county is experiencing increases in new residential construction. In 2019 we had 282 new housing starts. The most prominent new project to break ground in 2018 was the \$14 million 8-story Bluewater View Condos in Port Huron. Construction is underway and is expected to be complete later this year. In addition a 94 unit apartment complex was completed in St. Clair Township with a second 104 unit project currently under review. A new 200 home sub-division is underway in the City of Marysville along with several other new sub-divisions being planned in St. Clair Township, Ira Township, Fort Gratiot and Algonac.

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 continually 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.

In 2019 the County created a Public Defender Office in order to streamline with standards set forth by the Michigan Defense Commission (MIDC). The MIDC approved our request for the grant year beginning 10/1/2019. While all of the authorized positions have yet to filled, the office is up and functioning. The transition to this service model will provide for more efficient and consistent counsel for the clients they serve. The main objective of this office is to ensure all clients they serve are provide with the best defense and that all MIDC Standards are met.

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 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 Sand Fest, Blue Water Sturgeon Festival, and various other events highlighting our unique water trails. While the majority of these events will not take place in 2020 due to COVID-19 concerns, we are confident they will continue to be important economic drivers in future years.

St. Clair County and the Community Foundation, along with other community partners are in the process of developing an updated strategic plan that will identify existing gaps in the county trail networks. An economic impact analysis of our region's trail system is currently underway. The county is doing a full evaluation of the condition of the existing trail network to assess long term maintenance needs. Together these three initiatives will provide our region with a detailed blueprint to go after funding from state, federal, and philanthropic organizations. The ultimate goal is to complete the Bridge to Bay and Wadhams to Avoca trail networks which includes connecting to the Macomb Orchard Trail and the Great Lake to

Lake Trail which begins in South Haven and ends in Port Huron at the Fort Gratiot Light Station.

The St. Clair County Park and Recreation Commission continues to secure grants to make improvements to our park system and add facilities to serve our citizens. In 2020 we are beginning the process of constructing a new park in The City of Algonac. The southern portion of the county has been lacking a county park for the citizens to enjoy. The park will be located on the beautiful St. Clair River. Amenities will be constructed over a period of years as grant funds are received

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

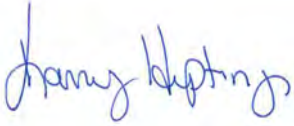
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to St. Clair County for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2018. This was our twenty fourth 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 Bohm	Chairperson
Bill Gratopp	Vice-Chairperson
Howard Heidemann	Member
Greg McConnell	Member
Duke Dunn	Member
David Rushing	Member
Jorja Baldwin	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
Mona Armstrong	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
Charles Koob	Surveyor
Kelly M. Roberts-Burnett	Treasurer

Appointed Official

Karry Hepting, CPA	Administrator/Controller
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Government Finance Officers Association

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in Financial
Reporting

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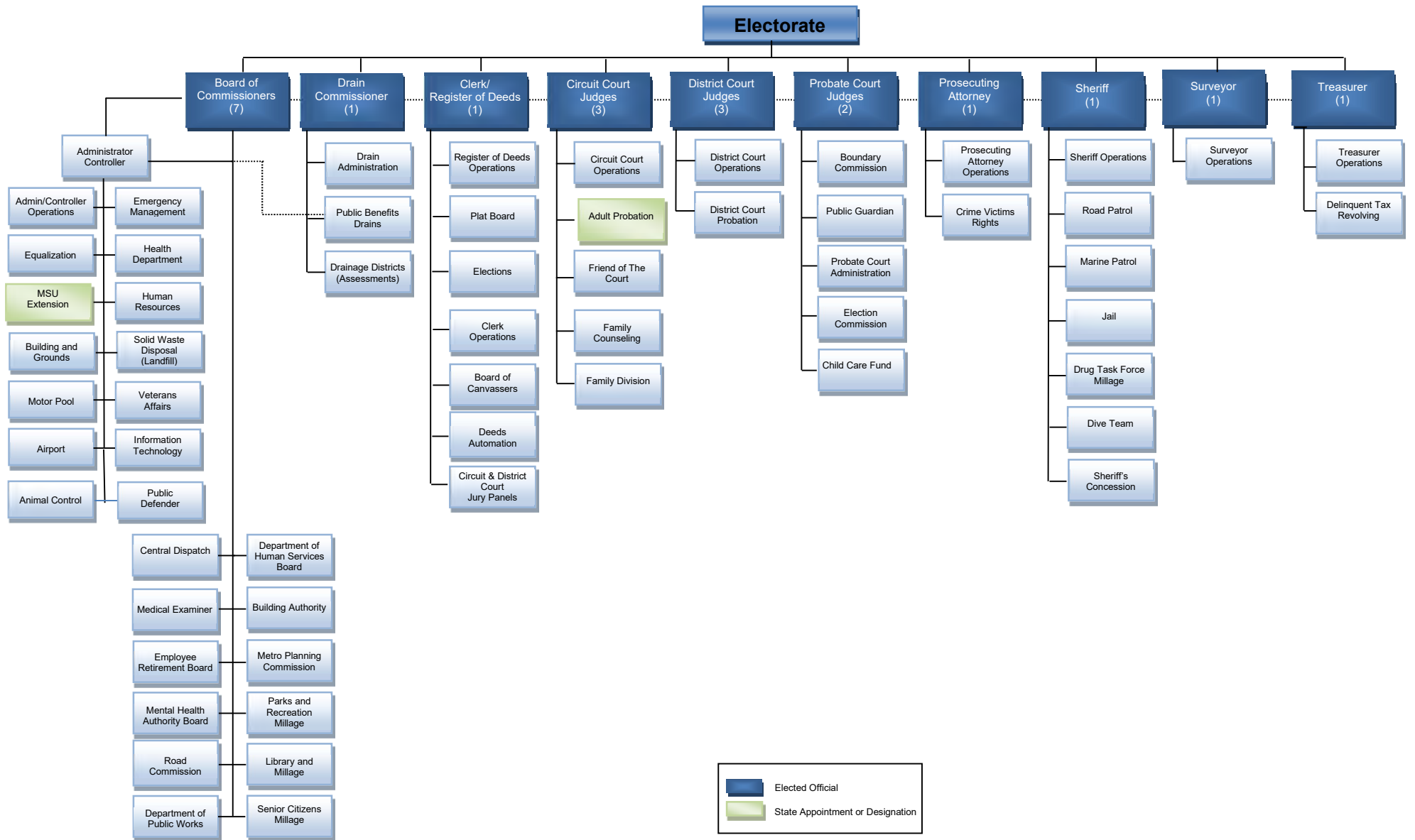
St. Clair County
Michigan

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2018

Christopher P. Morill

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, 2019 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, 2019 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.

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 fund statements and schedules, capital assets used in the operation of governmental funds schedules, combining fund financial statements of the Drainage Districts, Brownfield Redevelopment Authority financial statements, 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 July 13, 2020 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.

The logo for UHY LLP, featuring the letters 'UHY' in a large, stylized, handwritten font, with 'LLP' in a smaller, simpler font to the right.

Port Huron, Michigan
July 13, 2020

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, 2019. 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, 2019 by \$76,371,604 (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 increased by \$48,369,650. Governmental activities increased by \$46,459,854 while Business-type activities increased by \$2,179,796.
- At December 31, 2019, the County's governmental funds reported combined ending fund balances of \$36,848,514, an increase of \$1,337,220. Approximately 24% of this amount (\$8,915,888) is available for spending at the government's discretion (unassigned fund balance).
- Total outstanding long-term liabilities decreased by \$46,234,482. This was primarily due to a multi-year plan of plan design changes causing a \$60,956,401 decrease to the County's net OPEB liability. This decrease was offset by an increase in net pension liability.
- 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 129-130. 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 2019 the Board of Commissioners adopted a balanced budget for the 2020 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, a legally separate Brownfield Redevelopment Authority, 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 18-21 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.

St. Clair County Management's Discussion and Analysis

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Governmental funds are reported using the modified accrual method of accounting. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Included are the 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 33 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, Drug Task Force Fund, and Mental Health Building Debt Fund, all of which are considered to be major funds. Data for 2 governmental funds and the General Fund are combined and reported as the Combined General Fund and data for the other 25 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

As required by state law the County adopts an annual appropriated budget for its General 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 22-27 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.

St. Clair County
Management's Discussion and Analysis

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary financial statements provide separate information for the Solid Waste Disposal System, Airport and Delinquent Tax Revolving Funds, all of which are considered to be major funds of the County. Individual fund data for the three 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 28-32 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 Fiduciary Funds are the Pension and Other Employee 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 33-34 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 39-106 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 four major governmental funds (Special Revenue Funds). This required supplementary information is found on pages 107-128 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 129-169 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 \$76,371,604 at December 31, 2019. This compares to \$27,731,954 at the close of the prior fiscal year, an increase of \$48,639,650. This increase was due primarily to a multi year strategy of plan design changes to our retiree healthcare policy causing a reduction of the net OPEB liability.

Net Position

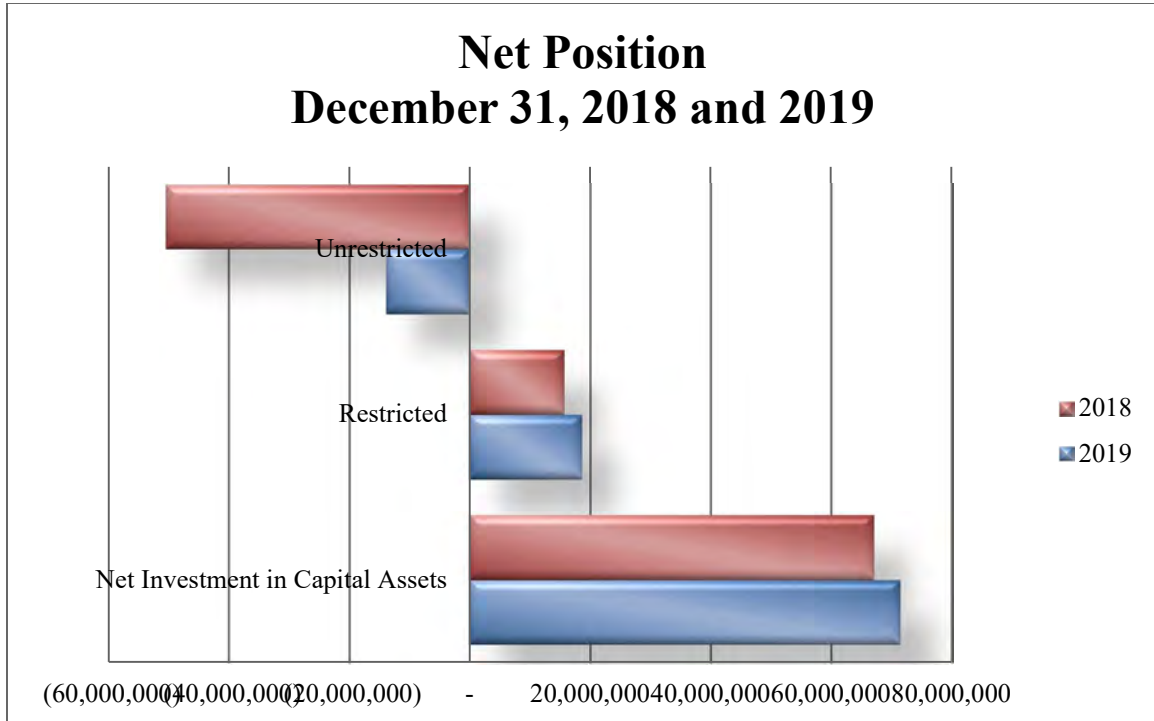
	Governmental Activities		Business-Type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Current and Other Assets	71,103,623	67,881,390	41,406,051	42,876,712	112,509,674	110,758,102
Capital Assets, Net of Accumulated Depreciation	83,907,733	85,950,792	26,019,467	22,744,299	109,927,200	108,695,091
Total Assets	155,011,356	153,832,182	67,425,518	65,621,011	222,436,874	219,453,193
Total Deferred Outflows of Resources	27,042,083	14,349,075	326,650	158,985	27,368,733	14,508,060
Current Liabilities	7,277,171	6,484,605	1,333,216	1,558,230	8,610,387	8,042,835
Other Liabilities	113,915,562	160,003,691	17,132,032	17,278,385	131,047,594	177,282,076
Total Liabilities	121,192,733	166,488,296	18,465,248	18,836,615	139,657,981	185,324,911
Total Deferred Inflows of Resources	33,553,432	20,845,541	222,590	58,847	33,776,022	20,904,388
Net Position						
Net Investment in capital assets	54,446,728	53,387,369	17,089,035	13,802,588	71,535,763	67,189,957
Restricted	17,886,395	14,982,684	783,778	770,413	18,670,173	15,753,097
Unrestricted	(45,025,849)	(87,522,633)	31,191,517	32,311,533	(13,834,332)	(55,211,100)
Total Net Position	27,307,274	(19,152,580)	49,064,330	46,884,534	76,371,604	27,731,954

St. Clair County's Net Position

The largest portion of the County's net position (94 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 (-18 percent) and is not available to meet the government's ongoing obligations to citizens and creditors.



Governmental Activities. Governmental activities net position increased by \$46,459,854. The increase was primarily due to reduction of other post-employment benefit expenses which were offset by an increase in pension expenses.

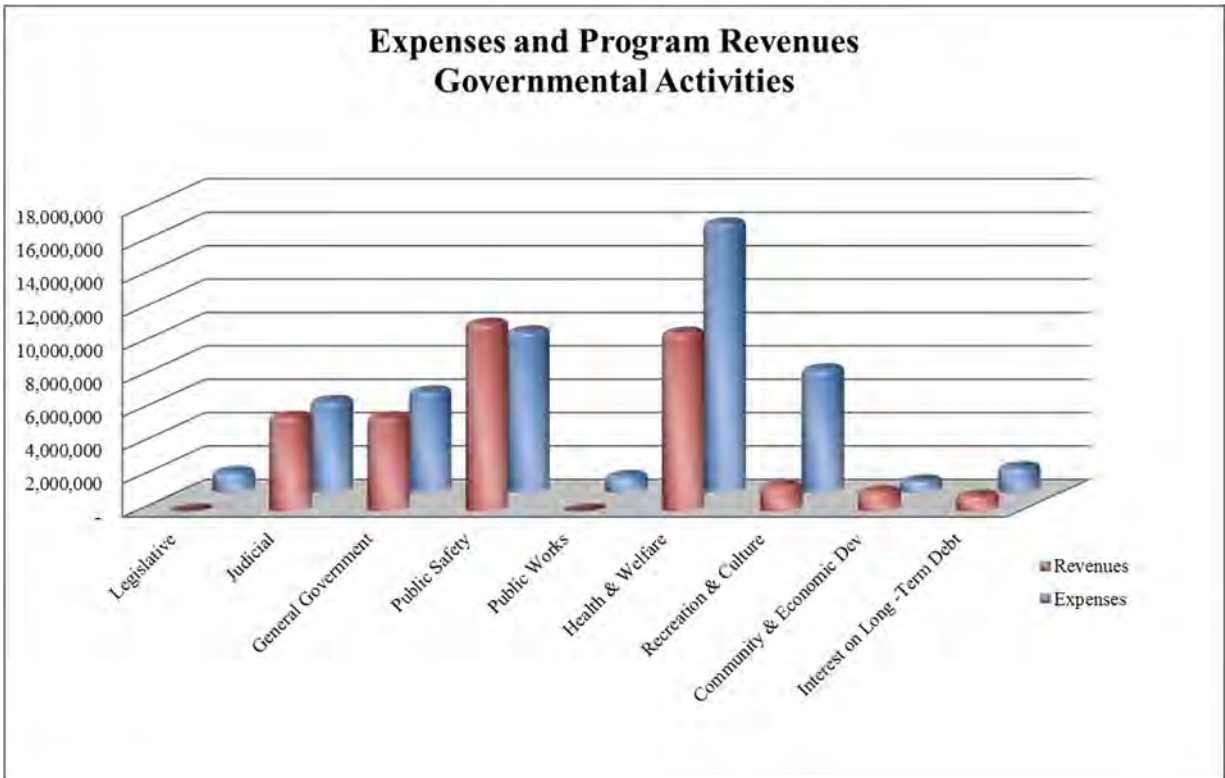
Business-Type Activities. Business-type activities increased the County's net position by \$2,179,796. This increase was due to a reduction costs associated with post-employment benefits along with capital grants received for increased investment in capital assets.

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

Changes in Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	19,769,874	20,182,756	10,936,233	11,855,633	30,706,107	32,038,389
Operating Grants and Contributions	16,533,526	15,539,442	118,769	111,617	16,652,295	15,651,059
Capital Grants and Contributions	569,652	96,280	3,359,635	226,056	3,929,287	322,336
General revenues:						
Property Taxes	49,197,001	47,282,360		-	49,197,001	47,282,360
Intergovernmental revenues	4,525,570	4,265,037		-	4,525,570	4,265,037
Investment earnings	1,331,344	1,031,235	144,773	278,916	1,476,117	1,310,151
Interest & Penalties on Delinq Taxes	4,307	4,922	1,260,473	1,101,351	1,264,780	1,106,273
Total Revenues	91,931,274	88,402,032	15,819,883	13,573,573	107,751,157	101,975,605
Expenses:						
Legislative	1,230,958	1,208,963	-	-	1,230,958	1,208,963
Judicial	5,485,775	14,755,185	-	-	5,485,775	14,755,185
General Government	6,054,515	12,392,979	-	-	6,054,515	12,392,979
Public Safety	9,653,904	32,189,255	-	-	9,653,904	32,189,255
Public Works	981,671	2,248,619	-	-	981,671	2,248,619
Health and Welfare	16,125,226	21,992,370	-	-	16,125,226	21,992,370
Recreation and Culture	7,376,154	10,366,699	-	-	7,376,154	10,366,699
Community and Economic Development	719,198	682,229	-	-	719,198	682,229
Interest on Debt Service	1,509,769	1,653,774	-	-	1,509,769	1,653,774
Delinquent Tax Collections	-	-	406,235	400,099	406,235	400,099
Airport	-	-	1,023,734	1,069,876	1,023,734	1,069,876
Sheriff's Concession	-	-	1,014,436	1,160,624	1,014,436	1,160,624
School Tax Collections	-	-	-	7	-	7
Homestead Exemption Audits	-	-	-	-	-	-
Solid Waste Disposal	-	-	7,529,932	7,655,560	7,529,932	7,655,560
Total Expenses	49,137,170	97,490,073	9,974,337	10,286,166	59,111,507	107,776,239
Increase (Decrease) in Net Position, before transfers	42,794,104	(9,088,041)	5,845,546	3,287,407	48,639,650	(5,800,634)
Transfers	3,665,750	3,515,730	(3,665,750)	(3,515,730)	-	-
Change in Net Position	46,459,854	(5,572,311)	2,179,796	(228,323)	48,639,650	(5,800,634)
Net Position January 1	(19,152,580)	(13,580,269)	46,884,534	47,112,857	27,731,954	33,532,588
Net Position December 31	<u>27,307,274</u>	<u>(19,152,580)</u>	<u>49,064,330</u>	<u>46,884,534</u>	<u>76,371,604</u>	<u>27,731,954</u>

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

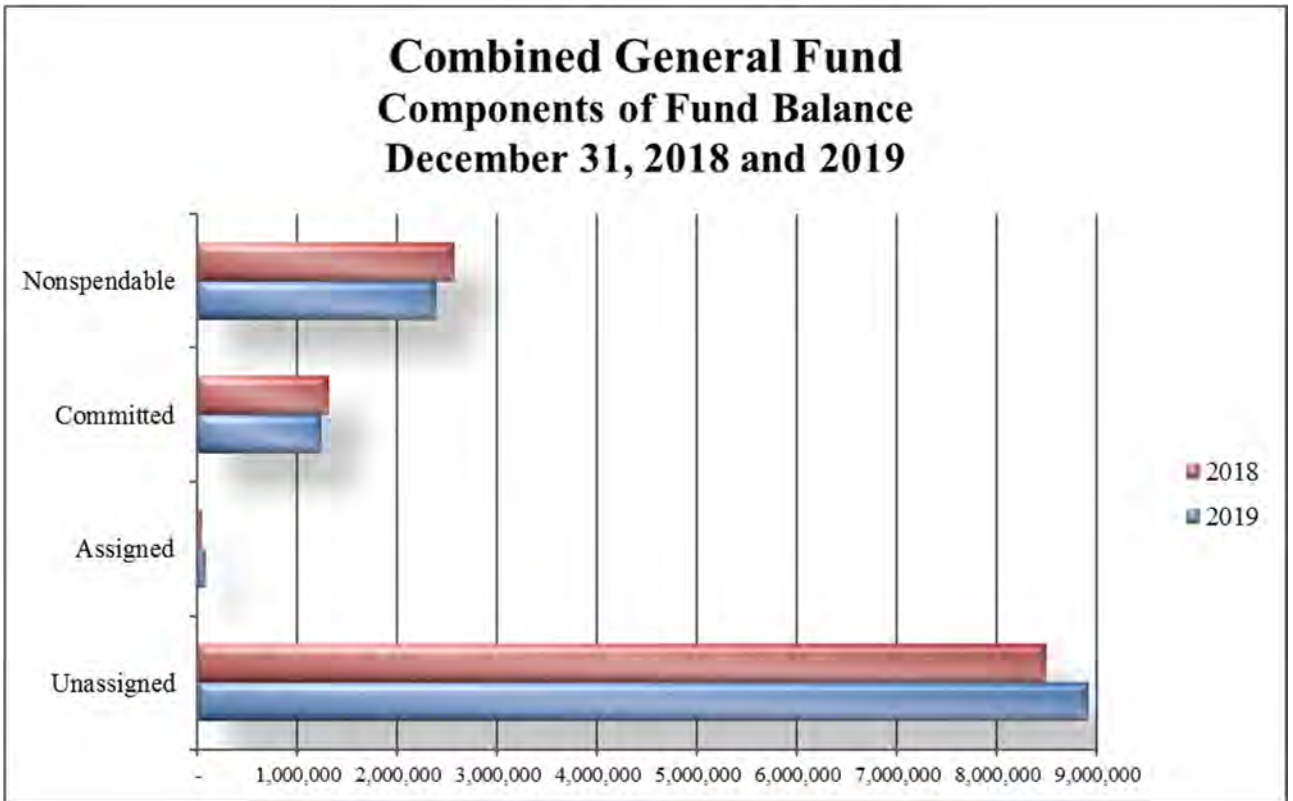


Financial Analysis of Governmental Funds

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

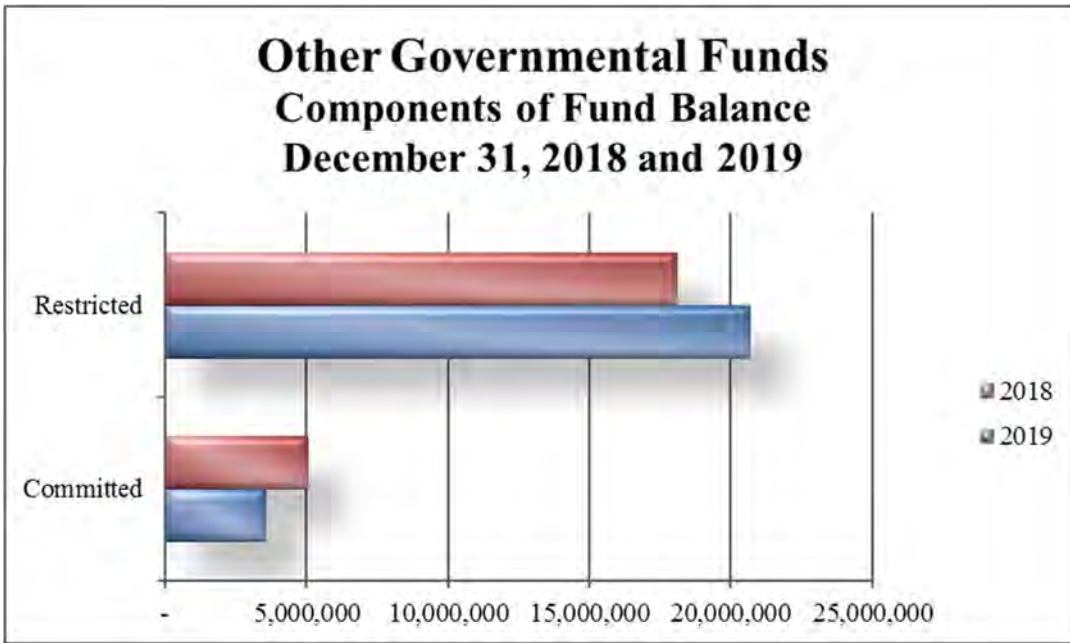
Governmental Funds. The focus of the County’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County’s financing requirements. In particular, assigned and unassigned fund balance may serve as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

At December 31, 2019, the County’s governmental funds reported combined ending fund balances of \$36,848,514, an increase of \$1,337,220 in comparison to the prior year. Approximately 24% of this fund balance (\$8,915,888) 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 (\$2,389,427), 2) restricted for particular purposes (\$20,692,397), 3) committed for particular purposes (\$4,774,914), or 4) assigned for particular purposes (\$75,888).



The Combined General Fund is the chief operating fund of the County. At December 31, 2019, the Combined General Fund reported an ending fund balance of \$12,616,205. Of that amount \$8,915,888 is unassigned, \$1,235,002 is committed for specific departments in the budget incentive fund, \$75,888 is assigned for economic development in the development revolving fund, and \$2,389,427 are nonspendable loans to the Drain Commissioner for funding drain projects, long-term receivables, and 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 approximately 14.5 percent of total combined general fund expenditures and transfers, while total fund balance represents 20.5 percent of total combined general fund expenditures and transfers.

The Combined General Fund balance increased by \$221,887 during the current fiscal year. The increase is due to conservative spending on the departments' behalf along with positions being vacant for a portion of the year.



The second major governmental fund is the special millage Parks and Recreation Fund. At December 31, 2019, Parks and Recreation reported a fund balance of \$2,390,956. Fund balance increased \$41,208 over the prior fiscal year. There was a planned use of fund balance for 2019, however due to timing of budgeted improvements the fund experienced a slight gain.

The third major governmental fund is the special millage Library Fund. It reported \$2,662,099 in fund balance at December 31, 2019. Fund balance increased \$35,465 from the prior fiscal year. This fund also had a planned use of fund balance in the amount of \$447,797 for 2019. However due to higher than anticipated tax revenue along with positions vacancies the fund also experienced a slight gain

The fourth major governmental fund is the special millage Senior Citizens fund. It reported \$3,354,933 in fund balance at December 31, 2019. This fund increased \$133,089 over the prior year due to lower than budgeted requests from senior service providers.

The fifth major governmental fund is the special millage Drug Task Force fund. It reported a \$1,401,751 fund balance at December 31, 2019. The fund increased \$241,333 over the prior year due to position vacancies.

The last major governmental fund is the Mental Health Building Debt Fund. It reported a fund balance of \$610 at December 31, 2019. 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.

St. Clair County
Management's Discussion and Analysis

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, 2019.

Net position in the Solid Waste Disposal System at the end of the year amounted to \$12,457,583. Of this amount, \$9,431,910 is invested in capital assets. Net position decreased \$620,201 due to transfers made to other funds.

The Delinquent Tax Revolving Fund reported net position of \$27,923,032, a decrease of \$281,491 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.

The Airport Commission Fund reported net position of \$8,032,749, an increase of \$3,133,160 over the prior year. This increase is primarily due to a capital grant received of \$3,359,635 for increased investment in capital assets.

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 \$212,050. Major changes can be summarized as follows:

- Intergovernmental revenues and expenditures were adjusted for various grants received throughout the year.
- Tax revenues were adjusted to reflect updated taxable values.
- Revenue was adjusted for higher than expected property tax increase, as well as an increase in interest revenue.
- Jail revenue and expenditures were increased for the increased population of federal inmates.
- Emergency Management was amended to account for grants received during the year.
- Transfers out was increased to reflect transfers made to other funds, including the Child Care, Public Improvement, and Indigent Defense funds.
- Other expenditures were reserved for contingencies and was eliminated at the end of the year to cover other budget shortfalls.

Final budget compared to actual results. Overall, general fund revenues and transfers in were \$537,991 under budget. The majority of this difference is due to the timing and deferral of grant revenues along with less than anticipated tax revenues.

Amended expenditures and other financing uses differed \$615,330 from actual expenditures and other financing uses. Significant differences between the amended

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

budgets and actual results for expenditures in the departments are as follows:

- Actual transfers out were \$526,589 more than the amended budget mainly due to additional transfers to the Budget Incentive Fund and Self Insurance Fund.
- The Jail was over its amended budget by \$431,649 due to inmate medical costs.
- Emergency Management was under its amended budget to grant funds that will be spent in 2020.
- The County budgets for full staffing in all departments, due to employee turnover and vacancies that occur throughout the year many departments such as District Court, Friend of the Court and Communications were under their amended budgets.
- Most departments were under their amended budgets, so therefore, those unspent dollars were transferred to the Budget Incentive Fund mentioned earlier. Some departments had positions that remained vacant throughout the year which contributed to their savings.

Capital Asset and Debt Administration

Capital Assets. The County's investment in capital assets for its governmental and business-type activities as of December 31, 2019 amounted to \$109,927,200 (net of accumulated depreciation). This investment in capital assets includes land, buildings, land improvements, machinery and equipment, and vehicles. The total increase in the County's capital assets for the current fiscal year was \$1,232,109

Capital Assets (net of depreciation)

	Governmental Activities		Business-Type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Land	13,017,848	13,005,562	2,160,779	1,892,998	15,178,627	14,898,560
Buildings and Improvements	58,175,695	60,150,450	5,272,280	5,594,837	63,447,975	65,745,287
Improvements other than Buildings	4,444,574	4,935,325	10,292,270	10,285,021	14,736,844	15,220,346
Equipment and Vehicles	5,798,155	5,921,760	4,499,442	4,733,489	10,297,597	10,655,249
Books	1,532,794	1,597,488	-	-	1,532,794	1,597,488
Construction in Progress	938,667	340,207	3,794,696	237,954	4,733,363	578,161
Total	83,907,733	85,950,792	26,019,467	22,744,299	109,927,200	108,695,091

Major capital asset events during the year included the following:

- Improvements and upgrades to the Marine City District Courthouse
- Generator upgrades at the Intervention Center
- Security system upgrades and the Intervention Center
- Replacement of various County vehicles
- Landfill cell construction
- Construction of a new pavilion at Wetlands County Park
- Addition of books to the County library collection

St. Clair County
Management's Discussion and Analysis

Additional information on the County's capital assets can be found in Note 5 beginning on page 59 of this report.

Long-term Debt/Liability. The County's long-term liability at December 31, 2019 totaled \$131,047,594

Outstanding Debt/Long-Term Liabilities

	Governmental Activities		Business-Type Activities		Totals	
	2019	2018	2019	2018	2019	2018
General Obligation Bonds	34,180,000	37,825,000	8,930,432	8,941,711	43,110,432	46,766,711
Landfill Closure and Post Closure Costs		-	7,280,163	6,943,964	7,280,163	6,943,964
Drain Districts	3,438,118	3,773,915		-	3,438,118	3,773,915
Self-insurance Liability	339,000	371,000		-	339,000	371,000
Accumulated Employee Vacation, Sick and Compensatory Time	5,284,711	5,205,785	47,633	45,168	5,332,344	5,250,953
Net Premium	1,977,920	2,265,957		-	1,977,920	2,265,957
Net Pension Liability	29,198,369	10,813,750	357,628	125,805	29,555,997	10,939,555
Net OPEB Liability	39,497,444	99,748,284	516,176	1,221,737	40,013,620	100,970,021
Total	113,915,562	160,003,691	17,132,032	17,278,385	131,047,594	177,282,076

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 (\$5,709,280), 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 bioreactor system and to construct an additional landfill cell (\$3,221,152), net of 50% of forgivable portion. This debt is issued through the State of Michigan Municipal Bond Authority.
- The 2015 refunding of the 2007 (Series A) general obligation bonds to finance the construction of a Mental Health Authority building (\$5,820,000).
- The 2015 refunding of the 2007 (Series B) general obligation bonds to fund equipment related to 911 services (\$805,000).
- The outstanding portion of the 2012 refunding of the 2003 issue sold to finance the construction of a Jail/Juvenile facility (\$16,945,000).
- The 2013 refunding (taxable) of the general obligations to finance the construction of the Administrative Building (\$1,515,000).
- The general obligation bonds sold in 2012 to construct and equip the Blue Water Area Convention Center (\$7,735,000).

St. Clair County
Management's Discussion and Analysis

- The 2017 refunding of the 2009 general obligation bonds to construct a communications tower and acquire the required equipment (\$1,360,000).
- 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 \$7,280,163.
- 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, 2019 is \$5,332,344.
- The net pension liability of County employees/retirees amounts to \$29,555,997.
- The net OPEB liability of the County employees/retirees amounts to \$40,013,620.

Additional information on the County's long-term debt can be found in Note 9 beginning on page 67 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 2020 fiscal year. Several of the more telling factors are as follows:

- The taxable value of real and personal property within the County is expected to increase 2.5% in 2020.
- County revenue sharing from the State increased 2.3% from the prior year.
- Costs of inmate medical and female inmate housing expenses are expected to increase.
- State unemployment rates remain low.
- Community development is on the rise.

The 2020 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, 2019**

	Primary Government			Component Units
	Governmental Activities	Business Type Activities	Total	
Assets:				
Cash and cash equivalents	\$ 28,440,090	\$ 16,643,919	\$ 45,084,009	\$ 23,370,375
Investments	19,551,708	4,443,194	23,994,902	-
Receivables (net of allowance)	24,180,890	7,991,508	32,172,398	24,158,577
Prepaid expenses and deposits	3,305,835	72,101	3,377,936	288,954
Internal balances	(12,100,000)	12,100,000	-	-
Inventory	-	46,880	46,880	1,813,796
Properties held for sale	-	-	-	8,449
Long-term notes receivable	6,255,100	108,449	6,363,549	-
Advance to component units	1,470,000	-	1,470,000	-
Restricted assets -				
Cash and cash equivalents	-	-	-	2,746,744
Accounts receivable	-	-	-	50,000
Contract receivables	-	-	-	4,728,352
Beneficial interest in assets held by others	-	-	-	119,348
Net OPEB asset	-	-	-	1,268,223
Capital assets (net of accumulated depreciation)				
Assets not being depreciated	13,956,515	5,955,475	19,911,990	33,600,744
Assets being depreciated	69,951,218	20,063,992	90,015,210	216,488,302
Total Assets	<u>155,011,356</u>	<u>67,425,518</u>	<u>222,436,874</u>	<u>308,641,864</u>
Deferred Outflows of Resources:				
Related to the pension plan	18,637,947	228,280	18,866,227	9,173,849
Related to the OPEB plan	7,527,221	98,370	7,625,591	6,003,480
Deferred charges on bond refunding	876,915	-	876,915	220,934
Total Deferred Outflows of Resources	<u>27,042,083</u>	<u>326,650</u>	<u>27,368,733</u>	<u>15,398,263</u>
Liabilities:				
Payables and accrued liabilities	6,132,955	1,329,041	7,461,996	8,939,103
Advances and deposits	112,689	-	112,689	3,367,938
Advances from primary government	-	-	-	1,470,000
Unearned revenue	1,031,527	4,175	1,035,702	280,602
Liabilities payable from restricted assets	-	-	-	36,013
Non-current liabilities -				
Due within one year	5,292,709	480,000	5,772,709	7,653,369
Due in more than one year				
Long-term liabilities, net of current portion	39,927,040	15,778,228	55,705,268	28,816,968
Net pension liability	29,198,369	357,628	29,555,997	15,278,516
Net OPEB liability	39,497,444	516,176	40,013,620	14,390,104
Total Liabilities	<u>121,192,733</u>	<u>18,465,248</u>	<u>139,657,981</u>	<u>80,232,613</u>

(Continued)

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

ST. CLAIR COUNTY, MICHIGAN

**STATEMENT OF NET POSITION
DECEMBER 31, 2019**

	Primary Government			Component Units
	Governmental Activities	Business Type Activities	Total	
Deferred Inflows of Resources:				
Related to the pension plan	\$ 1,581,796	\$ 19,374	\$ 1,601,170	\$ 2,408,274
Related to the OPEB plan	15,549,957	203,216	15,753,173	7,999,273
Taxes levied for a subsequent period	16,421,679	-	16,421,679	1,201,138
Total Deferred Inflows of Resources	<u>33,553,432</u>	<u>222,590</u>	<u>33,776,022</u>	<u>11,608,685</u>
Net Position:				
Net investment in capital assets	54,446,728	17,089,035	71,535,763	220,273,454
Restricted - Expendable -				
Acquisition/construction of capital assets	7,105,117	-	7,105,117	441,043
Debt Service	972,680	-	972,680	19,862,370
Judicial	853,832	-	853,832	-
Recreation and Cultural	1,503,728	-	1,503,728	-
Health and Welfare	4,785,400	-	4,785,400	-
Public Safety	2,290,347	-	2,290,347	-
Foreclosure sales	-	783,778	783,778	-
Other Purposes	375,291	-	375,291	155,725
Unrestricted (deficit)	(45,025,849)	31,191,517	(13,834,332)	(8,533,763)
Total Net Position	<u>\$ 27,307,274</u>	<u>\$ 49,064,330</u>	<u>\$ 76,371,604</u>	<u>\$ 232,198,829</u>

(Concluded)

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

ST. CLAIR COUNTY, MICHIGAN

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
Legislative	\$ 1,230,958	\$ -	\$ -	\$ -
General Government	6,054,515	4,613,815	1,017,358	-
Judicial	5,485,775	2,055,104	3,606,301	-
Public Safety	9,653,904	6,554,176	4,137,700	549,041
Public Works	981,671	-	-	-
Health and Welfare	16,125,226	3,790,961	6,907,664	-
Community and Economic Development	719,198	944,849	239,166	-
Recreation and Culture	7,376,154	871,018	625,337	20,611
Interest on Long Term Debt	1,509,769	939,951	-	-
Total governmental activities	<u>49,137,170</u>	<u>19,769,874</u>	<u>16,533,526</u>	<u>569,652</u>
Business-type activities:				
Delinquent Tax Revolving	406,235	925,055	-	-
Airport Commission	1,023,734	587,259	-	3,359,635
Sheriff's Concession	1,014,436	1,098,428	-	-
School Tax Collections	-	-	-	-
Homestead Exemption Audits	-	66	-	-
Solid Waste Disposal System	7,529,932	8,325,425	118,769	-
Total business-type activities	<u>9,974,337</u>	<u>10,936,233</u>	<u>118,769</u>	<u>3,359,635</u>
Total Primary Government	<u>\$ 59,111,507</u>	<u>\$ 30,706,107</u>	<u>\$ 16,652,295</u>	<u>\$ 3,929,287</u>
Component Units				
Road Commission	\$ 15,533,994	\$ 4,421,472	\$ 24,188,277	\$ 8,220,116
Department of Public Works	2,325,059	1,746,782	-	160,000
Community Mental Health Authority	46,149,867	2,527,087	57,241,234	-
Land Bank Authority	1,800	-	-	-
Brownfield Redevelopment Authority	140,866	7,000	139,101	-
Drainage Districts	1,691,491	1,743,312	-	17,789
Total Component Units	<u>\$ 65,843,077</u>	<u>\$ 10,445,653</u>	<u>\$ 81,568,612</u>	<u>\$ 8,397,905</u>
General revenues:				
Property taxes				
Grants and contributions not restricted to specific programs				
Unrestricted investment income				
Interest and penalties on delinquent taxes				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position at beginning of year				
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
\$(1,230,958)	\$ -	\$(1,230,958)	\$ -
(423,342)	-	(423,342)	-
175,630	-	175,630	-
1,587,013	-	1,587,013	-
(981,671)	-	(981,671)	-
(5,426,601)	-	(5,426,601)	-
464,817	-	464,817	-
(5,859,188)	-	(5,859,188)	-
(569,818)	-	(569,818)	-
<u>(12,264,118)</u>	<u>-</u>	<u>(12,264,118)</u>	<u>-</u>
-	518,820	518,820	-
-	2,923,160	2,923,160	-
-	83,992	83,992	-
-	-	-	-
-	66	66	-
-	914,262	914,262	-
<u>-</u>	<u>4,440,300</u>	<u>4,440,300</u>	<u>-</u>
<u>(12,264,118)</u>	<u>4,440,300</u>	<u>(7,823,818)</u>	<u>-</u>
-	-	-	21,295,871
-	-	-	(418,277)
-	-	-	13,618,454
-	-	-	(1,800)
-	-	-	5,235
-	-	-	69,610
<u>-</u>	<u>-</u>	<u>-</u>	<u>34,569,093</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
49,197,001	-	49,197,001	1,199,726
4,525,570	-	4,525,570	-
1,331,344	144,773	1,476,117	256,056
4,307	1,260,473	1,264,780	-
3,665,750	(3,665,750)	-	-
<u>58,723,972</u>	<u>(2,260,504)</u>	<u>56,463,468</u>	<u>1,455,782</u>
46,459,854	2,179,796	48,639,650	36,024,875
<u>(19,152,580)</u>	<u>46,884,534</u>	<u>27,731,954</u>	<u>196,173,954</u>
<u>\$ 27,307,274</u>	<u>\$ 49,064,330</u>	<u>\$ 76,371,604</u>	<u>\$ 232,198,829</u>

ST. CLAIR COUNTY, MICHIGAN

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2019**

	<u>Combined General</u>	<u>Parks and Recreation</u>	<u>Library</u>	<u>Senior Citizens Millage</u>
Assets:				
Cash and cash equivalents	\$ 1,316,053	\$ 2,298,244	\$ 3,061,240	\$ 3,979,121
Investments	18,958,224	-	-	-
Receivables, net of allowance -				
Property taxes	1,876,958	2,909,010	4,115,407	4,697,845
Interest and accounts	243,382	369	4,512	-
Due from other governmental units	3,448,859	391,886	44,997	27,269
Due from other funds	269,883	-	-	-
Long-term notes receivable	435,100	-	-	-
Advances to component units	1,470,000	-	-	-
Prepayments and deposits	8,362	-	45,347	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 28,026,821</u>	<u>\$ 5,599,509</u>	<u>\$ 7,271,503</u>	<u>\$ 8,704,235</u>
Liabilities:				
Accounts payable	\$ 1,080,528	\$ 79,421	\$ 124,225	\$ 395,101
Accrued liabilities	1,942,306	44,495	146,528	662
Advances and deposits	-	17,300	-	-
Due to other governmental units	4,721	-	-	-
Due to other funds	12,100,000	-	-	-
Unearned revenue	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>15,127,555</u>	<u>141,216</u>	<u>270,753</u>	<u>395,763</u>
Deferred Inflows of Resources:				
Unavailable revenue -				
Delinquent property taxes	49,726	5,631	7,965	9,103
Lease contract/revolving loans	-	-	-	-
Grants/fees	233,335	-	-	-
Taxes levied for subsequent period	-	3,061,706	4,330,686	4,944,436
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Deferred Inflows of Resources	<u>283,061</u>	<u>3,067,337</u>	<u>4,338,651</u>	<u>4,953,539</u>
Fund Balances:				
Nonspendable -				
Long-term receivables/advances	2,381,065	-	-	-
Prepayments and deposits	8,362	-	-	-
Restricted	-	2,390,956	2,662,099	3,354,933
Committed	1,235,002	-	-	-
Assigned	75,888	-	-	-
Unassigned	8,915,888	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>12,616,205</u>	<u>2,390,956</u>	<u>2,662,099</u>	<u>3,354,933</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 28,026,821</u>	<u>\$ 5,599,509</u>	<u>\$ 7,271,503</u>	<u>\$ 8,704,235</u>

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

<u>Drug Task Force</u>	<u>Mental Health Building Debt</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 1,778,345	\$ 610	\$ 15,999,442	\$ 28,433,055
-	-	593,484	19,551,708
3,293,888	-	588,246	17,481,354
-	-	990,870	1,239,133
27,957	-	1,407,648	5,348,616
-	-	-	269,883
-	5,820,000	-	6,255,100
-	-	-	1,470,000
-	-	-	53,709
<u>\$ 5,100,190</u>	<u>\$ 5,820,610</u>	<u>\$ 19,579,690</u>	<u>\$ 80,102,558</u>
\$ 130,556	\$ -	\$ 633,477	\$ 2,443,308
94,699	-	428,434	2,657,124
-	-	95,389	112,689
-	-	181,171	185,892
-	-	269,883	12,369,883
-	-	1,031,527	1,031,527
<u>225,255</u>	<u>-</u>	<u>2,639,881</u>	<u>18,800,423</u>
6,082	-	1,137	79,644
-	5,820,000	724,975	6,544,975
-	-	1,173,988	1,407,323
<u>3,467,102</u>	<u>-</u>	<u>617,749</u>	<u>16,421,679</u>
<u>3,473,184</u>	<u>5,820,000</u>	<u>2,517,849</u>	<u>24,453,621</u>
-	-	-	2,381,065
-	-	-	8,362
1,401,751	610	10,882,048	20,692,397
-	-	3,539,912	4,774,914
-	-	-	75,888
-	-	-	8,915,888
<u>1,401,751</u>	<u>610</u>	<u>14,421,960</u>	<u>36,848,514</u>
<u>\$ 5,100,190</u>	<u>\$ 5,820,610</u>	<u>\$ 19,579,690</u>	<u>\$ 80,102,558</u>

ST. CLAIR COUNTY, MICHIGAN

**RECONCILIATION OF THE BALANCE SHEET FOR
GOVERNMENTAL FUNDS TO STATEMENT OF NET POSITION
DECEMBER 31, 2019**

Fund Balances - total governmental funds		\$ 36,848,514
Amounts reported for governmental activities in the statement of net position are different because:		
Expenses recorded in the funds on the purchase method		450,609
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		
Capital assets		152,255,649
Accumulated depreciation		(68,409,646)
Certain assets do not represent current financial resources and are therefore not recorded in the funds		
Interest receivable on capital lease contract		64,100
Certain pension and OPEB contributions and changes in pension and OPEB plan liabilities are reported as deferred outflows (inflows) of resources in the statement of net position		
Deferred outflows of resources		26,165,168
Deferred inflows of resources		(17,131,753)
Other long term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds		
Delinquent personal property taxes	\$ 79,644	
Housing rehabilitation loan	724,975	
Capital lease contract	5,820,000	
Grants/fees	<u>1,407,323</u>	8,031,942
Internal Service Fund used by management to charge cost of property, liability, health, disability, workers compensation, and life insurance expenses and claims. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		2,077,282
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	(34,180,000)	
Drain District assessments payable	(3,438,118)	
Accrued interest on bonds/notes payable	(344,944)	
Net pension liability	(29,198,369)	
Net OPEB liability	(39,497,444)	
Accrued compensated absences	<u>(5,284,711)</u>	(111,943,586)
Charges on refunding are reported currently in the governmental funds, whereas they are capitalized and amortized from net position		876,915
Premiums on bonds are reported as other financing sources in the governmental funds, whereas they are capitalized and amortized from net position (netted against bonds payable)		<u>(1,977,920)</u>
Net Position of governmental activities		<u><u>\$ 27,307,274</u></u>

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

ST. CLAIR COUNTY, MICHIGAN

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Combined General</u>	<u>Parks and Recreation</u>	<u>Library</u>	<u>Senior Citizens Millage</u>
Revenues:				
Taxes	\$ 33,244,137	\$ 2,975,270	\$ 4,207,273	\$ 4,804,844
Licenses and permits	481,128	-	-	-
Intergovernmental	13,468,381	404,436	242,795	47,534
Charges for services	8,656,877	145,473	76,642	-
Fines and forfeits	396,995	-	545,560	-
Interest and rent	1,591,488	25,203	66,950	38,095
Other	1,380,955	9,910	59,507	2,654
Total Revenues	<u>59,219,961</u>	<u>3,560,292</u>	<u>5,198,727</u>	<u>4,893,127</u>
Expenditures:				
Current -				
Legislative	1,288,664	-	-	-
General Government	12,055,581	-	-	-
Judicial	10,459,990	-	-	-
Public Safety	25,428,710	-	-	-
Public Works	985,268	-	-	-
Health and Welfare	1,898,256	-	-	4,760,038
Community and Economic Development	722,755	-	-	-
Recreation and Cultural	-	3,519,084	5,163,262	-
Capital Outlay	69,581	-	-	-
Debt Service -				
Principal	335,797	-	-	-
Interest and charges	155,246	-	-	-
Total Expenditures	<u>53,399,848</u>	<u>3,519,084</u>	<u>5,163,262</u>	<u>4,760,038</u>
Revenues over (under) expenditures	<u>5,820,113</u>	<u>41,208</u>	<u>35,465</u>	<u>133,089</u>
Other Financing Sources (Uses):				
Transfers from other funds	2,410,710	-	-	-
Transfers to other funds	(8,008,936)	-	-	-
Total Other Financing Sources (Uses)	<u>(5,598,226)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	221,887	41,208	35,465	133,089
Fund Balances at beginning of year	<u>12,394,318</u>	<u>2,349,748</u>	<u>2,626,634</u>	<u>3,221,844</u>
Fund Balances at end of year	<u>\$ 12,616,205</u>	<u>\$ 2,390,956</u>	<u>\$ 2,662,099</u>	<u>\$ 3,354,933</u>

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

<u>Drug Task Force</u>	<u>Mental Health Building Debt</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 3,366,239	\$ -	\$ 597,320	\$ 49,195,083
-	-	321,079	802,207
34,448	-	6,651,785	20,849,379
-	-	5,654,017	14,533,009
-	-	72,774	1,015,329
51,795	920,150	289,491	2,983,172
10,953	-	967,186	2,431,165
<u>3,463,435</u>	<u>920,150</u>	<u>14,553,652</u>	<u>91,809,344</u>
-	-	-	1,288,664
-	-	242,123	12,297,704
-	-	1,412,494	11,872,484
2,772,069	-	71,112	28,271,891
-	-	-	985,268
-	-	14,934,108	21,592,402
-	-	-	722,755
-	-	1,596,580	10,278,926
-	-	1,062,718	1,132,299
-	650,000	2,995,000	3,980,797
-	270,150	1,239,288	1,664,684
<u>2,772,069</u>	<u>920,150</u>	<u>23,553,423</u>	<u>94,087,874</u>
<u>691,366</u>	<u>-</u>	<u>(8,999,771)</u>	<u>(2,278,530)</u>
-	-	12,644,612	15,055,322
<u>(449,633)</u>	<u>-</u>	<u>(2,981,003)</u>	<u>(11,439,572)</u>
<u>(449,633)</u>	<u>-</u>	<u>9,663,609</u>	<u>3,615,750</u>
241,733	-	663,838	1,337,220
<u>1,160,018</u>	<u>610</u>	<u>13,758,122</u>	<u>35,511,294</u>
<u>\$ 1,401,751</u>	<u>\$ 610</u>	<u>\$ 14,421,960</u>	<u>\$ 36,848,514</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, 2019**

Net change in fund balances - total governmental funds		\$ 1,337,220
Change in prepaid expenses recorded in the funds on the purchase method		(29,123)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay		2,834,186
Depreciation expense		(4,816,438)
Loss from sale/disposal of assets		(56,718)
Revenue in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		121,930
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		3,980,797
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		47,497
Amortization of bond premium		288,037
Amortization of deferred charge on refunding		(180,619)
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.		413,706
Change in deferred outflows of resources and deferred inflows of resources related to the pension and OPEB plans		732,084
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.		
Decrease in net OPEB liability	\$ 60,250,840	
Increase in net pension liability	(18,384,619)	
Increase in accrued compensated absences	(78,926)	<u>41,787,295</u>
Change in net position of governmental activities		<u>\$ 46,459,854</u>

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

ST. CLAIR COUNTY, MICHIGAN

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2019**

	Business-type Activities - Enterprise Funds					Governmental
	Solid Waste Disposal System	Delinquent Tax Revolving	Airport Commission	Other Proprietary Funds	Total	Internal Service Fund
Assets:						
Current Assets:						
Cash and cash equivalents	\$10,533,835	\$ 5,242,277	\$ 330,829	\$ 536,978	\$16,643,919	\$ 7,035
Investments	-	4,443,194	-	-	4,443,194	-
Receivables, net of allowance -						
Delinquent taxes	-	6,139,148	-	-	6,139,148	-
Interest and accounts	1,308,114	65,094	30,132	203,208	1,606,548	47,687
Due from other governmental units	225,394	133	20,285	-	245,812	-
Inventory	-	-	46,880	-	46,880	-
Prepaid expenses and deposits	2,136	17,246	52,719	-	72,101	2,801,517
Due from other funds	-	12,100,000	-	-	12,100,000	-
Total Current Assets	<u>12,069,479</u>	<u>28,007,092</u>	<u>480,845</u>	<u>740,186</u>	<u>41,297,602</u>	<u>2,856,239</u>
Noncurrent Assets:						
Capital assets	46,859,307	268,680	10,934,618	-	58,062,605	110,516
Less - accumulated depreciation	(28,496,965)	(268,680)	(3,277,493)	-	(32,043,138)	(48,786)
Capital assets, net	18,362,342	-	7,657,125	-	26,019,467	61,730
Notes receivable	100,000	8,449	-	-	108,449	-
Total Noncurrent Assets	<u>18,462,342</u>	<u>8,449</u>	<u>7,657,125</u>	<u>-</u>	<u>26,127,916</u>	<u>61,730</u>
Total Assets	<u>30,531,821</u>	<u>28,015,541</u>	<u>8,137,970</u>	<u>740,186</u>	<u>67,425,518</u>	<u>2,917,969</u>
Deferred Outflows of Resources:						
Related to pension plan	228,280	-	-	-	228,280	-
Related to OPEB plan	98,370	-	-	-	98,370	-
Total Deferred Outflows of Resources	<u>326,650</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>326,650</u>	<u>-</u>

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

	Business-type Activities - Enterprise Funds					Governmental
	Solid Waste Disposal System	Delinquent Tax Revolving	Airport Commission	Other Proprietary Funds	Total	Internal Service Fund
Liabilities:						
Current Liabilities:						
Accounts payable	\$ 958,906	\$ 77,093	\$ 79,473	\$ 84,515	\$ 1,199,987	\$ 102,931
Accrued expenses	21,532	7,190	6,855	4,705	40,282	398,756
Due to other governmental units	26,242	8,226	-	-	34,468	-
Accrued interest payable	54,304	-	-	-	54,304	-
Current portion of long-term liabilities	480,000	-	-	-	480,000	177,000
Unearned revenue	-	-	4,175	-	4,175	-
Total Current Liabilities	<u>1,540,984</u>	<u>92,509</u>	<u>90,503</u>	<u>89,220</u>	<u>1,813,216</u>	<u>678,687</u>
Long-term Liabilities (less current portions):						
Accrued vacation and sick	32,915	-	14,718	-	47,633	-
Accrued insurance claims	-	-	-	-	-	162,000
Net pension liability	357,628	-	-	-	357,628	-
Net OPEB liability	516,176	-	-	-	516,176	-
Bonds payable	8,450,432	-	-	-	8,450,432	-
Estimated closure and post closure costs	7,280,163	-	-	-	7,280,163	-
Total Long-term Liabilities	<u>16,637,314</u>	<u>-</u>	<u>14,718</u>	<u>-</u>	<u>16,652,032</u>	<u>162,000</u>
Total Liabilities	<u>18,178,298</u>	<u>92,509</u>	<u>105,221</u>	<u>89,220</u>	<u>18,465,248</u>	<u>840,687</u>
Deferred Inflows of Resources:						
Related to pension plan	19,374	-	-	-	19,374	-
Related to OPEB plan	203,216	-	-	-	203,216	-
Total Deferred Inflows of Resources	<u>222,590</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>222,590</u>	<u>-</u>
Net Position:						
Net investment in capital assets	9,431,910	-	7,657,125	-	17,089,035	61,730
Restricted - Expendable						
Foreclosure sales	-	783,778	-	-	783,778	-
Unrestricted	3,025,673	27,139,254	375,624	650,966	31,191,517	2,015,552
Total Net Position	<u>\$12,457,583</u>	<u>\$27,923,032</u>	<u>\$ 8,032,749</u>	<u>\$ 650,966</u>	<u>\$49,064,330</u>	<u>\$ 2,077,282</u>

ST. CLAIR COUNTY, MICHIGAN

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Business-type Activities - Enterprise Funds					Governmental
	Solid Waste Disposal System	Delinquent Tax Revolving	Airport Commission	Other Proprietary Funds	Total	Internal Service Fund
Operating Revenues:						
Intergovernmental	\$ 118,769	\$ -	\$ -	\$ -	\$ 118,769	\$ -
Charges for services	8,320,862	925,055	379,338	1,098,494	10,723,749	12,136,705
Interest and rents	-	1,260,473	180,421	-	1,440,894	-
Other	4,563	-	27,500	-	32,063	522,465
Total Operating Revenues	<u>8,444,194</u>	<u>2,185,528</u>	<u>587,259</u>	<u>1,098,494</u>	<u>12,315,475</u>	<u>12,659,170</u>
Operating Expenses:						
Personal services	43,130	183,560	171,618	124,655	522,963	321,982
Supplies	609,659	-	262,088	6,379	878,126	8,334
Other services	4,059,928	222,675	300,539	883,402	5,466,544	11,961,059
Closure and post closure costs	336,199	-	-	-	336,199	-
Depreciation	2,262,353	-	289,489	-	2,551,842	4,089
Total Operating Expenses	<u>7,311,269</u>	<u>406,235</u>	<u>1,023,734</u>	<u>1,014,436</u>	<u>9,755,674</u>	<u>12,295,464</u>
Operating income	<u>1,132,925</u>	<u>1,779,293</u>	<u>(436,475)</u>	<u>84,058</u>	<u>2,559,801</u>	<u>363,706</u>
Non-Operating Revenues (Expenses):						
Interest revenue	-	143,516	-	1,257	144,773	-
Interest expense	<u>(218,663)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(218,663)</u>	<u>-</u>
Total Non-Operating Revenues (Expenses)	<u>(218,663)</u>	<u>143,516</u>	<u>-</u>	<u>1,257</u>	<u>(73,890)</u>	<u>-</u>
Net income before capital contributions and transfers	914,262	1,922,809	(436,475)	85,315	2,485,911	363,706
Capital Contributions	<u>-</u>	<u>-</u>	<u>3,359,635</u>	<u>-</u>	<u>3,359,635</u>	<u>-</u>
Net income before transfers	<u>914,262</u>	<u>1,922,809</u>	<u>2,923,160</u>	<u>85,315</u>	<u>5,845,546</u>	<u>363,706</u>
Transfers:						
Transfers from other funds	-	-	210,000	-	210,000	50,000
Transfers to other funds	<u>(1,534,463)</u>	<u>(2,204,300)</u>	<u>-</u>	<u>(136,987)</u>	<u>(3,875,750)</u>	<u>-</u>
Total Transfers	<u>(1,534,463)</u>	<u>(2,204,300)</u>	<u>210,000</u>	<u>(136,987)</u>	<u>(3,665,750)</u>	<u>50,000</u>
Change in Net Position	(620,201)	(281,491)	3,133,160	(51,672)	2,179,796	413,706
Net Position at beginning of year	<u>13,077,784</u>	<u>28,204,523</u>	<u>4,899,589</u>	<u>702,638</u>	<u>46,884,534</u>	<u>1,663,576</u>
Net Position at end of year	<u>\$ 12,457,583</u>	<u>\$ 27,923,032</u>	<u>\$ 8,032,749</u>	<u>\$ 650,966</u>	<u>\$ 49,064,330</u>	<u>\$ 2,077,282</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, 2019**

	Business-type Activities - Enterprise Funds					Governmental
	Solid Waste Disposal System	Delinquent Tax Revolving	Airport Commission	Other Proprietary Funds	Total	Internal Service Fund
Cash Flows From Operating Activities:						
Cash receipts from customers	\$ 8,368,218	\$11,451,930	\$ 554,486	\$ 983,976	\$21,358,610	\$ 938,033
Cash receipts from interfund services	-	-	-	-	-	12,136,705
Cash payments to suppliers	(4,997,729)	(9,608,855)	(560,717)	(868,199)	(16,035,500)	(12,412,667)
Cash payments to employees	(453,884)	(163,056)	(153,003)	(104,485)	(874,428)	(321,982)
Cash payments for interfund services	(64,904)	(21,655)	(15,662)	(19,632)	(121,853)	-
Other cash receipts	123,332	-	-	-	123,332	-
Net cash Provided by (Used in) Operating Activities	<u>2,975,033</u>	<u>1,658,364</u>	<u>(174,896)</u>	<u>(8,340)</u>	<u>4,450,161</u>	<u>340,089</u>
Cash Flows From Noncapital Financing Activities:						
Cash receipts/payments to other funds	7,306,000	(2,700,000)	-	-	4,606,000	(400,000)
Transfers from other funds	-	-	210,000	-	210,000	50,000
Transfers to other funds	(1,534,463)	(2,204,300)	-	(136,987)	(3,875,750)	-
Net cash Provided by (Used in) Non-capital Related Financing Activities	<u>5,771,537</u>	<u>(4,904,300)</u>	<u>210,000</u>	<u>(136,987)</u>	<u>940,250</u>	<u>(350,000)</u>
Cash Flows From Capital and Related Financing Activities:						
Proceeds from sale of bonds	463,721	-	-	-	463,721	-
Payments on bonds	(475,000)	-	-	-	(475,000)	-
Interest paid	(218,573)	-	-	-	(218,573)	-
Acquisition and construction of capital assets	(2,248,009)	-	(219,366)	-	(2,467,375)	-
Net cash Provided by (Used in) Capital Related Financing Activities	<u>(2,477,861)</u>	<u>-</u>	<u>(219,366)</u>	<u>-</u>	<u>(2,697,227)</u>	<u>-</u>
Cash Flows From Investing Activities:						
Interest received	-	143,516	-	1,257	144,773	-
Proceeds from sale of investments	-	7,524,925	-	-	7,524,925	-
Net Cash Provided by Investing Activities	<u>-</u>	<u>7,668,441</u>	<u>-</u>	<u>1,257</u>	<u>7,669,698</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	6,268,709	4,422,505	(184,262)	(144,070)	10,362,882	(9,911)
Cash and Cash Equivalents at beginning of year	<u>4,265,126</u>	<u>819,772</u>	<u>515,091</u>	<u>681,048</u>	<u>6,281,037</u>	<u>16,946</u>
Cash and Cash Equivalents at end of year	<u>\$10,533,835</u>	<u>\$ 5,242,277</u>	<u>\$ 330,829</u>	<u>\$ 536,978</u>	<u>\$16,643,919</u>	<u>\$ 7,035</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, 2019**

	Business-type Activities - Enterprise Funds					Governmental
	Solid Waste Disposal System	Delinquent Tax Revolving	Airport Commission	Other Proprietary Funds	Total	Internal Service Fund
Reconciliation of Operating Income to Net Cash Provided by (Used in)						
Operating Activities:						
Operating income	\$ 1,132,925	\$ 1,779,293	\$(436,475)	\$ 84,058	\$ 2,559,801	\$ 363,706
Adjustments to reconcile operating income to net cash provided by (used in) operating activities -						
Depreciation	2,262,353	-	289,489	-	2,551,842	4,089
Estimated closure and post closure costs	336,199	-	-	-	336,199	-
Change in assets and liabilities:						
Receivables	(148,278)	(170,090)	(13,622)	(114,518)	(446,508)	415,568
Inventory	-	-	(9,292)	-	(9,292)	-
Prepays and deposits	(1,134)	(403)	(51,977)	-	(53,514)	(345,961)
Deferred outflows/inflows of resources related to pension and OPEB plans	(3,922)	-	-	-	(3,922)	-
Accounts payable/ accrued expenses	(802,313)	12,981	66,132	22,120	(701,080)	(97,313)
Due to/from other governmental units	199,203	36,583	(20,285)	-	215,501	-
Unearned revenue	-	-	1,134	-	1,134	-
Net cash Provided by (Used in) Operating Activities	<u>\$ 2,975,033</u>	<u>\$ 1,658,364</u>	<u>\$(174,896)</u>	<u>\$(8,340)</u>	<u>\$ 4,450,161</u>	<u>\$ 340,089</u>
Non-Cash Capital and Related Financing Activities:						
Capital contributions	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,359,635</u>	<u>\$ -</u>	<u>\$ 3,359,635</u>	<u>\$ -</u>

(Concluded)

ST. CLAIR COUNTY, MICHIGAN

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2019**

	<u>Pension and Other Employee Benefits</u>	<u>Landfill Private-Purpose Trust Fund</u>	<u>Agency Funds</u>
Assets:			
Cash and cash equivalents	\$ 8,691,546	\$ 2,379,667	\$ 3,472,484
Investments -			
U.S. Government/Agencies	28,564,819	-	-
Corporate Debt	41,933,080	-	-
Stocks	145,864,253	-	-
Mutual Funds	19,059,043	-	-
Partnerships	60,478,796	-	-
Certificates of Deposit	-	-	36,782
Receivables -			
Interest/dividends and accounts	531,440	-	22,804,817
Other	236,432	-	-
	<u>305,359,409</u>	<u>2,379,667</u>	<u>\$ 26,314,083</u>
Liabilities:			
Accounts payable	333,889	-	\$ -
Accrued liabilities	5,528	-	-
Due to individuals and agencies	-	-	24,519,400
Due to other governmental units	-	-	1,794,683
	<u>339,417</u>	<u>-</u>	<u>\$ 26,314,083</u>
Net Position:			
Restricted for pension benefits	253,836,937	-	
Restricted for other postemployment benefits	51,183,055	-	
Restricted for landfill perpetual care	-	2,379,667	
	<u>\$ 305,019,992</u>	<u>\$ 2,379,667</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, 2019**

	Pension and Other Employee Benefits	Landfill Private-Purpose Trust Fund
Additions:		
Contributions -		
Member contributions	\$ 2,244,125	\$ -
Employer contributions	8,380,849	-
Closure/postclosure	-	53,000
Total Contributions	10,624,974	53,000
Investment income -		
Net appreciation in fair value of investments	42,267,306	-
Interest/dividends	5,793,972	50,723
Less investment expense	(866,922)	(1,000)
Net investment income	47,194,356	49,723
Other	30,495	-
Total Additions	57,849,825	102,723
Deductions:		
Retirement payroll	15,655,365	-
Health/dental insurance	3,171,451	-
Death benefits	42,000	-
Employee refunds	121,015	-
Administration	208,424	-
Total Deductions	19,198,255	-
Net increase	38,651,570	102,723
Net position -		
Beginning of year	266,368,422	2,276,944
End of year	\$ 305,019,992	\$ 2,379,667

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, 2019**

	Road Commission	Department of Public Works	Community Mental Health Authority
Assets:			
Cash and cash equivalents	\$ 7,458,208	\$ 294,708	\$ 10,475,866
Receivables (net of allowance)	4,924,201	394,178	2,946,991
Prepaid expenses	114,346	-	174,608
Inventory	1,810,479	-	3,317
Properties held for sale	-	-	-
Restricted Assets -			
Cash and cash equivalents	-	1,031,677	1,715,067
Accounts receivable	-	50,000	-
Contracts receivable	-	4,728,352	-
Beneficial interest in assets held by others	-	-	119,348
Net OPEB asset	-	-	1,268,223
Capital Assets (net of accumulated depreciation)			
Assets not being depreciated	27,045,012	83,776	2,475,327
Assets being depreciated	157,284,203	9,815,250	8,257,927
Total Assets	<u>198,636,449</u>	<u>16,397,941</u>	<u>27,436,674</u>
Deferred Outflows of Resources:			
Related to the pension plan	4,670,011	-	4,503,838
Related to the OPEB plan	4,486,097	-	1,517,383
Deferred charges on bond refunding	-	-	220,934
Total Deferred Outflows of Resources	<u>9,156,108</u>	<u>-</u>	<u>6,242,155</u>
Liabilities:			
Payables and accrued liabilities	818,387	71,554	7,433,726
Accrued interest	-	-	1,237
Advances and deposits	1,310,115	116,143	1,941,680
Advance from primary government	-	-	-
Unearned revenue	200,000	-	80,602
Liabilities payable from restricted assets	-	36,013	-
Non-current liabilities -			
Due within one year	360,000	1,175,000	2,517,208
Due in more than one year			
Long-term liabilities	100,000	4,157,973	7,375,260
Net pension liability	7,347,811	-	7,930,705
Net OPEB liability	14,390,104	-	-
Total Liabilities	<u>24,526,417</u>	<u>5,556,683</u>	<u>27,280,418</u>
Deferred Inflows of Resources:			
Related to the pension plan	1,189,270	-	1,219,004
Related to the OPEB plan	6,311,163	-	1,688,110
Taxes levied for a subsequent period	1,201,138	-	-
Total Deferred Inflows of Resources	<u>8,701,571</u>	<u>-</u>	<u>2,907,114</u>
Net Position:			
Net investment in capital assets	184,329,215	9,899,026	2,734,109
Restricted -			
Donations	-	-	86,377
Beneficial interest	-	-	69,348
Equipment replacement	-	441,043	-
Debt Service	-	-	-
Unrestricted (Deficit)	(9,764,646)	501,189	601,463
Total Net Position	<u>\$ 174,564,569</u>	<u>\$ 10,841,258</u>	<u>\$ 3,491,297</u>

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

Land Bank Authority	Brownfield Redevelopment Authority	Drainage Districts	Totals
\$ 161,863	\$ 90,754	\$ 4,888,976	\$ 23,370,375
859	24,252	15,868,096	24,158,577
-	-	-	288,954
-	-	-	1,813,796
8,449	-	-	8,449
-	-	-	2,746,744
-	-	-	50,000
-	-	-	4,728,352
-	-	-	119,348
-	-	-	1,268,223
-	-	3,996,629	33,600,744
-	-	41,130,922	216,488,302
<u>171,171</u>	<u>115,006</u>	<u>65,884,623</u>	<u>308,641,864</u>
-	-	-	9,173,849
-	-	-	6,003,480
-	-	-	220,934
<u>-</u>	<u>-</u>	<u>-</u>	<u>15,398,263</u>
-	3,390	374,759	8,701,816
-	-	236,050	237,287
-	-	-	3,367,938
-	-	1,470,000	1,470,000
-	-	-	280,602
-	-	-	36,013
-	-	3,601,161	7,653,369
8,449	380,000	16,795,286	28,816,968
-	-	-	15,278,516
-	-	-	14,390,104
<u>8,449</u>	<u>383,390</u>	<u>22,477,256</u>	<u>80,232,613</u>
-	-	-	2,408,274
-	-	-	7,999,273
-	-	-	1,201,138
<u>-</u>	<u>-</u>	<u>-</u>	<u>11,608,685</u>
-	-	23,311,104	220,273,454
-	-	-	86,377
-	-	-	69,348
-	-	-	441,043
-	-	19,862,370	19,862,370
<u>162,722</u>	<u>(268,384)</u>	<u>233,893</u>	<u>(8,533,763)</u>
<u>\$ 162,722</u>	<u>\$(268,384)</u>	<u>\$ 43,407,367</u>	<u>\$ 232,198,829</u>

ST. CLAIR COUNTY, MICHIGAN

**COMBINING STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Road Commission				
Governmental activities:				
Highways and Streets	\$ 15,533,994	\$ 4,421,472	\$ 24,188,277	\$ 8,220,116
Department of Public Works				
Governmental activities:				
Interest on Long Term Debt	176,095	176,095	-	-
Business-type activities:				
Water and Sewer	2,148,964	1,570,687	-	160,000
Total Department of Public Works	2,325,059	1,746,782	-	160,000
Community Mental Health Authority				
Business type activities:				
Health and Welfare	46,149,867	2,527,087	57,241,234	-
Land Bank Authority				
Governmental activities:				
Community and Economic Development	1,800	-	-	-
Brownfield Redevelopment Authority				
Governmental activities:				
Community and Economic Development	140,866	7,000	139,101	-
Drainage Districts				
Governmental activities:				
Public Works	992,714	1,743,312	-	17,789
Interest on Long-term Debt	698,777	-	-	-
Total Drains	1,691,491	1,743,312	-	17,789
Total Component Units	\$ 65,843,077	\$ 10,445,653	\$ 81,568,612	\$ 8,397,905

General Revenues:
Property taxes
Unrestricted investment income
Total general revenues

Change in net position

Net position at beginning of year

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						
<u>Road Commission</u>	<u>Department of Public Works</u>	<u>Community Mental Health Authority</u>	<u>Land Bank Authority</u>	<u>Brownfield Redevelopment Authority</u>	<u>Drainage Districts</u>	<u>Total</u>
<u>\$ 21,295,871</u>						\$ 21,295,871
	\$ -					-
	<u>(418,277)</u>					(418,277)
	<u>(418,277)</u>					
		<u>\$ 13,618,454</u>				13,618,454
			<u>\$(1,800)</u>			(1,800)
				<u>\$ 5,235</u>		5,235
					\$ 768,387	768,387
					<u>(698,777)</u>	<u>(698,777)</u>
					<u>69,610</u>	
						<u>34,569,093</u>
1,149,452	-	-	4,058	46,216	-	1,199,726
<u>110,109</u>	<u>6,527</u>	<u>87,584</u>	<u>1,679</u>	<u>-</u>	<u>50,157</u>	<u>256,056</u>
<u>1,259,561</u>	<u>6,527</u>	<u>87,584</u>	<u>5,737</u>	<u>46,216</u>	<u>50,157</u>	<u>1,455,782</u>
22,555,432	(411,750)	13,706,038	3,937	51,451	119,767	36,024,875
<u>152,009,137</u>	<u>11,253,008</u>	<u>(10,214,741)</u>	<u>158,785</u>	<u>(319,835)</u>	<u>43,287,600</u>	<u>196,173,954</u>
<u>\$ 174,564,569</u>	<u>\$ 10,841,258</u>	<u>\$ 3,491,297</u>	<u>\$ 162,722</u>	<u>\$(268,384)</u>	<u>\$ 43,407,367</u>	<u>\$ 232,198,829</u>

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Reporting Entity -

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

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

BLENDED COMPONENT UNIT -

ST. CLAIR COUNTY BUILDING AUTHORITY - The St. Clair County Building Authority (the “Authority”) is governed by a three-person board, 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 (the “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: 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 (DPW) 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, 2019

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.

BROWNFIELD REDEVELOPMENT AUTHORITY - Established under laws of the State of Michigan for the purpose of remediation, removal, and redevelopment of functionally obsolete or formerly blighted or contaminated properties for beneficial uses, the County qualifies for financing public facilities and general infrastructure needs for specific remediation sites. The governing body is appointed by the County Board of Commissioners. Their budget is also approved by the County Board of Commissioners. Funding for the Brownfield Redevelopment Authority is provided by increased tax collections from increased tax values within the designated areas.

ST. CLAIR COUNTY COMMUNITY MENTAL HEALTH AUTHORITY (CMHA) - 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 CMHA, and provides annual appropriations to CMHA.

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 Authority is primarily funded through contributions from the County and the Director of the Land Bank Authority is an employee of the County. The County Board of Commissioners can significantly influence the operations of the Land Bank Authority.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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

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

The component units associated with the activities of the drainage districts administered by the St. Clair County Drain Commissioner, the Land Bank Authority administered by the County Treasurer, and Brownfield Redevelopment Authority 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 (statement of net position and 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*.

ST. CLAIR COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

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

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.

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 or could have been 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. 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.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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

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

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.

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.

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

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 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.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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

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:

Pension and Other Postemployment Benefits Fund - is used to account for activity of the Employees' Retirement System and Employees' Other Postemployment Benefit (OPEB) Plan, which accumulates resources for pension payments and 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.

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.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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

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.

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 held for resale and 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 at the lower of cost or market using the specific identification method and are recognized using the consumption method.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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

Property Tax Calendar -

The property taxes for the County’s general fund are levied on July 1 (the lien date), with all special purpose taxes levied on December 1 (the lien date), based on the taxable value of property located in the County as of the 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, 0.4954 mills for Parks and Recreation, 0.7000 mills for Library, 0.8000 mills for Senior Citizens, 0.1000 mills for Veterans, 0.5610 mills for Drug Task Force, and 0.2500 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 Districts 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 County 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 acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset’s life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

	In Years				
	<u>Primary Government</u>	<u>Road Commission</u>	<u>Mental Health</u>	<u>Dept. of Public Works</u>	<u>Drain Districts</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	-	-	-	-

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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

Compensated Absences -

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

Long-term Obligations -

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

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

Deferred Outflows/Inflows of Resources -

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses) until then. The County has items that qualify for reporting in this category. A deferred charge on refunding is reported on the government-wide statement of net position. The deferred charge 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 OPEB plan and are reported on the government-wide statement of net position and enterprise fund financial statements. The contributions made subsequent to the measurement date are recognized in the following plan year; the difference between projected and actual plan investment earnings is amortized over five (5) years, and the remaining deferred items are amortized over the average remaining service lives of the participants.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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

In addition to liabilities, the statement of net position and balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) so will not be recognized as an inflow of resources (revenue) until that time. The County had 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 items related to the pension plan and the OPEB 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 and OPEB plan are amortized over the expected remaining service lives of the participants, with the exception of the difference between projected and actual plan investment earnings, which is amortized over five (5) years.

Fund Balance -

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

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

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

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

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

Unassigned fund balance – the portion of fund balance in the Combined General Fund that cannot be classified into one of the four categories above and the reporting of any negative fund balance of other governmental funds.

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.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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

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, 2020 under a 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. 84, *Fiduciary Activities*, was issued in January 2017 and will become effective for the County's December 31, 2020 fiscal year. The statement re-establishes criteria for reporting fiduciary activities in the governmental financial statements where certain activities previously reported as agency funds may be reclassified.

GASB Statement No. 87, *Leases*, was issued in June 2017 and will become effective for the County's December 31, 2022 fiscal year. The objective of the statement is to improve accounting and financial reporting for leases by governments by requiring recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use of an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about the government's leasing activities.

ST. CLAIR COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

Budgetary Information -

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

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

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

Michigan Public Act 621 of 1978 Section 18, as amended, provides that local governmental units shall not incur expenditures in excess of the amount appropriated at the legally enacted level. The Michigan Department of Treasury requires the reporting of any significant overages at the legal level of budgetary control level (any overages at the legal level of budgetary control greater than 10% of the total expenditure and the overage itself is larger than 10%). During the year ended December 31, 2019, the County had no overages that exceeded these thresholds.

ST. CLAIR COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

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.

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, 2019**

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 Funds</u>	<u>Reporting Entity</u>
Cash on Hand -				
Petty cash and cash on hand	\$ 55,651	\$ 4,385	\$ -	\$ 60,036
Deposits with Financial Institutions -				
Checking/Savings/Certificates of Deposit/Money Market	<u>40,261,713</u>	<u>26,112,734</u>	<u>5,886,116</u>	<u>72,260,563</u>
Investments -				
Money Market Funds	12,210,128	-	8,694,363	20,904,491
Marketable CD's	4,500,000	-	-	4,500,000
Commercial Paper	11,901,419	-	-	11,901,419
US Treasury Notes	150,000	-	-	150,000
U.S. Government/Agencies	-	-	28,564,819	28,564,819
Corporate Debt	-	-	41,933,080	41,933,080
Stocks	-	-	145,864,253	145,864,253
Mutual Funds	-	-	19,059,043	19,059,043
Partnerships	-	-	<u>60,478,796</u>	<u>60,478,796</u>
Total Investments	<u>28,761,547</u>	<u>-</u>	<u>304,594,354</u>	<u>333,355,901</u>
Grand Total	<u>\$ 69,078,911</u>	<u>\$ 26,117,119</u>	<u>\$ 310,480,470</u>	<u>\$ 405,676,500</u>

Reconciliation to Statements of Net Position -

Reported as Cash and Cash Equivalents -	
Petty Cash and Cash on Hand	\$ 60,036
Cash in Checking/Savings	64,780,298
Money Market Funds	<u>20,904,491</u>
Total Cash and Cash Equivalents Reported on Statements of Net Position	<u>85,744,825</u>
Reported as Investments -	
Certificates of Deposits	7,480,265
Marketable CD's	4,500,000
Commercial Paper	11,901,419
US Treasury Notes	150,000
U.S. Government/Agencies	28,564,819
Corporate Debt	41,933,080
Stocks	145,864,253
Mutual Funds	19,059,043
Partnerships	<u>60,478,796</u>
Total Investments Reported on Statements of Net Position	<u>319,931,675</u>
Grand Total - Statements of Net Position	<u>\$ 405,676,500</u>

ST. CLAIR COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

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 \$73,953,295, of which \$26,973,437 was insured and the remaining \$46,979,858 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 - State law limits investment in commercial paper to the top two ratings issued by a nationally recognized statistical rating organization. The County had \$11,901,419 invested in commercial paper at December 31, 2019, all of which were rated either A1 or A2 by Standard & Poor's and P1 or P2 by Moody's. The County has \$12,210,128 invested in money market 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 money market fund 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	\$ 11,196,849	AAAm	Standard & Poor's	61
Federated Government Reserves	1,000,018	AAAm	Standard & Poor's	32
Fidelity Government Money Market	13,261	AAAm	Standard & Poor's	32

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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

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.

The Federated and Fidelity money market funds invest primarily in short-term debt securities, U.S. government supported corporate debt, federal agencies, U.S. treasuries, and repurchase agreements. They are registered with the SEC and issue audited financial statements. Each share is valued at \$1.

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. As of December 31, 2019, \$16,551,419 in investments were held in third-party safekeeping in the County’s name. The County’s investment policy does not limit the amount of securities that can be held by counterparties.

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

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

Investment Types	Fair Value	Maturity (Years)	
		<1	1-5
Primary Government -			
Money Market Funds	\$ 12,210,128	\$ 12,210,128	\$ -
Commercial Paper	11,901,419	11,901,419	-
US Treasury Notes	150,000	150,000	-
Certificates of Deposit (1)	7,443,483	7,443,483	-
Marketable CD’s (1)	4,500,000	4,500,000	-
Fiduciary Unit -			
Certificates of Deposit (1)	36,782	36,782	-

(1) Presented to give an overall view of associated interest rate risk

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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

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 11% up to maximum of 51% for active or passive growth or broad value, large-, mid-, and small-cap investments. Managers may invest up to 10% of their portfolio in the outstanding securities of one issuer. ADR's are permitted up to a maximum of 10% of each portfolio.

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

Global Fixed Income - Active or core plus with an allocation ranging from 20% 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.

Mater Limited Partnerships – Active or passive investments ranging from 0% to 8% of plan assets.

Commercial Real Estate - Core, value-added, opportunistic, open-ended, closed, and private 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.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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

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, 2019, the Retirement System had 12 investment advisors. As of December 31, 2019, the County had the following investment types in its Retirement System:

<u>Investment Types</u>	<u>Fair Value</u>	<u>Percentage</u>
U.S. Government/Agencies	\$ 28,564,819	9.38%
Corporate Debt	41,933,080	13.77
Stocks	145,864,253	47.89
Mutual Funds	19,059,043	6.26
Partnerships	60,478,796	19.85
	295,899,991	97.15
Money Market Funds (1)	8,694,363	2.85
Total	\$ 304,594,354	100.00%

(1) These money market funds 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 -				
Treasury Obligations Fund	\$ 5,608,212	AAAm	Standard & Poor's	35
Govt. Obligations Tx Mgd Fund	3,086,151	AAAm	Standard & Poor's	38

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, 2019, investments held in the Retirement System excluding money market funds, partnerships, hedge funds, mutual funds, equity funds, and stocks had the following Standard & Poors ratings:

<u>Fair Value</u>	<u>Ratings</u>
\$ 13,756,176	AA+
257,595	AA
3,842,557	AA-
2,020,460	A+
10,558,447	A
13,322,026	A-
8,424,849	BBB+
1,009,721	BBB
456,727	BBB-
<u>16,849,341</u>	No Rating
<u>\$ 70,497,899</u>	

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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

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 Retirement 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, 2019, \$235,421,195 in investments was held in third-party safekeeping in the County's name.

Concentration of Credit Risk - The Retirement 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 Retirement System did not hold 5% or more in any one issuer.

Interest Rate Risk - The Retirement Board's adopted Statement of Investment Policy and Objectives places no limitation on the Retirement System's fixed income manager on the length to maturity for fixed income investments. Having staggered maturities will reduce the retirement system's risk exposure to rising interest rates. As of December 31, 2019, the Retirement System's investments had the following maturities:

<u>Investment</u>	<u>Fair Value</u>	<u>Years</u>		
		<u><1</u>	<u>1-5</u>	<u>6-10</u>
Corporate Debt	\$ 41,933,080	\$ 2,460,186	\$ 30,587,895	\$ 8,884,999

Fair Value of Investments - The County categorized its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are quoted prices for similar assets in active markets, quoted prices for identical or similar assets in inactive markets, inputs other than quoted prices that are observable, or market-corroborated inputs; and Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, the fair value measurements are categorized based on the lowest level input that is significant to valuation. The County's assessment of the significance of particular inputs used requires judgement and consideration of factors specific to each asset.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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

The County has the following recurring fair value measurements as of December 31, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Commercial Paper	\$ -	\$ 11,901,419	\$ -	\$ 11,901,419
US Treasury Notes	-	150,000	-	150,000
Corporate Debt	-	41,933,080	-	41,933,080
Stocks	145,864,253	-	-	145,864,253
Mutual Fund	19,059,043	-	-	19,059,043
U.S. Government/Agencies	-	28,564,819	-	28,564,819
Marketable CD's	-	4,500,000	-	4,500,000
	<u>\$ 164,923,296</u>	<u>\$ 87,049,318</u>	<u>\$ -</u>	251,972,614
Money Market Funds				23,284,158
Partnerships Valued at NAV				<u>60,478,796</u>
				<u>\$ 335,735,568</u>

The fair value of municipal bonds, corporate debt, marketable CD's, and commercial paper are based on inputs (pricing) of similar assets at or near December 31, 2019.

Money market funds are recorded at amortized cost, which approximates fair value and these funds are not subject to the fair value disclosures under GASB Statement No. 72. The funds do not require notification of redemptions.

At year-end, the fair value, unfunded commitments, and redemption rules of the partnerships' investments are as follows:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency, if Eligible</u>	<u>Redemption Notice Period</u>
Partnerships	\$ 60,478,796	\$ 9,057,158	Varies*	Varies*

* Redemption frequency and notice periods of each investment vary from the end of each quarter to not applicable through the commitment period.

NOTE 4 - RECEIVABLES:

Receivables at December 31, 2019 in the governmental and business-type activities are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Property taxes	\$ 17,792,773	\$ 6,139,148
Interest and accounts	1,480,820	1,671,548
Intergovernmental	<u>5,412,716</u>	<u>245,812</u>
	24,686,309	8,056,508
Less - allowance for uncollectible	<u>(505,419)</u>	<u>(65,000)</u>
	<u>\$ 24,180,890</u>	<u>\$ 7,991,508</u>

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 5 - CAPITAL ASSETS:

Primary Government

Capital asset activity of the primary government for the year ended December 31, 2019 was as follows:

	Balance January 1, 2019	Additions	Disposals/ Adjustments	Balance December 31, 2019
Governmental Activities:				
Capital assets, not being depreciated -				
Land	\$ 13,005,562	\$ 12,286	\$ -	\$ 13,017,848
Construction in progress	<u>340,207</u>	<u>1,409,080</u>	<u>810,620</u>	<u>938,667</u>
Total capital assets, not being depreciated	<u>13,345,769</u>	<u>1,421,366</u>	<u>810,620</u>	<u>13,956,515</u>
Capital assets, being depreciated -				
Buildings	99,462,891	605,917	-	100,068,808
Improvements other than buildings	9,129,848	-	-	9,129,848
Machinery and equipment	21,958,860	1,295,601	375,768	22,878,693
Books	<u>6,119,003</u>	<u>321,922</u>	<u>108,624</u>	<u>6,332,301</u>
Total capital assets being depreciated	<u>136,670,602</u>	<u>2,223,440</u>	<u>484,392</u>	<u>138,409,650</u>
Less accumulated depreciation for -				
Buildings	39,312,441	2,580,672	-	41,893,113
Improvements other than buildings	4,194,523	490,751	-	4,685,274
Machinery and equipment	16,037,100	1,362,488	319,050	17,080,538
Books	<u>4,521,515</u>	<u>386,616</u>	<u>108,624</u>	<u>4,799,507</u>
Total accumulated depreciation	<u>64,065,579</u>	<u>4,820,527</u>	<u>427,674</u>	<u>68,458,432</u>
Total capital assets being depreciated, net	<u>72,605,023</u>	<u>(2,597,087)</u>	<u>56,718</u>	<u>69,951,218</u>
Governmental activities capital assets, net	<u>\$ 85,950,792</u>	<u>\$(1,175,721)</u>	<u>\$ 867,338</u>	<u>\$ 83,907,733</u>
Business-type Activities:				
Capital assets, not being depreciated -				
Land	\$ 1,892,998	\$ 267,781	\$ -	\$ 2,160,779
Construction in progress	<u>237,954</u>	<u>3,556,742</u>	<u>-</u>	<u>3,794,696</u>
Total capital assets, not being depreciated	<u>2,130,952</u>	<u>3,824,523</u>	<u>-</u>	<u>5,955,475</u>
Capital assets, being depreciated -				
Buildings	8,216,477	-	-	8,216,477
Improvements other than buildings	32,770,223	1,769,198	-	34,539,421
Machinery and equipment	<u>9,117,943</u>	<u>233,289</u>	<u>-</u>	<u>9,351,232</u>
Total capital assets being depreciated	<u>50,104,643</u>	<u>2,002,487</u>	<u>-</u>	<u>52,107,130</u>
Less accumulated depreciation for -				
Buildings	2,621,640	322,557	-	2,944,197
Improvements other than buildings	22,485,202	1,761,949	-	24,247,151
Machinery and equipment	<u>4,384,454</u>	<u>467,336</u>	<u>-</u>	<u>4,851,790</u>
	<u>29,491,296</u>	<u>2,551,842</u>	<u>-</u>	<u>32,043,138</u>
Total capital assets, being depreciated, net	<u>20,613,347</u>	<u>(549,355)</u>	<u>-</u>	<u>20,063,992</u>
Business-type activities capital assets, net	<u>\$ 22,744,299</u>	<u>\$ 3,275,168</u>	<u>\$ -</u>	<u>\$ 26,019,467</u>

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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

Depreciation expense for 2019 was charged to functions/programs of the primary government as follows:

Governmental Activities:	
Judicial	\$ 57,020
General Government	1,205,174
Public Safety	2,249,382
Health and Welfare	151,083
Recreation and Cultural	<u>1,153,779</u>
Total depreciation expense - governmental activities	4,816,438
Depreciation in the internal service fund	<u>4,089</u>
	<u>\$ 4,820,527</u>
Business-type Activities:	
Solid Waste Disposal System	\$ 2,262,353
Airport Commission	<u>289,489</u>
Total depreciation expense - business-type activities	<u>\$ 2,551,842</u>

Construction/Purchase Commitments

The County has committed to the following contracts at December 31, 2019 (These commitments do not include any change orders made after December 31, 2019):

	<u>Contract Amount</u>	<u>Payments Through 12/31/19</u>	<u>Accounts Payable/ Retention</u>	<u>Remaining Balance 12/31/19</u>
Landfill Cell Maintenance (a)	\$ 4,200,000	\$ -	\$ -	\$ 4,200,000
Patrol Vehicles (b)	290,743	-	-	290,743
Court Case Management Software System (c)	1,150,000	-	-	1,150,000
Morgue Renovation (d)	769,000	-	-	769,000
Airport Fixed-base Operator (e)	1,825,929	1,171,092	-	654,837

The County has open contracts at 12/31/19 for:

- (a) Cell maintenance at the landfill through December 31, 2024
- (b) 8 interceptor utility patrol vehicles
- (c) Case management software system for the Court
- (d) Renovations at the County morgue
- (e) A fixed-base operator at the airport

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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

Discretely Presented Component Units

Drainage Districts - Activity for the Drainage Districts for the year ended December 31, 2019 was as follows:

	Balance January 1, 2019	Additions	Deletions	Balance December 31, 2019
Capital assets, not being depreciated:				
Right of Ways	\$ 1,061,344	\$ -	\$ -	\$ 1,061,344
Construction in progress	<u>5,640,344</u>	<u>804,380</u>	<u>3,509,439</u>	<u>2,935,285</u>
	<u>6,701,688</u>	<u>804,380</u>	<u>3,509,439</u>	<u>3,996,629</u>
Capital assets, being depreciated:				
Infrastructure	47,331,385	4,407,024	-	51,738,409
Equipment	<u>127,483</u>	<u>-</u>	<u>-</u>	<u>127,483</u>
	<u>47,458,868</u>	<u>4,407,024</u>	<u>-</u>	<u>51,865,892</u>
Less accumulated depreciation for:				
Infrastructure	9,854,047	781,648	-	10,635,695
Equipment	<u>82,642</u>	<u>16,633</u>	<u>-</u>	<u>99,275</u>
	<u>9,936,689</u>	<u>798,281</u>	<u>-</u>	<u>10,734,970</u>
Total capital assets being depreciated, net	<u>37,522,179</u>	<u>3,608,743</u>	<u>-</u>	<u>41,130,922</u>
Total capital assets, net	<u>\$ 44,223,867</u>	<u>\$ 4,413,123</u>	<u>\$ 3,509,439</u>	<u>\$ 45,127,551</u>

Depreciation expense for 2019 was \$798,281.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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

Road Commission - Activity for the Road Commission for the year ended December 31, 2019 was as follows:

	Balance January 1, 2019	Additions	Deletions/ Removals	Balance December 31, 2019
Capital assets, not being depreciated:				
Land	\$ 65,629	\$ -	\$ -	\$ 65,629
Land Improvements	23,757,337	-	-	23,757,337
Right of Ways	<u>3,220,156</u>	<u>1,890</u>	-	<u>3,222,046</u>
Total capital assets, not being depreciated	<u>27,043,122</u>	<u>1,890</u>	-	<u>27,045,012</u>
Capital assets, being depreciated:				
Building and Improvements	5,819,153	464,753	-	6,283,906
Road Equipment	15,919,626	2,156,701	1,607,892	16,468,435
Shop Equipment	747,113	7,277	5,650	748,740
Office Equipment	180,174	-	2,077	178,097
Engineering Equipment	337,188	-	16,404	320,784
Infrastructure -				
Roads	152,614,217	14,404,603	6,827,405	160,191,415
Bridges	84,091,067	7,353,902	-	91,444,969
Traffic Signals	460,813	-	-	460,813
Depletable Assets -				
Gravel Pits	<u>163,455</u>	<u>-</u>	<u>-</u>	<u>163,455</u>
	<u>260,332,806</u>	<u>24,387,236</u>	<u>8,459,428</u>	<u>276,260,614</u>
Less - accumulated depreciation for:				
Buildings and Improvements	3,445,279	142,927	-	3,588,206
Road Equipment	12,472,942	1,614,997	1,605,245	12,482,694
Shop Equipment	591,331	16,902	5,650	602,583
Office Equipment	167,105	6,700	2,077	171,728
Engineering Equipment	249,283	18,704	16,404	251,583
Infrastructure -				
Roads	73,586,421	7,816,226	6,827,405	74,575,242
Bridges	24,872,435	1,946,400	-	26,818,835
Traffic Signals	433,699	5,499	-	439,198
Depletable Assets	<u>46,342</u>	<u>-</u>	<u>-</u>	<u>46,342</u>
	<u>115,864,837</u>	<u>11,568,355</u>	<u>8,456,781</u>	<u>118,976,411</u>
Total capital assets being depreciated, net	<u>144,467,969</u>	<u>12,818,881</u>	<u>2,647</u>	<u>157,284,203</u>
Total capital assets, net	<u>\$ 171,511,091</u>	<u>\$ 12,820,771</u>	<u>\$ 2,647</u>	<u>\$ 184,329,215</u>

Depreciation expense for 2019 was \$11,568,355.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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

Department of Public Works - Activity for the Department of Public Works for the year ended December 31, 2019 was as follows:

	Balance January 1, 2019	Additions	Deletions/ Removals	Balance December 31, 2019
Business-type Activities:				
Capital assets, not being depreciated -				
Land	\$ 83,776	\$ -	\$ -	\$ 83,776
Capital assets being depreciated -				
Plant	11,491,441	2,757	-	11,494,198
Utility System	16,002,766	-	-	16,002,766
Machinery and Equipment	980,747	64,996	4,879	1,040,864
	<u>28,474,954</u>	<u>67,753</u>	<u>4,879</u>	<u>28,537,828</u>
Less - accumulated depreciation for -				
Plant	6,564,594	222,423	-	6,787,017
Utility System	11,021,578	266,713	-	11,288,291
Machinery and Equipment	541,817	110,332	4,879	647,270
	<u>18,127,989</u>	<u>599,468</u>	<u>4,879</u>	<u>18,722,578</u>
Total capital assets, being depreciated, net	<u>10,346,965</u>	<u>(531,715)</u>	<u>-</u>	<u>9,815,250</u>
Total capital assets, net	\$ <u>10,430,741</u>	\$ <u>(531,715)</u>	\$ <u>-</u>	\$ <u>9,899,026</u>

Depreciation expense was charged to function/programs as follows:

 Business-type activities - Water and Sewer \$ 599,468

Community Mental Health Authority - Activity for the Community Mental Health Authority for the year ended September 30, 2019 was as follows:

	Balance October 1, 2018	Additions	Disposals/ Adjustments	Balance September 30, 2019
Capital assets, not being depreciated -				
Land	\$ 1,501,811	\$ 18,490	\$ 68,824	\$ 1,451,477
Non-depreciable equipment	5,252	-	-	5,252
Construction in progress	207,918	1,055,618	244,938	1,018,598
Total capital assets, not being depreciated	<u>1,714,981</u>	<u>1,074,108</u>	<u>313,762</u>	<u>2,475,327</u>
Capital assets, being depreciated -				
Building	14,778,058	226,448	103,072	14,901,434
Leasehold improvements	132,840	-	-	132,840
Equipment and Furniture	2,595,929	336,633	123,574	2,808,988
	<u>17,506,827</u>	<u>563,081</u>	<u>226,646</u>	<u>17,843,262</u>
Less accumulated depreciation for -				
Building	6,831,303	589,932	37,808	7,383,427
Leasehold improvements	74,446	12,977	-	87,423
Equipment	2,008,026	230,033	123,574	2,114,485
	<u>8,913,775</u>	<u>832,942</u>	<u>161,382</u>	<u>9,585,335</u>
Total capital assets, being depreciated, net	<u>8,593,052</u>	<u>(269,861)</u>	<u>65,264</u>	<u>8,257,927</u>
Total capital assets, net	\$ <u>10,308,033</u>	\$ <u>804,247</u>	\$ <u>379,026</u>	\$ <u>10,733,254</u>

Depreciation expense for 2019 was \$832,942.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 6 - PAYABLES:

Payables at December 31, 2019 in the governmental and business-type activities are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Accounts payable/accrued expenses	\$ 2,546,239	\$ 1,199,987
Wages and fringe benefits	3,055,880	40,282
Accrued interest	344,944	54,304
Intergovernmental	<u>185,892</u>	<u>34,468</u>
	<u>\$ 6,132,955</u>	<u>\$ 1,329,041</u>

NOTE 7 - INTERFUND RECEIVABLE, PAYABLE, AND TRANSFERS:

The composition of interfund balances as of December 31, 2019 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	\$ 269,883 (1)
Delinquent Tax Revolving Fund	Combined General Fund	<u>12,100,000 (2)</u>
		<u>\$ 12,369,883</u>

(1) Amount due for 4th quarter receipts

(2) Amount due between funds for short fall in common cash

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>\$ 1,470,000 (1)</u>

(1) Represent the long-term loan between entities for operating cash flow purposes (\$50,000) and capital purposes (\$1,420,000)

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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	\$ 449,633 (4)
	Solid Waste Disposal System	900,000 (5)*
	E-911	1,050,077 (4)
	Prosecutor's Drug Forfeitures	11,000 (4)
Nonmajor Governmental Funds -		
Convention Center	Combined General	100,000 (1)
	Solid Waste Disposal System	424,463 (1)*
Health Department	Combined General	1,701,420 (1)
Human Services	Combined General	26,501 (1)
Child Care	Combined General	2,959,427 (1)
	Human Services	40,000 (4)
Indigent Defense	Combined General	754,024 (1)
Public Improvement	Combined General	1,383,888 (3)
	Commissary	136,987 (3)*
	Health Department	1,879,926 (3)
Jail/Juvenile Facility Debt	Delinquent Tax Revolving	2,204,300 (2)*
Building Authority Debt	Combined General	754,126 (2)
Communications Series 2009 Debt	Combined General	279,550 (2)
Internal Service	Combined General	50,000 (6)
Nonmajor Enterprise Fund -		
Airport Commission	Solid Waste Disposal System	<u>210,000 (1)</u>
Total Transfers		<u>\$ 15,315,322</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

(6) Transfer to cover negative cash balance

* Transfer between governmental and business-type activities

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 8 - LEASES:

Primary Government

Lessor Leases - The County has 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 \$16,600,373 and accumulated depreciation of \$8,497,664. The agreement calls for annual rent payments of \$681,333 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 noncancelable portion of the lease is \$113,556.

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

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

	<u>Principal</u>	<u>Interest</u>
2020	\$ 750,000	\$ 241,400
2021	795,000	210,500
2022	790,000	178,800
2023	840,000	142,000
2024	845,000	99,875
2025-2026	<u>1,800,000</u>	<u>73,125</u>
Total Receivable	<u>\$ 5,820,000</u>	<u>\$ 945,700</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>
2020	\$ 1,175,000	\$ 204,564
2021	585,000	119,686
2022	600,000	102,616
2023	610,000	84,940
2024	475,000	68,767
2025-2029	1,811,954	135,669
2030-2034	<u>76,019</u>	<u>5,752</u>
	<u>\$ 5,332,973</u>	<u>\$ 721,994</u>

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 8 - LEASES - (cont'd):

The aggregate future capital lease payments necessary for the retirement of the debt principal and accrued interest payable at December 31, 2019 have been reported net of available cash as a capital lease receivable.

Principal due	\$ 5,332,973
Accrued interest	<u>36,013</u>
	5,368,986
Less - Cash available after current liabilities	<u>(640,634)</u>
	<u>\$ 4,728,352</u>

NOTE 9 - LONG-TERM LIABILITIES:

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, 2019:

	Restated Balance January 1, <u>2019</u>	<u>Additions</u>	<u>Reductions</u>	Balance December 31, <u>2019</u>	<u>Due Within One Year</u>
<u>Governmental Activities:</u>					
Governmental Funds -					
General Obligation Bonds -					
2012 Refunding Bonds	\$ 18,340,000	\$ -	\$ 1,395,000	\$ 16,945,000	\$1,490,000
2012 General Obligation Bonds	7,955,000	-	220,000	7,735,000	225,000
2013 Refunding Bonds	2,310,000	-	795,000	1,515,000	770,000
2015 Refunding Bonds, Series A	6,470,000	-	650,000	5,820,000	750,000
2015 Refunding Bonds, Series B	1,170,000	-	365,000	805,000	390,000
2017 Refunding Bonds	1,580,000	-	220,000	1,360,000	245,000
Amounts for -					
Issuance Premiums	2,265,957	-	288,037	1,977,920	228,037
Other direct borrowings -					
Drain Districts	3,773,915	-	335,797	3,438,118	337,672
Other liabilities -					
Accumulated Vacation, Sick, & Compensatory Leave	<u>5,205,785</u>	<u>756,964</u>	<u>678,038</u>	<u>5,284,711</u>	<u>680,000</u>
Total Governmental Funds	<u>49,070,657</u>	<u>756,964</u>	<u>4,946,872</u>	<u>44,880,749</u>	<u>5,115,709</u>
Internal Service Fund -					
Other liabilities -					
Workers' Compensation Claims					
Liability	121,000	154,417	128,417	147,000	147,000
General, Auto, & Property					
Insurance Claims Liability	<u>250,000</u>	<u>37,828</u>	<u>95,828</u>	<u>192,000</u>	<u>30,000</u>
Total Internal Service Fund	<u>371,000</u>	<u>192,245</u>	<u>224,245</u>	<u>339,000</u>	<u>177,000</u>
Total Governmental Activities	<u>49,441,657</u>	<u>949,209</u>	<u>5,171,117</u>	<u>45,219,749</u>	<u>5,292,709</u>

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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

	Restated Balance January 1, <u>2019</u>	<u>Additions</u>	<u>Reductions</u>	Balance December 31, <u>2019</u>	Due Within <u>One Year</u>
<u>Business-type Activities:</u>					
Enterprise Funds -					
Solid Waste Disposal System -					
General Obligation Bonds -					
2010 General Obligation	\$ 6,049,280	\$ -	\$ 340,000	\$ 5,709,280	\$ 345,000
2014 General Obligation	2,892,431	463,721	135,000	3,221,152	135,000
Other liabilities -					
Closure and Post-closure Costs	6,943,964	336,199	-	7,280,163	-
Accumulated Vacation, Sick, & Compensatory Leave	32,740	4,360	4,185	32,915	-
Airport Commission -					
Other liabilities -					
Accumulated Vacation, Sick, & Compensatory Leave	<u>12,428</u>	<u>4,161</u>	<u>1,871</u>	<u>14,718</u>	<u>-</u>
Total Enterprise Funds	<u>15,930,843</u>	<u>808,441</u>	<u>481,056</u>	<u>16,258,228</u>	<u>480,000</u>
Total Primary Government	<u>\$ 65,372,500</u>	<u>\$ 1,757,650</u>	<u>\$ 5,652,173</u>	<u>\$ 61,477,977</u>	<u>\$ 5,772,709</u>

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

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 \$1,395,000 to \$2,365,000 through April 1, 2028, with interest ranging from 3.00% to 5.00%, payable semi-annually.

\$ 16,945,000

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 \$225,000 to \$490,000, through April 1, 2042 with interest ranging from 2.25% to 5.00%, payable semi-annually.

\$ 7,735,000

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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

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 of \$745,000 and \$770,000 through April 1, 2021 with interest ranging from 2.20% to 2.45%, payable semi-annually.

\$ 1,515,000

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 bonds, dated April 15, 2015, are due in annual installments of \$750,000 to \$900,000 through April 1, 2026 with interest ranging from 3.75% to 5.00%, payable semi-annually.

\$ 5,820,000

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 bonds, dated April 15, 2015, are due in annual installments of \$390,000 and \$415,000 through April 1, 2021 with interest of 4.00%, payable semi-annually.

\$ 805,000

2017 Refunding Bonds -

The County issued \$1,595,000 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 \$1,625,000 of 2009 General Obligation 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 bonds, dated August 11, 2017, are due in annual installments of \$225,000 to \$315,000 through April 1, 2024 with interest of 4.00%, payable semi-annually.

\$ 1,360,000

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 9 - LONG-TERM LIABILITIES - (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. At December 31, 2019, the County had drawn \$12,605,659, including the forgivable portion of \$5,096,000. The bonds, dated January 22, 2010, are due in annual installments ranging from \$340,000 to \$474,280 through October 1, 2033 with interest of 2.50%, payable semi-annually.

\$ 5,709,280

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 in previous years. At December 31, 2019, the County had drawn \$6,791,142. 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.

\$ 3,221,152

The proceeds of the 2004, 2012, 2013, 2015A, 2015B, and 2017 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, 2007B, and 2009 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, 2019, the defeased bonds outstanding were \$1,600,000, \$17,950,000, \$1,565,000, \$6,200,000, \$825,000, and \$1,400,000, respectively.

Drain Districts -

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

\$ 3,438,118

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, 2019. The dollar amount of these claims is reflected on the Balance Sheet of the Self-Insurance Fund as a current obligation.

\$ 147,000

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, 2019. The dollar amount of these claims is reflected on the Balance Sheet of the Self-Insurance Fund, including the current portion of \$30,000.

\$ 192,000

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 9 - LONG-TERM LIABILITIES - (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 \$47,633 has been recorded as a long-term liability on the government-wide and fund level financial statements. The governmental activities portion of \$5,284,711 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, 2019, as reported in the Solid Waste Disposal System (Enterprise Fund/business activities), amounts to \$7,280,163. See Note 17 for additional information.

Letters of Credit - The County Landfill has letters of credit as a surety bond issued to the Michigan Department of Environmental Quality for \$2,595,000 and for the Belle River Watershed Bank for \$138,400. The letters are set to mature August 1, 2020 and January 5, 2020 for the Michigan Department of Environmental Quality and the Belle River Watershed Bank, respectively, with interest at the prime rate. As of December 31, 2019, there have been no claims on the letters of credit.

The County has a letter of credit issued for \$146,250 for the Day Treatment/Night Watch Wetlands. The letter is set to mature September 21, 2020 with interest at prime rate. As of December 31, 2019, there have been no claims on the letter of credit.

Annual Debt Requirements - The annual requirements to pay the debt outstanding at December 31, 2019 for the following bonds and notes (excluding the 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
2020	\$ 3,645,000	\$ 1,093,622	\$ 570,000	\$ 424,438	\$ 335,276	\$ 156,180
2021	3,740,000	950,926	585,000	410,126	299,477	141,373
2022	2,700,000	820,200	605,000	393,576	302,082	128,232
2023	2,855,000	713,525	625,000	375,901	304,829	114,948
2024	2,980,000	587,925	635,000	358,951	299,839	101,653
2025-2029	10,525,000	977,750	3,455,000	1,519,384	1,206,590	317,156
2030-2034	-	-	3,499,280	981,645	426,007	116,447
2035-2039	-	-	2,045,000	467,251	264,018	26,443
2040-2043	-	-	1,425,000	81,283	-	-
	<u>\$26,445,000</u>	<u>\$ 5,143,948</u>	<u>\$13,444,280</u>	<u>\$ 5,012,555</u>	<u>\$ 3,438,118</u>	<u>\$ 1,102,432</u>

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 9 - LONG-TERM LIABILITIES - (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, 2019:

	Balance January 1, <u>2019</u>	<u>Additions</u>	<u>Reductions</u>	Balance December 31, <u>2019</u>	Due Within <u>One Year</u>
Department of Public Works (DPW) -					
General Obligation Bonds	\$ 3,146,019	\$ -	\$ 400,000	\$ 2,746,019	\$ 405,000
Other direct borrowings -					
Drinking Water Revolving Loan	<u>3,827,554</u>	<u>-</u>	<u>1,240,600</u>	<u>2,586,954</u>	<u>770,000</u>
Total DPW	<u>6,973,573</u>	<u>-</u>	<u>1,640,600</u>	<u>5,332,973</u>	<u>1,175,000</u>
Road Commission -					
Other liabilities -					
Accrued Vacation & Sick	<u>420,000</u>	<u>600,000</u>	<u>560,000</u>	<u>460,000</u>	<u>360,000</u>
Drainage Districts -					
General Obligation Bonds Payable	16,030,000	-	1,128,000	14,902,000	1,164,000
Amounts for -					
Issuance Premiums	69,070	-	3,454	65,616	3,454
Issuance Discounts	(71,168)	-	(7,117)	(64,051)	(7,117)
Other direct borrowings -					
Notes Payable	2,992,706	-	240,824	2,751,882	2,240,824
Loans Payable	<u>2,934,000</u>	<u>-</u>	<u>193,000</u>	<u>2,741,000</u>	<u>200,000</u>
Total Drainage Districts	<u>21,954,608</u>	<u>-</u>	<u>1,558,161</u>	<u>20,396,447</u>	<u>3,601,161</u>
Land Bank Authority -					
Other direct borrowings -					
Notes Payable	<u>8,449</u>	<u>-</u>	<u>-</u>	<u>8,449</u>	<u>-</u>
Brownfield Redevelopment Authority -					
Other direct borrowings -					
Notes Payable	280,000	-	-	280,000	-
Tipping Fees	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>100,000</u>	<u>-</u>
Total Brownfield Authority	<u>380,000</u>	<u>-</u>	<u>-</u>	<u>380,000</u>	<u>-</u>
Community Mental Health Authority (A) -					
Other direct borrowings -					
Notes Payable	1,301,101	675,119	149,552	1,826,668	78,991
Contracts Payable	6,470,000	-	650,000	5,820,000	750,000
Amounts for -					
Issuance Premiums	661,628	-	88,217	573,411	88,217
Other liabilities -					
Accrued Vacation & Sick	<u>1,460,925</u>	<u>1,752,181</u>	<u>1,540,717</u>	<u>1,672,389</u>	<u>1,600,000</u>
Total Mental Health	<u>9,893,654</u>	<u>2,427,300</u>	<u>2,428,486</u>	<u>9,892,468</u>	<u>2,517,208</u>
Total Component Units	<u>\$ 39,630,284</u>	<u>\$ 3,027,300</u>	<u>\$ 6,187,247</u>	<u>\$ 36,470,337</u>	<u>\$ 7,653,369</u>

(A) October 1, 2018 through September 30, 2019

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 9 - LONG-TERM LIABILITIES - (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 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)	5.55	\$ 65,000
Water Supply System No. XII - Series 2008 Bonds (Cottrellville Township)	4.30-5.00	675,000
Water Supply System No. XIIA - Series 2009 Bonds (Cottrellville Township)	4.00-4.20	<u>1,250,000</u>
		1,990,000
Sewage Disposal System I - 2012 Refunding Bonds (City of Algonac and Ira Township)	2.000-2.625	<u>530,000</u>
Total G.O. Bonds - Governmental Activities		<u>2,520,000</u>

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. At December 31, 2019, the DPW had drawn \$583,519, 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 through October 1, 2034 with interest of 2.5%, payable semi-annually.

	<u>226,019</u>
Total G.O. Bonds	<u>\$ 2,746,019</u>

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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

The proceeds from the refunding issue, after payment of issuance costs, were placed in a special escrow account and invested in securities of the U.S. Government and its agencies. The maturities of these investments coincide with the principal and interest payments on the extinguished 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 financial statements.

The following refunding transaction occurred with the balance of bonds considered defeased at December 31, 2019:

On February 27, 2014, Clay Township issued refunding bonds to
advance refund the 2001 WSS No. IIA General Obligation Bonds. \$ 325,000

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 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 \$13,006,954.

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 Fund loans outstanding are as follows:

Governmental Activities (Revolving Loans) -

	<u>Interest Rate (Percent)</u>	<u>Principal Balance</u>
Water Supply System III Series 1999 (Charter Townships of East China and China)	2.50	\$ 530,000
Water Supply System XI Series 2006 (Ira Township)	2.125	<u>2,056,954</u>
Total Revolving Loans		<u>\$ 2,586,954</u>

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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

Annual debt service requirements to maturities are as follows:

Year Ending December 31,	General Obligation Bonds		Drinking Water Revolving Loans	
	Principal	Interest	Principal	Interest
2020	\$ 405,000	\$ 96,779	\$ 770,000	\$ 107,785
2021	345,000	83,626	240,000	36,060
2022	350,000	71,762	250,000	30,854
2023	355,000	59,452	255,000	25,488
2024	215,000	48,750	260,000	20,017
2025-2029	1,000,000	109,534	811,954	26,135
2030-2034	76,019	5,752	-	-
	<u>\$ 2,746,019</u>	<u>\$ 475,655</u>	<u>\$ 2,586,954</u>	<u>\$ 246,339</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, 2020 with interest of 1.0% in excess of the prime rate and collateralized by a hold on a checking account. As of December 31, 2019, 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 \$140,000 for sick leave and \$320,000 for vacation at December 31, 2019.

Drainage Districts -

Bonds Payable -

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 4.20% to 5.10%.

\$ 240,000

ST. CLAIR COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

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

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 4.500% to 5.375%. \$ 2,500,000

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. 1,005,000

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 4.00% to 4.50%. 1,580,000

Pelton Drain Drainage District Bonds -

In August 2011, the Pelton Drain Drainage District issued \$1,300,000 of bonds for improvements to the drainage district. The bonds will be paid from special assessments against property and public corporations within the drainage district. Principal on the bonds is due April 1 of each year through 2031 with interest due semi-annually at 4.25%. 815,000

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%. 335,000

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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

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 3.00% to 4.00%. \$ 710,000

Marine City Drain Drainage District Bonds -

In November 2016, the Marine City Drain Drainage District issued \$960,000 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 2026 with interest due semi-annually at rates ranging from 1.45% to 2.50%. 675,000

Meldrum Drain Drainage District Bonds -

In January 2017, the Meldrum Drain Drainage District issued \$620,000 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 2027 with interest due semi-annually at 2.98%. 500,000

Forrest Manor Drainage District Bonds -

Department of Agriculture Bonds have been sold for \$2,535,000 to finance the acquisition, construction, furnishing, and equipping of improvements to the Forrest Manor Drainage District. Payments on the bonds will be paid through special assessments to the drainage district. Principal payments on the bonds are due on March 1 of each year through 2046 with interest payable semi-annually at 2.25%. 2,352,000

Green Drain Drainage District Bonds -

In March 2018, the Green Drain Drainage District issued \$1,465,000 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 each March through 2038 with interest due semi-annually at rates ranging from 3.00%-4.00%. 1,400,000

ST. CLAIR COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

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

Stocks Creek and Branches Drain Drainage District Bonds -

In February 2018, the Stocks Creek and Branches Drain Drainage District issued \$560,000 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 March 1 through 2038 with interest due semi-annually at rates ranging from 3.20%-4.00%. \$ 540,000

In March 2018, the Stocks Creek and Branches Drain Drainage District issued \$2,360,000 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 March 1 through 2038 with interest due semi-annually at rates ranging from 3.00%-4.00%. 2,250,000
\$ 14,902,000

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. \$ 1,520,000

Department of Agriculture Bonds have been sold for \$1,520,000 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%. 1,221,000
\$ 2,741,000

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 9 - LONG-TERM LIABILITIES - (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 did not issue drain notes. The balance of the obligations at December 31, 2019 was as follows:

	<u>Interest Rate</u>	<u>Amount</u>
Governmental Activities -		
Layle-Robbins Drain	2.60 %	\$ 1,900 *
Galbraith County Drain	3.50	59,000 *
Richmond/Columbus Intercounty Drain	4.70	84,782
Fueslein Drain	3.75	72,000 *
Howe Brandymore & Branches Drain	3.68	2,000,000
Macomb County Drain	2.00	168,000 *
Baldwin Drain	3.50	53,000 *
Barringer Drain	3.77	232,000
Shea Drain	3.50	<u>81,200 *</u>
		<u>\$ 2,751,882</u>

* Amounts held by Primary Government

Annual debt service requirements to maturities are as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>Bonds</u>		<u>Notes</u>		<u>Loans</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 1,164,000	\$ 511,054	\$ 2,240,824	\$ 97,299	\$ 200,000	\$ 77,698
2021	1,171,000	468,317	126,924	17,945	201,000	73,136
2022	1,177,000	425,174	84,534	16,375	203,000	68,531
2023	1,179,000	381,729	84,534	16,776	210,000	63,801
2024	1,190,000	337,801	66,534	17,525	212,000	58,945
2025-2029	5,060,000	1,072,097	148,532	63,424	976,000	217,575
2030-2034	1,900,000	420,609	-	-	330,000	130,264
2035-2039	1,310,000	177,777	-	-	409,000	53,636
2030-2044	524,000	61,470	-	-	-	-
2045-2046	<u>227,000</u>	<u>7,695</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 14,902,000</u>	<u>\$ 3,863,723</u>	<u>\$ 2,751,882</u>	<u>\$ 229,344</u>	<u>\$ 2,741,000</u>	<u>\$ 743,586</u>

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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

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, 2019 was \$8,449.

Brownfield Redevelopment Authority -

Notes Payable -

The Authority entered into an agreement with the City of Marine City for a loan on a site within the City. The loan payments are to begin in 2022, however, have no early payment penalty. Interest is due at a rate of 1.50% beginning in 2022. If payoff is made prior to that date, no interest will be paid.

\$ 280,000

As part of the clean-up of the City of Marine City, tipping fees were charged to the Brownfield Redevelopment Authority and will be paid with taxes captured. Payment of fees will be made after all notes are repaid.

100,000

\$ 380,000

Annual debt service requirements at December 31, 2019 are as follows:

<u>Year Ending December 31,</u>	<u>Notes Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2020	\$ -	\$ -
2021	27,391	-
2022	23,602	3,789
2023	23,956	3,435
2024	24,316	3,075
2025-2029	127,160	9,795
2030-2033	<u>153,575</u>	<u>1,209</u>
	<u><u>\$ 380,000</u></u>	<u><u>\$ 21,303</u></u>

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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

Community Mental Health Authority -

Loans Payable -

In August 2007, the Community Mental Health 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 was refinanced in August 2017 for \$935,062. The loan agreement calls for 59 monthly payments of \$7,064 beginning September 18, 2017 including interest of 4.25% through August 18, 2022, at which time the remaining balance is due. \$ 838,347

On August 27, 2018, the Community Mental Health Authority entered into a promissory note for the purchase of the Mayfield Drive home for \$198,400. The note is to be repaid in monthly installments of \$1,946 including interest of 3.28% through August 27, 2023, at which time the remaining balance is due. The note is secured by the home and an assignment of any leases and rents. 179,953

On June 24, 2019, the Community Mental Health Authority entered into a promissory note for \$800,000 for the purchase and improvements of a commercial building. The note originally was to mature on October 24, 2019, however, was extended to March 24, 2020, which includes interest of 2.99%. On April 7, 2020, the note was rolled over into a five-year note for \$1,030,000 to cover the prior capital purchase and an additional purchase of land and other improvements. The new note calls for fifty-nine (59) payments of \$5,730, including interest of 2.99%, with a final payment of \$833,448. As of September 30, 2019, only \$675,119 had been drawn from the original note. The note is secured by the building. 675,119

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 was refinanced in December 2018 for \$143,891. The loan agreement calls for 58 monthly payments of \$1,540 beginning December 2018 including interest of 5.17% through September 2023, at which time the remaining balance is due. The note is secured by the property. 133,249

\$ 1,826,668

Contracts Payable -

The Community Mental Health 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 \$650,000 to \$900,000 through April 11, 2026 with interest ranging from 3.75% to 5.00% payable semi-annually. \$ 5,820,000

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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

Accrued Vacation and Sick -

In accordance with contracts negotiated with various employee groups of the Community Mental Health 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, 2019, the vested benefits amounted to \$1,672,389.

Annual debt service requirements to pay the debt outstanding at September 30, 2019 (excluding the promissory note of \$675,119, which was rolled into a new note on April 7, 2020) are as follows:

Year Ended September 30,	Notes Payable		Contracts Payable	
	Principal	Interest	Principal	Interest
2020	\$ 79,008	\$ 47,587	\$ 750,000	\$ 241,400
2021	82,438	44,158	795,000	210,500
2022	769,007	38,001	790,000	178,800
2023	139,058	8,262	840,000	142,000
2024	82,038	365	845,000	99,875
2025-2026	-	-	1,800,000	73,125
	<u>\$ 1,151,549</u>	<u>\$ 138,373</u>	<u>\$ 5,820,000</u>	<u>\$ 945,700</u>

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 Statement No. 67, and the prior year is presented as the measurement date for reporting the liability of the employer to satisfy requirements of GASB Statement No. 68.

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 eligible employees of St. Clair County, the St. Clair County Road Commission and St. Clair County Community Mental Health Authority. Employees not in this plan are covered by a defined contribution plan. Effective January 1, 2016, the Plan is closed to all but the Sheriff deputies 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.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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

The membership at December 31, 2018 was composed of 578 active participants, 740 retirees and beneficiaries, and 144 inactive but vested members. The membership at December 31, 2017 was composed of 604 active participants, 733 retirees and beneficiaries, and 152 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.

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.

Since the County does not issue a stand-alone report for its County defined benefit plan, following are condensed financial statements for the period as of and including December 31, 2019:

Statement of Net Position

Cash and investments	\$ 253,509,215
Other assets	<u>651,092</u>
Total assets	254,160,307
Liabilities	<u>323,370</u>
Net position	<u>\$ 253,836,937</u>

ST. CLAIR COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

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

Statement of Changes in Net Position

Additions:	
Contributions	\$ 7,525,010
Investment income	39,329,576
Other	<u>23,062</u>
Total additions	<u>46,877,648</u>
Deductions:	
Benefit payments	15,773,683
Other expenses	<u>207,860</u>
Total deductions	<u>15,981,543</u>
Change in net position	30,896,105
Net position, beginning of year	<u>222,940,832</u>
Net position, end of year	<u>\$ 253,836,937</u>

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 designed to accumulate sufficient assets to pay benefits when due. During the year ended December 31, 2019, contributions totaling \$7,525,010 (\$5,694,846 employer and \$1,830,164 employee) were made in accordance with contribution requirements determined by an actuarial valuation for the Plan as of December 31, 2017. The required employer contributions were \$3,500,277 for General County, \$647,111 for the Road Commission, and \$1,027,434 for Community Mental Health. Employee contributions represent 5% of covered payroll, except the Road Commission where employees contributed 8%. 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, excluding Sheriff Deputies, is closed to new-hires.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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

The required contribution rate was determined as part of the December 31, 2017 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 3.5% to 8.0% per year, which includes pay inflation at 3.5%. There are no projected cost-of-living adjustments. The actuarial value was determined using techniques that smooth the effect of short-term volatility in the market value of investments over a five-year period. The Plan's unfunded actuarial accrued liability is being amortized as a level dollar on an open period, with a remaining amortization period as of December 31, 2017 of 18 years for Community Mental Health and amortized as a level dollar on a closed period with a remaining amortization period as of December 31, 2017 of 15 years for General Employees and the Road Commission.

Net Pension Liability of the County -

The net pension liability of the County has been measured as of December 31, 2019, which used updated procedures to roll forward the estimated liability of an actuarial valuation at December 31, 2018, and is composed of the following:

	<u>Total Pension Liability</u>	<u>Plan's Net Position</u>	<u>Net Pension Liability</u>
Beginning balance	\$ 267,775,345	\$ 222,940,832	\$ 44,834,513
Service cost	3,985,708	-	3,985,708
Interest on total pension liability	19,790,566	-	19,790,566
Net investment income	-	39,329,576	(39,329,576)
Changes in assumptions	17,318,142	-	17,318,142
Expected and actual differences	300,530	-	300,530
Contributions from employer	-	5,694,846	(5,694,846)
Contributions from employees	-	1,830,164	(1,830,164)
Other	-	23,062	(23,062)
Benefit payments	(15,773,683)	(15,773,683)	-
Administrative costs	-	(207,860)	207,860
Ending balance	<u>\$ 293,396,608</u>	<u>\$ 253,836,937</u>	<u>\$ 39,559,671</u>

Plan fiduciary net position as a percentage of the total pension liability 86.52%

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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

The net pension liability of the County has been measured as of December 31, 2018, which used updated procedures to roll forward the estimated liability of an actuarial valuation at December 31, 2017, and is composed of the following:

	<u>Total Pension Liability</u>	<u>Plan's Net Position</u>	<u>Net Pension Liability</u>
Primary Government			
Beginning balance	\$ 171,505,067	\$ 160,565,512	\$ 10,939,555
Service cost	2,676,913	-	2,676,913
Interest on total pension liability	12,691,473	-	12,691,473
Net investment income	-	(8,457,211)	8,457,211
Changes in assumptions	(233,899)	-	(233,899)
Expected and actual differences	(116,488)	-	(116,488)
Contributions from employer	-	3,737,255	(3,737,255)
Contributions from employees	-	1,222,685	(1,222,685)
Benefit payments	(9,792,455)	(9,792,455)	-
Administrative costs	-	(101,172)	101,172
Ending balance	<u>\$ 176,730,611</u>	<u>\$ 147,174,614</u>	<u>\$ 29,555,997</u>

Plan fiduciary net position as a percentage of the total pension liability 83.28%

	<u>Total Pension Liability</u>	<u>Plan's Net Position</u>	<u>Net Pension Liability</u>
Component Units			
Beginning balance	\$ 88,769,111	\$ 81,029,527	\$ 7,739,584
Service cost	1,383,784	-	1,383,784
Interest on total pension liability	6,560,638	-	6,560,638
Net investment income	-	(2,790,735)	2,790,735
Changes in assumptions	(120,909)	-	(120,909)
Expected and actual differences	(60,217)	-	(60,217)
Contributions from employer	-	2,435,353	(2,435,353)
Contributions from employees	-	632,045	(632,045)
Benefit payments	(5,487,673)	(5,487,673)	-
Administrative costs	-	(52,299)	52,299
Ending balance	<u>\$ 91,044,734</u>	<u>\$ 75,766,218</u>	<u>\$ 15,278,516</u>

Plan fiduciary net position as a percentage of the total pension liability 83.22%

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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, 2019, the County recognized pension expense of \$7,439,583 in the government-wide and proprietary fund financial statements of the primary government and \$2,789,738 in the component units (\$1,215,841 in the Road Commission and \$1,573,897 in the Community Mental Health Authority). At December 31, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government	Component Units
Deferred Outflows of Resources:		
Proportionate share difference	\$ 1,142,156	\$ 171,994
Changes in assumptions	1,091,219	797,195
Net difference between projected and actual earnings on Plan investments	13,076,948	6,405,039
Contributions made subsequent to the measurement date	3,555,904	1,799,621
	\$ 18,866,227	\$ 9,173,849
Deferred Inflows of Resources:		
Proportionate share difference	\$ -	\$ 1,314,151
Differences between expected and actual experience	1,221,289	855,077
Changes in assumptions	379,881	239,046
	\$ 1,601,170	\$ 2,408,274

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:

	Primary Government	Component Units
2020	\$ 4,273,798	\$ 1,425,067
2021	2,891,364	372,779
2022	2,708,642	1,185,491
2023	3,835,349	1,982,617
	\$ 13,709,153	\$ 4,965,954

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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, 2019 and 2018:

<u>Asset Class</u>	<u>2019 Target Allocation</u>	<u>2018 Target Allocation</u>
Fixed Income	25.0 %	25.0 %
Domestic Equity	31.0	35.0
International Equity	20.0	25.0
Hedge Funds	0.0	2.5
Emerging Markets Equity	5.0	0.0
Alternatives	2.5	0.0
Real Estate	16.5	12.5
Cash	0.0	0.0

Rate of Return - For the years ended December 31, 2019 and 2018, the annual money-weighted rate of return on Plan investments, net of Plan investment expense, was 18.03% and (4.72)%, 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, 2017, which used updated procedures to roll forward the estimated liability to December 31, 2018, and by an actuarial valuation as of December 31, 2018, which also used updated procedures to roll forward this estimated liability to December 31, 2019. The valuations used the following actuarial assumptions based on the most recent experience study, completed December 31, 2019 and 2018, respectively:

	<u>2019 Liability</u>	<u>2018 Liability</u>
Salary increases	2.25 - 7.00 %	3.50 - 8.00 %
Investment rate of return	7.00	7.50
Inflation	2.25	2.50

Mortality Rate - Mortality rates for the 2019 liability were from the Pub-2010 mortality tables incorporating generational improvements from 2010 based on the Society of Actuaries' MP-2018 scale and from the RP-2014 mortality tables incorporating generational improvements from 2006 based on the Society of Actuaries' MP-2018 scale. Mortality rates for the 2018 liability were based on RP-2014 Mortality Table with generational improvements from 2006 based on the Social Security mortality improvement assumptions from the 2016 Trustees' Report.

Discount Rate - The discount rate used to measure the total pension liability was 7.00 percent and 7.50 percent for the 2019 and 2018 liabilities, respectively. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that County contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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

Projected Cash Flows - Based on those assumptions, the 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.

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, 2019 and 2018 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>2019 Long-term Expected Real Rate of Return</u>	<u>2018 Long-term Expected Real Rate of Return</u>
Fixed Income	1.65 %	2.83 %
Domestic Equity	6.71	8.03
International Equity	6.28	8.25
Hedge Funds	0.00	3.60
Emerging Markets Equity	8.75	0.00
Alternatives	7.72	0.00
Real Estate	7.34	7.20
Cash	0.65	0.50

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 7.00 percent and 7.50 percent for 2019 and 2018, respectively, 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 or 1-percentage-point higher than the current rate.

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1 % Increase (8.00%)</u>
Net pension liability at December 31, 2019	\$ 74,183,436	\$ 39,559,671	\$ 10,638,151
Net pension liability at December 31, 2018			
Primary government	\$ 49,307,663	\$ 29,555,997	\$ 12,875,245
Component units	25,615,565	15,278,516	6,558,365
	\$ 74,923,228	\$ 44,834,513	\$ 19,433,610

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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

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.

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 contributions for the year ended December 31, 2019 were \$814,864.

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, 2019, the Road Commission contributed \$163,045 to the plan.

The St. Clair County Community Mental Health Authority offers employees who have been hired on or after January 1, 2016 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. The St. Clair County Community Mental Health Authority will match the employee contribution dollar-for-dollar up to the maximum of 8% of total wages. The plan may be amended by the Board of Directors. For the year ended September 30, 2019, employer contributions were \$178,946.

NOTE 11 - POSTEMPLOYMENT HEALTH CARE PLAN:

Two years of information on the Postemployment Healthcare Plan (the "OPEB Plan") is presented. The current year is presented for the OPEB Plan to satisfy requirements of GASB Statement No. 74, and the prior year is presented as the measurement date for reporting the liability of the employer to satisfy requirements of GASB Statement No. 75.

Plan Description -

The single-employer plan administered through St. Clair County provides postemployment benefits for eligible employees of the County, including those of the St. Clair County Road Commission and employees of the St. Clair County Community Mental Health Authority. As of January 1, 2016, the OPEB Plan was closed to all new participants. 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.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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

Benefits Provided -

The membership at December 31, 2018 was composed of 544 active participants, 559 retirees and beneficiaries, and 61 terminated vested participants. The membership at December 31, 2017 was composed of 574 active participants, 582 retirees and beneficiaries, and 77 terminated vested participants. 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 to 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.

Since the County does not issue a stand-alone report for its County postemployment benefit plan, following are condensed financial statements for the period as of and including December 31, 2019:

Statement of Net Position

Cash and investments	\$ 51,082,322
Other assets	<u>116,780</u>
Total assets	51,199,102
Liabilities	<u>16,047</u>
Net position	<u>\$ 51,183,055</u>

Statement of Changes in Net Position

Additions:	
Contributions	\$ 3,099,964
Investment Income	7,864,780
Other	<u>7,433</u>
Total additions	<u>10,972,177</u>
Deductions:	
Benefit payments	3,216,148
Other expenses	<u>564</u>
Total deductions	<u>3,216,712</u>
Change in net position	7,755,465
Net position, beginning of year	<u>43,427,590</u>
Net position, end of year	<u>\$ 51,183,055</u>

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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

Summary of Significant Accounting Policies and Method Used to Value Investments -

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

Contribution and Funding Policy -

The OPEB Plan's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as a level dollar amount designed to accumulate sufficient assets to pay benefits when due. During the year ended December 31, 2019, contributions of \$3,099,964 (\$2,686,003 employer and \$413,961 employee) were made. The actuarial valuation dated December 31, 2018 determined a contribution of \$0 for Community Mental Health, \$4,205,510 for General County, and \$1,470,258 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>
2020	8.00 %	5.00 %
2021	7.50	5.00
2022	7.00	5.00
2023 and after	6.50-5.00	5.00

The contribution requirements of OPEB Plan members and the County are established by the St. Clair County Board of Commissioners. Most administrative costs of the OPEB Plan are paid with OPEB assets.

The required contribution rate was determined as part of the December 31, 2018 actuarial valuation using the individual entry age normal level percent of salary cost method. The actuarial assumption included (a) 6.34% net investment rate of return, (b) projected salary increases of 2.25% to 7.00% per year, (c) an annual healthcare cost trend of 8.00% initially, reduced by decrements of 0.50% to an ultimate rate of 4.50% after 8 years, and (d) inflation rate of 2.00%. There are no projected cost-of-living adjustments. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of investment over a five-year period. The OPEB Plan's 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 employees on a closed period, with a remaining amortization period as of December 31, 2018 of 11 years.

Investment Policy -

The OPEB Plan's policy in regard to the allocation of invested assets is established and may be amended by the County Administrator.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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

The long-term expected rate of return on OPEB 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 investment expense and inflation) are developed for each 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. The adopted asset allocation policy and the best estimates of arithmetic real rates of return for each asset class as of December 31, 2019 are as follows:

Asset Class	Target Allocation		Long-term Expected Real Rate of Return	
	2018	2019	2018	2019
Fixed Income	40.0 %	42.0 %	4.8 %	1.7 %
Domestic Equity	38.0	38.0	7.7	5.8
International Equity	16.0	13.0	8.2	6.3
Hedge Funds	0.0	0.0	3.1	0.0
Real Estate	1.0	1.0	6.7	4.9
Cash	5.0	6.0	2.2	0.0
TOTAL	100.0 %	100.0 %		

Rate of Return -

For the year ended December 31, 2019 and 2018, the annual money-weighted rate of return on OPEB Plan investments, net of investment expense, was 18.14% and (3.18)%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability of the County -

The net OPEB liability of the County has been measured as of December 31, 2019, which used updated procedures to roll forward the estimated liability of an actuarial valuation at December 31, 2018, and is composed of the following:

	Total OPEB Liability	OPEB Plan's Net Position	Net OPEB Liability
Beginning balance	\$ 96,563,091	\$ 43,427,590	\$ 53,135,501
Service cost	1,974,046	-	1,974,046
Interest on total OPEB liability	5,041,371	-	5,041,371
Net investment income	-	7,864,780	(7,864,780)
Changes in assumptions	(4,809,621)	-	(4,809,621)
Expected and actual differences	(1,857,711)	-	(1,857,711)
Contributions from employer	-	2,686,003	(2,686,003)
Contributions from employees	-	413,961	(413,961)
Other revenue	-	7,433	(7,433)
Benefit payments	(3,216,148)	(3,216,148)	-
Administrative costs	-	(564)	564
Ending balance	\$ 93,695,028	\$ 51,183,055	\$ 42,511,973

OPEB Plan fiduciary net position as a percentage of the total OPEB liability 54.63%

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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

The change in benefit terms noted in the December 31, 2019 measurement date were primarily due to the cost of insurance provided for the Medicare Advantage Plan was projected to decrease 42.32% from 2019 to 2020.

The net OPEB liability of the County has been measured as of December 31, 2018, which used updated procedures to roll forward the estimated liability using the December 31, 2017 actuarial valuation, and is composed of the following:

	<u>Total OPEB Liability</u>	<u>OPEB Plan's Net Position</u>	<u>Net OPEB Liability</u>
Primary Government:			
Beginning balance	\$ 126,529,396	\$ 25,559,375	\$ 100,970,021
Service cost	2,891,255	-	2,891,255
Interest on total OPEB liability	4,866,947	-	4,866,947
Net investment income	-	(787,575)	787,575
Change in benefit terms	(49,455,733)	-	(49,455,733)
Changes in assumptions	(10,761,637)	-	(10,761,637)
Expected and actual differences	(7,983,356)	-	(7,983,356)
Contributions from employer	-	959,219	(959,219)
Contributions from employees	-	342,549	(342,549)
Benefit payments	(2,711,471)	(2,711,471)	-
Administrative costs	-	(316)	316
Ending balance	<u>\$ 63,375,401</u>	<u>\$ 23,361,781</u>	<u>\$ 40,013,620</u>

OPEB Plan fiduciary net position as a percentage of the total OPEB liability 36.86%

	<u>Total OPEB Liability</u>	<u>OPEB Plan's Net Position</u>	<u>Net OPEB Liability</u>
Component Units:			
Beginning balance	\$ 66,148,600	\$ 20,046,774	\$ 46,101,826
Service cost	1,858,363	-	1,858,363
Interest on total OPEB liability	2,559,282	-	2,559,282
Net investment income	-	(645,767)	645,767
Change in benefit terms	(26,905,935)	-	(26,905,935)
Changes in assumptions	(5,469,086)	-	(5,469,086)
Expected and actual differences	(3,676,283)	-	(3,676,283)
Contributions from employer	-	1,910,694	(1,910,694)
Contributions from employees	-	81,607	(81,607)
Benefit payments	(1,327,251)	(1,327,251)	-
Administrative costs	-	(248)	248
Ending balance	<u>\$ 33,187,690</u>	<u>\$ 20,065,809</u>	<u>\$ 13,121,881</u>

Road Commission Net OPEB Liability	\$ 14,390,104
CMHA Net OPEB Asset	(1,268,223)
Total Net OPEB Liability	<u>\$ 13,121,881</u>

OPEB Plan fiduciary net position as a percentage of the total OPEB liability 60.46%

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB -

For the year ended December 31, 2019, the County recognized OPEB expense of \$(45,973,102) in the government-wide and proprietary fund financial statements of the primary government and \$(26,413,594) in the component units [\$(12,068,789) in the Road Commission and \$(14,344,805) in the Community Mental Health Authority]. At December 31, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Primary Government</u>	<u>Component Units</u>
Deferred Outflows of Resources:		
Proportionate share difference	\$ 782,142	\$ 1,328,875
Net difference between projected and actual earnings on OPEB Plan investments	1,656,805	640,865
Differences between expected and actual experience	364,301	375,364
Changes in assumptions	3,835,797	2,042,606
Contributions made subsequent to the measurement date	<u>986,546</u>	<u>1,615,770</u>
	<u>\$ 7,625,591</u>	<u>\$ 6,003,480</u>
Deferred Inflows of Resources:		
Proportionate share difference	\$ -	\$ 2,111,017
Differences between expected and actual experience	6,585,656	2,368,072
Changes in assumptions	9,167,517	3,296,460
Net difference between projected and actual earnings on OPEB Plan investments	<u>-</u>	<u>223,724</u>
	<u>\$ 15,753,173</u>	<u>\$ 7,999,273</u>

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

	<u>Primary Government</u>	<u>Component Units</u>
2020	\$(3,257,641)	\$(1,275,850)
2021	(3,257,641)	(1,275,850)
2022	(3,257,644)	(1,275,844)
2023	<u>658,798</u>	<u>215,981</u>
	<u>\$(9,114,128)</u>	<u>\$(3,611,563)</u>

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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

Actuarial Assumptions -

The total OPEB liability of the OPEB Plan was determined by an actuarial valuation as of December 31, 2017, which used updating procedures to roll forward the estimated liability to December 31, 2018 and by an actuarial valuation at December 31, 2018, which used updating procedures to roll forward the estimated liability to December 31, 2019, the measurement date. The valuation used the following assumptions included in the measurement:

Salary Increases - 3.50%-8.00%, including inflation

Investment Rate of Return - 6.00% for 2019, 6.34% for 2018

Mortality Rates - For 2019, RPH-2019 Total Data Set Fully Generational Mortality Table using scale MP-2019, and for 2018, RP-2016 Mortality Table with generational improvements from 2006 based on the Social Security mortality improvement assumptions from the 2016 Trustees' Report.

Inflation Rate - 2.00% for 2019, 2.80% for 2018

Healthcare Cost Trend Rate - For 2019, 8.00%, decreasing by 0.25% per year to 4.50% for non-Medicare and 7.00%, decreasing 0.25% per year to 4.50% for Medicare. For 2018, 8.50%, graded down by 0.50% increments to 5.00%

Projected Cash Flows - For the 2019 liability, the OPEB Plan's fiduciary net position was projected to cover projected benefit payments of current and active members through 2062. The discount rate used through this year was at 6.00% and the years thereafter at 3.26%, resulting in a single discount rate of 5.50% at December 31, 2019. For the 2018 liability, the OPEB Plan's fiduciary net position was projected to cover projected future benefit payments of current and active members through 2046. The discount rate used through this year was at 6.34% and the years thereafter at 3.60%, resulting in a single discount rate of 5.20% at December 31, 2019. The projected cash flows assumed a level of contributions from the employer equal to the average contributions from the last 5 years.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate -

The following presents the net OPEB liability of the County, calculated using the current discount rate, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate.

	1% Decrease (4.50%)	Current Discount Rate (5.50%)	1% Increase (6.50%)
Net OPEB liability at December 31, 2019	\$ 55,894,625	\$ 42,511,973	\$ 31,631,740
	1% Decrease (4.20%)	Current Discount Rate (5.20%)	1% Increase (6.20%)
Net OPEB liability at December 31, 2018			
Primary government	\$ 51,565,382	\$ 40,013,620	\$ 30,656,822
Component units	15,982,735	13,121,881	10,804,622
	\$ 67,548,117	\$ 53,135,501	\$ 41,461,444

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates -

The following presents the net OPEB liability of the County, calculated using the current healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage-point lower or one percentage-point higher than the current rate.

	1% Decrease <u>(7.0-3.5%)</u>	Current Discount Rate <u>(8.0-4.5%)</u>	1% Increase <u>(9.0-5.5%)</u>
Net OPEB liability at December 31, 2019	\$ 30,201,241	\$ 42,511,973	\$ 57,790,053
		Current	
	1% Decrease <u>(7.5-4.0%)</u>	Discount Rate <u>(8.5-5.0%)</u>	1% Increase <u>(9.5-6.0%)</u>
Net OPEB liability at December 31, 2018			
Primary government	\$ 29,024,860	\$ 40,013,620	\$ 53,838,097
Component units	<u>10,400,457</u>	<u>13,121,881</u>	<u>16,545,586</u>
	<u>\$ 39,425,317</u>	<u>\$ 53,135,501</u>	<u>\$ 70,383,683</u>

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.

The County and its Treasurer are part of a couple class action lawsuits with a number of other counties and treasurers in the State of Michigan that allege that, after the auction of a foreclosed property, the counties and their treasurers kept the excess proceeds after back taxes, penalties, and fees were paid. The court stayed the proceedings pending the outcome of a similar case pending before the Michigan Supreme Court. Should the plaintiff prevail, the County could be requested to refund any excess proceeds on the tax sale. Because of the inconclusive state of the actions, the ultimate effect, if any, although possibly material, could not be determined.

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.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 12 - CONTINGENT LIABILITIES - (cont'd):

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 Prepaid Inpatient Health Plan (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.

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 \$500,000 in individual claims for 2019.

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 \$147,000 for unemployment compensation, disability and workers' compensation, respectively.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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

In addition, the Primary Government and the Drainage Districts (component unit) are voluntary members of the Michigan Municipal Risk Management Authority (MMRMA) 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 MMRMA is directed by a nine-member Board of Directors composed of municipal representatives from the membership elected by the membership. The Board of Directors establishes the general policy of MMRMA, creates and publishes rules to be followed by the Manager and Board of Directors 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 MMRMA 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 MMRMA.

MMRMA 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 2019, that Stop Loss Program limited the retention for St. Clair County to \$637,500 in aggregate claims paid during the year.

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

MMRMA 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 MMRMA. 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 \$192,000, which is recorded in the Self-Insurance Fund.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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

The County is self-insured for health care benefits with the administrative services of the program being performed on a contractual basis by a third party. The County pays claims up to \$150,000 per contract per contract year. Stop-loss insurance has been purchased to insure the County against losses in excess of these limits. Based on past history, the County has estimated the accrued health care claims, including an estimate for claims IBNR, of \$350,000 at December 31, 2019, 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>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Unpaid claims, beginning of year	\$ 250,000	\$ 273,000	\$ -	\$ -	\$ -	\$ -
Incurred claims (including IBNR's)	95,828	51,520	418,302	392,123	23,988	19,238
Claims paid	(153,828)	(74,520)	(418,302)	(392,123)	(23,988)	(19,238)
Unpaid claims, end of year	192,000	250,000	-	-	-	-
Less current portion	(30,000)	(207,000)	-	-	-	-
Long-term Liabilities	<u>\$ 162,000</u>	<u>\$ 43,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
	<u>Workers' Compensation</u>		<u>Health Care</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Unpaid claims, beginning of year	\$ 121,000	\$ 55,000	\$ 415,000	\$ 347,000	\$ 786,000	\$ 675,000
Incurred claims (including IBNR's)	154,417	180,431	8,297,169	9,463,404	8,989,704	10,106,716
Claims paid	(128,417)	(114,431)	(8,362,169)	(9,395,404)	(9,086,704)	(9,995,716)
Unpaid claims, end of year	147,000	121,000	350,000	415,000	689,000	786,000
Less current portion	(147,000)	(121,000)	(350,000)	(415,000)	(527,000)	(743,000)
Long-term Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 162,000</u>	<u>\$ 43,000</u>

Component Units -

Road Commission -

The Road Commission, including the Department of Public Works, is a member of the Michigan County Road Commission Self-Insurance Pool, established pursuant to the laws of the State of Michigan, which authorizes contracts between municipal corporations (inter-local agreements) to form group self-insurance pools and to prescribe conditions to the performance of these contracts. The Michigan County Road Commission Self-Insurance Pool was established for the purpose of making a self-insurance pooling program available for Michigan County Road Commissions, which includes, but is not limited to, general liability coverages, auto liability coverages, property insurance coverages, stop-loss insurance protection, claims administration, and risk management and loss control services pursuant to Michigan Public Act 138 of 1982.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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

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

The Road Commission is also a member of the County Road Commission Road Association Self-Insurance Fund (the "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 IBNR of \$12,000 at December 31, 2019, which is recorded as a current liability.

Community Mental Health Authority -

CMHA is exposed to various risks of loss to general and auto liability, property damage, and errors and omissions. CMHA 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. CMHA 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 a \$250 or \$1,000 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 CMHA.

CMHA is also self-insured for medical and prescription health insurance. The self-insurance is administered by a third-party administrator and any reimbursed claims are billed to CMHA periodically.

CMHA 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 \$813,275,281. This represents approximately 13 percent of the taxable value for the County.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 15 - DEFERRED COMPENSATION:

The County, CMHA, and the 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	\$ 83,907,733
Less related debt -	
2013 Refunding Bonds	(1,515,000)
2012 Refunding Bonds	(16,945,000)
2012 G.O. Bonds	(7,735,000)
2015 Refunding Bonds, Series B	(805,000)
2017 Refunding Bonds	(1,360,000)
Bond premiums	(1,977,920)
Deferred charges	<u>876,915</u>
	<u>\$ 54,446,728</u>

Business-type Activities:

Capital Assets	\$ 26,019,467
Less related debt -	
2010 G.O. Bond	(5,709,280)
2014 G.O. Bond	(<u>3,221,152</u>)
	<u>\$ 17,089,035</u>

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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, 2019:

	<u>Enabling Legislation</u>	<u>Other</u>	<u>Total</u>
Governmental Funds/Activities:			
Acquisition/construction of capital assets:			
Public Improvement	\$ 7,105,117	\$ -	<u>\$ 7,105,117</u>
Debt Service:			
Mental Health Building Debt Fund	-	610	610
Communications Debt Fund - Series B	527,226	-	527,226
Communications Debt Fund - 2009	15,374	-	15,374
Building Authority Debt Fund	-	46,324	46,324
Convention Center	-	377,789	377,789
Jail/Juvenile Facility	-	3,504	<u>3,504</u>
			<u>970,827</u>
Recreation and Cultural:			
Parks and Recreation	2,390,956	-	2,390,956
Library	2,662,099	-	<u>2,662,099</u>
			<u>5,053,055</u>
Health and Welfare:			
Senior Citizens Millage	3,354,933	-	3,354,933
CDBG Housing	-	359,397	359,397
HUD Housing	-	95,311	95,311
Veterans' Millage	240,544	-	<u>240,544</u>
			<u>4,050,185</u>
Public Safety:			
Drug Task Force	1,401,751	-	1,401,751
Drug Law Enforcement	-	417,033	417,033
Local Corrections and Training	-	32,220	32,220
Prosecutor's Drug Forfeitures	-	183,971	183,971
Concealed Pistol Licensing	238,751	-	238,751
Animal Control Donations	-	10,364	<u>10,364</u>
			<u>2,284,090</u>
Judicial:			
Friend of Court	-	734,886	734,886
Family Counseling	117,255	-	117,255
Indigent Defense	1,691	-	<u>1,691</u>
			<u>853,832</u>
Other Purposes:			
Deeds Automation	375,291	-	<u>375,291</u>
Total Restricted Fund Balance - Governmental Funds			<u>\$ 20,692,397</u>

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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

	<u>Enabling Legislation</u>	<u>Other</u>	<u>Total</u>
Total Restricted Fund Balance - Governmental Funds			\$ 20,692,397
Deferred Inflows of Resources:			
Recreation and Cultural Programs			13,596
Health and Welfare Programs			735,215
Public Safety Programs			6,257
Debt Service			1,853
Net Pension Liability and Net OPEB Liability associated with Recreation and Cultural Programs			<u>(3,562,923)</u>
Total Restricted Net Position - Governmental Activities			<u>\$ 17,886,395</u>
Business-type Activities:			
Foreclosure sales	\$ -	\$ 783,778	<u>\$ 783,778</u>

COMMITTED FUND BALANCES -

At December 31, 2019, the Board of Commissioners had committed the following fund balances:

Combined General Fund - Budget Incentive		\$ 1,235,002
Nonmajor Funds -		
General Government -		
Convention Center		567,886
Health and Welfare -		
Health Department		2,851,101
Human Services		24,580
Child Care		29,648
Capital Outlay -		
Municipal Building		<u>66,697</u>
		<u>\$ 4,774,914</u>

ASSIGNED FUND BALANCES -

At December 31, 2019, the Administrator/Controller had assigned \$75,888 in the Combined General Fund for Community and Economic Development.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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 \$7,280,163 at December 31, 2019, which is based on the estimated percentage of capacity used to date of 39.87%.

Currently, the County has 97 acres licensed, with an additional 10 acres available for licensing. It is estimated that an additional \$11,977,138 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.

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, 2019. 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 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 - TAX ABATEMENTS:

The County has received reduced property tax revenues during 2019 as a result of industrial facilities tax exemptions (IFT's) entered into by cities, villages, and townships within the County.

The IFT's were entered into based upon the Industrial Development Districts Act, PA 198 of 1974, as amended. IFT's provide a tax incentive to manufacturers to enable renovation and expansion of aging facilities, assist in the building of new facilities, and to promote the establishment of high-tech facilities. Properties qualifying for IFT status are taxed at 50% of the millage rate applicable to other real and personal property in the County. The abatements amounted to approximately \$186,000 in reduced County tax revenues in the General Fund and \$93,000 in reduced County tax revenues in the Special Revenue millage funds for 2019.

NOTE 18 - SUBSEQUENT EVENTS:

On January 16, 2020, the Board of Commissioners authorized the partial refunding of the 2012 General Obligation Limited Tax Refunding Bonds for \$13,305,000 for a savings of \$970,584 over the remaining nine years. The bonds were refunded March 11, 2020.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 18 - SUBSEQUENT EVENTS - (cont'd):

Towards the end of December 2019, an outbreak of a novel strain of coronavirus (COVID-19) emerged globally. During the first part of 2020, there have been mandates from federal, State, and local authorities requiring forced closures of large events, stay-at-home orders, required social distancing, etc. As a result, most of the non-essential County services have been shut down for part of March, and all of April and May, and some services into June. Because most businesses have been closed during the same period and many employees furloughed or laid off, the amount collected by the State in sales and income taxes have decreased significantly, which may have a negative impact on the County grants and State-shared revenues. In addition, other revenues collected by the County have been negatively impacted, however the full extent of the impact is not known at this time.

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, 2019

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
Revenues:				
Taxes	\$ 32,777,883	\$ 33,326,567	\$ 33,244,137	\$(82,430)
Licenses and permits	496,000	471,000	481,128	10,128
Intergovernmental	13,597,613	13,907,764	13,468,381	(439,383)
Charges for services	8,333,386	8,610,374	8,656,877	46,503
Fines and forfeits	440,315	390,315	396,995	6,680
Interest and rent	917,808	1,590,415	1,591,488	1,073
Other	1,276,774	1,491,594	1,380,955	(110,639)
Total Revenues	57,839,779	59,788,029	59,219,961	(568,068)
Expenditures:				
Legislative -				
Board of Commissioners	225,926	225,926	218,032	7,894
Other Legislative Activities	1,082,580	1,082,580	1,070,632	11,948
	1,308,506	1,308,506	1,288,664	19,842
General Government -				
Administrator/Controller	521,584	521,584	509,737	11,847
Elections	120,015	120,015	79,277	40,738
Accounting	343,633	343,633	342,165	1,468
Clerk	798,334	798,334	753,554	44,780
Equalization	891,976	906,099	838,513	67,586
Human Resources	435,866	435,866	375,930	59,936
Prosecuting Attorney	3,096,748	3,099,472	3,064,829	34,643
Victims Rights	10,800	10,800	6,348	4,452
Purchasing	96,018	96,018	87,931	8,087
Register of Deeds	119,410	119,410	101,268	18,142
Treasurer	526,220	571,220	552,070	19,150
Cooperative Extension	226,227	196,227	181,271	14,956
Information Technology	2,278,615	2,278,615	2,210,836	67,779
Building and Grounds	2,366,933	2,366,933	2,393,970	(27,037)
Drain Commissioner	511,932	511,932	437,519	74,413
Motor Pool	169,500	169,500	120,363	49,137
	12,513,811	12,545,658	12,055,581	490,077
Judicial -				
Circuit Court	1,243,688	1,258,688	1,260,337	(1,649)
District Court	2,297,255	2,310,255	2,177,141	133,114
Courthouse Security	639,509	639,509	561,769	77,740
Friend of the Court	3,002,936	3,079,782	2,838,617	241,165
Probate Court	1,209,855	1,259,275	1,216,417	42,858
Family Division - Circuit Court	1,587,908	1,587,908	1,597,388	(9,480)
Probation	7,300	7,300	4,211	3,089
District Court Probation	761,924	824,005	804,110	19,895
	10,750,375	10,966,722	10,459,990	506,732

(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, 2019

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
Public Safety -				
Sheriff	\$ 8,373,260	\$ 8,539,753	\$ 8,479,686	\$ 60,067
Training	15,000	30,000	28,399	1,601
Communications/Radio	1,937,195	1,937,195	1,829,105	108,090
Marine Law Enforcement	230,129	256,679	256,972	(293)
Dive Team	31,187	38,187	37,418	769
Corrections / Jail	12,230,174	12,585,755	13,017,404	(431,649)
Other Corrections Activities	330,000	249,950	164,949	85,001
Emergency Preparedness	727,502	1,403,062	1,151,717	251,345
Hazardous Material Handling	39,495	39,495	35,415	4,080
Animal Shelter/Dog Warden	444,877	444,877	427,645	17,232
	<u>24,358,819</u>	<u>25,524,953</u>	<u>25,428,710</u>	<u>96,243</u>
Public Works -				
Road Commission	900,000	900,000	900,000	-
Drains - Public Benefit	204,238	85,268	85,268	-
	<u>1,104,238</u>	<u>985,268</u>	<u>985,268</u>	<u>-</u>
Health and Welfare -				
Medical Examiner	461,232	466,232	467,644	(1,412)
Mental Health	955,672	955,672	955,672	-
Public Guardian	489,452	489,452	465,940	23,512
Veterans' Burial	15,000	15,000	9,000	6,000
	<u>1,921,356</u>	<u>1,926,356</u>	<u>1,898,256</u>	<u>28,100</u>
Community and Economic Development -				
Planning Commission	663,888	715,330	714,244	1,086
Transportation Planning	8,350	8,350	4,421	3,929
Redevelopment and Housing	-	-	4,090	(4,090)
	<u>672,238</u>	<u>723,680</u>	<u>722,755</u>	<u>925</u>
Other	<u>200,002</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt Service -				
Principal	335,797	335,797	335,797	-
Interest	155,246	155,246	155,246	-
	<u>491,043</u>	<u>491,043</u>	<u>491,043</u>	<u>-</u>
Total Expenditures	<u>53,320,388</u>	<u>54,472,186</u>	<u>53,330,267</u>	<u>1,141,919</u>
Revenues over expenditures	<u>4,519,391</u>	<u>5,315,843</u>	<u>5,889,694</u>	<u>573,851</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, 2019**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	Variance with Amended Budget Positive (Negative)
Other Financing Sources (Uses):				
Transfers from other funds	\$ 2,390,254	\$ 2,401,254	\$ 2,431,331	\$ 30,077
Transfers to other funds	<u>(6,909,645)</u>	<u>(7,505,047)</u>	<u>(8,031,636)</u>	<u>(526,589)</u>
Total Other Financing Sources (Uses)	<u>(4,519,391)</u>	<u>(5,103,793)</u>	<u>(5,600,305)</u>	<u>(496,512)</u>
 Net Change in Fund Balance	-	212,050	289,389	77,339
 Fund Balance at beginning of year	<u>10,539,961</u>	<u>10,539,961</u>	<u>10,539,961</u>	<u>-</u>
 Fund Balance at end of year	<u><u>\$ 10,539,961</u></u>	<u><u>\$ 10,752,011</u></u>	<u><u>\$ 10,829,350</u></u>	<u><u>\$ 77,339</u></u>

Reconciliation of Budget-Basis to GAAP-Basis Reporting:

Net Change in General Fund Fund Balance (Budgetary Basis)	\$ 289,389
 Perspective difference -	
Other Budgeted Funds Net Change Allocated to the General Fund for GAAP-basis reporting	
 Budget Incentive	(67,502)
Development Revolving	<u>-</u>
 Net Change in Combined General Fund Fund Balance (GAAP-Basis)	<u><u>\$ 221,887</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, 2019**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
Revenues:				
Taxes	\$ 2,921,700	\$ 2,975,500	\$ 2,975,270	\$(230)
Intergovernmental	539,500	387,500	404,436	16,936
Charges for services	109,000	113,000	145,473	32,473
Interest and rent	6,500	26,500	25,203	(1,297)
Other	8,500	12,200	9,910	(2,290)
Total Revenues	<u>3,585,200</u>	<u>3,514,700</u>	<u>3,560,292</u>	<u>45,592</u>
Expenditures:				
Recreation and Cultural	<u>3,955,503</u>	<u>3,644,603</u>	<u>3,519,084</u>	<u>125,519</u>
Net Change in Fund Balance	(370,303)	(129,903)	41,208	171,111
Fund Balance at beginning of year	<u>2,349,748</u>	<u>2,349,748</u>	<u>2,349,748</u>	<u>-</u>
Fund Balance at end of year	<u>\$ 1,979,445</u>	<u>\$ 2,219,845</u>	<u>\$ 2,390,956</u>	<u>\$ 171,111</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, 2019**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
Revenues:				
Taxes	\$ 4,073,400	\$ 4,073,400	\$ 4,207,273	\$ 133,873
Intergovernmental	181,725	181,725	242,795	61,070
Charges for services	80,000	80,000	76,642	(3,358)
Fines and forfeits	555,000	555,000	545,560	(9,440)
Interest and rent	51,000	51,000	66,950	15,950
Other	21,050	21,050	59,507	38,457
Total Revenues	<u>4,962,175</u>	<u>4,962,175</u>	<u>5,198,727</u>	<u>236,552</u>
Expenditures:				
Recreation and Cultural	<u>5,409,972</u>	<u>5,409,972</u>	<u>5,163,262</u>	<u>246,710</u>
Net Change in Fund Balance	(447,797)	(447,797)	35,465	483,262
Fund Balance at beginning of year	<u>2,626,634</u>	<u>2,626,634</u>	<u>2,626,634</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 2,178,837</u></u>	<u><u>\$ 2,178,837</u></u>	<u><u>\$ 2,662,099</u></u>	<u><u>\$ 483,262</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, 2019**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	Variance with Amended Budget Positive (Negative)
Revenues:				
Taxes	\$ 4,853,734	\$ 4,853,734	\$ 4,804,844	\$(48,890)
Intergovernmental	-	-	47,534	47,534
Interest and rent	6,000	6,000	38,095	32,095
Other	-	-	2,654	2,654
Total Revenues	<u>4,859,734</u>	<u>4,859,734</u>	<u>4,893,127</u>	<u>33,393</u>
Expenditures:				
Health and Welfare	<u>5,236,052</u>	<u>5,236,052</u>	<u>4,760,038</u>	<u>476,014</u>
Net Change in Fund Balance	(376,318)	(376,318)	133,089	509,407
Fund Balance at beginning of year	<u>3,221,844</u>	<u>3,221,844</u>	<u>3,221,844</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 2,845,526</u></u>	<u><u>\$ 2,845,526</u></u>	<u><u>\$ 3,354,933</u></u>	<u><u>\$ 509,407</u></u>

ST. CLAIR COUNTY, MICHIGAN

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL - SPECIAL REVENUE FUND
DRUG TASK FORCE
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
Revenues:				
Taxes	\$ 3,356,938	\$ 3,356,938	\$ 3,366,239	\$ 9,301
Intergovernmental	-	15,000	34,448	19,448
Interest and rent	-	50,000	51,795	1,795
Other	-	5,880	10,953	5,073
Total Revenues	<u>3,356,938</u>	<u>3,427,818</u>	<u>3,463,435</u>	<u>35,617</u>
Expenditures:				
Public Safety	<u>2,907,305</u>	<u>2,907,305</u>	<u>2,772,069</u>	<u>135,236</u>
Revenues over expenditures	449,633	520,513	691,366	170,853
Other Financing Uses:				
Transfers to other funds	<u>(449,633)</u>	<u>(449,633)</u>	<u>(449,633)</u>	<u>-</u>
Net Change in Fund Balance	-	70,880	241,733	170,853
Fund Balance at beginning of year	<u>1,160,018</u>	<u>1,160,018</u>	<u>1,160,018</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 1,160,018</u></u>	<u><u>\$ 1,230,898</u></u>	<u><u>\$ 1,401,751</u></u>	<u><u>\$ 170,853</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

	Annual money-weighted rate of return, net of expenses
	<hr/>
2019	18.03%
2018	-4.72%
2017	11.89%
2016	8.13%
2015	1.60%
2014	5.62%

* GASB No. 67 was implemented for fiscal year ended December 31, 2014. This schedule is being built prospectively. Ultimately, ten years of data will be presented.

ST. CLAIR COUNTY, MICHIGAN

**BASIC RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**

	Reporting Year**		
	2019	2018	2017
PRIMARY GOVERNMENT			
Total Pension Liability			
Service Cost	\$ 2,676,913	\$ 2,572,862	\$ 2,504,939
Interest	12,691,473	12,385,695	10,449,188
Changes of assumptions	(233,899)	(494,505)	2,728,045
Differences between expected and actual experience	(116,488)	(559,596)	(482,191)
Benefit payments, including refunds	(9,792,455)	(9,938,259)	(7,116,901)
Change in total pension liability	5,225,544	3,966,197	8,083,080
Total pension liability, beginning of year	171,505,067	167,538,870	159,455,790
Total pension liability, end of year	<u>\$ 176,730,611</u>	<u>\$ 171,505,067</u>	<u>\$ 167,538,870</u>
Plan Fiduciary Net Position			
Contributions - Employer	\$ 3,737,255	\$ 3,946,975	\$ 4,014,131
Contributions - Member	1,222,685	1,105,447	1,149,429
Net investment income	(8,457,211)	17,464,462	9,030,086
Benefit payments, including refunds	(9,792,455)	(9,938,259)	(7,116,901)
Administrative expenses	(101,172)	(111,350)	(129,296)
Net change in plan fiduciary net position	(13,390,898)	12,467,275	6,947,449
Plan fiduciary net position, beginning of year	160,565,512	148,098,237	141,150,788
Plan fiduciary net position, end of year	<u>\$ 147,174,614</u>	<u>\$ 160,565,512</u>	<u>\$ 148,098,237</u>
County's Net Pension Liability - Ending	<u>\$ 29,555,997</u>	<u>\$ 10,939,555</u>	<u>\$ 19,440,633</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	83.28%	93.62%	88.40%
Covered Payroll	\$ 21,648,797	\$ 21,511,145	\$ 22,609,487
County's Net Pension Liability as a Percentage of Covered Payroll	136.52%	50.86%	85.98%

* GASB No. 68 was implemented for fiscal year ended December 31, 2015. This schedule is being built prospectively. Ultimately, ten years of data will be presented.

** The amount reported for each reporting year is the net pension liability as of December 31 of the prior year (2019 is the December 31, 2018 net pension liability).

<u>2016</u>	<u>2015</u>
\$ 2,768,655	\$ 2,871,556
11,544,593	11,174,200
-	-
(1,451,427)	-
(9,130,574)	(8,877,982)
3,731,247	5,167,774
<u>155,724,543</u>	<u>150,556,769</u>
<u>\$ 159,455,790</u>	<u>\$ 155,724,543</u>
\$ 4,843,347	\$ 4,879,260
1,154,432	1,228,149
2,400,568	7,784,083
(9,130,574)	(8,877,982)
(95,353)	(103,298)
(827,580)	4,910,212
<u>141,978,368</u>	<u>137,068,156</u>
<u>\$ 141,150,788</u>	<u>\$ 141,978,368</u>
<u>\$ 18,305,002</u>	<u>\$ 13,746,175</u>
88.52%	91.17%
\$ 23,709,482	\$ 24,888,511
77.21%	55.23%

ST. CLAIR COUNTY, MICHIGAN

BASIC RETIREMENT SYSTEM

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

	Reporting Year**		
	2019	2018	2017
COMPONENT UNITS			
Total Pension Liability			
Service Cost	\$ 1,383,784	\$ 1,634,397	\$ 1,830,004
Interest	6,560,638	6,565,930	7,633,742
Changes of assumptions	(120,909)	(270,272)	1,992,996
Differences between expected and actual experience	(60,217)	(2,607,396)	(352,270)
Benefit payments, including refunds	(5,487,673)	(4,929,768)	(7,203,403)
Change in total pension liability	2,275,623	392,891	3,901,069
Total pension liability, beginning of year	88,769,111	88,376,220	84,475,151
Total pension liability, end of year	<u>\$ 91,044,734</u>	<u>\$ 88,769,111</u>	<u>\$ 88,376,220</u>
Plan Fiduciary Net Position			
Contributions - Employer	\$ 2,435,353	\$ 2,445,872	\$ 2,250,146
Contributions - Member	632,045	783,359	839,726
Net investment income	(2,790,735)	8,612,555	7,944,148
Benefit payments, including refunds	(5,487,673)	(4,929,768)	(7,203,403)
Administrative expenses	(52,299)	(56,194)	(94,459)
Net change in plan fiduciary net position	(5,263,309)	6,855,824	3,736,158
Plan fiduciary net position, beginning of year	81,029,527	74,173,703	70,437,545
Plan fiduciary net position, end of year	<u>\$ 75,766,218</u>	<u>\$ 81,029,527</u>	<u>\$ 74,173,703</u>
County's Net Pension Liability - Ending	<u>\$ 15,278,516</u>	<u>\$ 7,739,584</u>	<u>\$ 14,202,517</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	83.22%	91.28%	83.93%
Covered Payroll	\$ 12,616,569	\$ 14,197,693	\$ 15,104,860
County's Net Pension Liability as a Percentage of Covered Payroll	121.10%	54.51%	94.03%

* GASB No. 68 was implemented for fiscal year ended December 31, 2015. This schedule is being built prospectively. Ultimately, ten years of data will be presented.

** The amount reported for each reporting year is the net pension liability as of December 31 of the prior year (2019 is the December 31, 2018 net pension liability).

<u>2016</u>	<u>2015</u>
\$ 1,621,125	\$ 1,576,074
5,964,738	5,748,827
-	-
1,245,014	-
<u>(4,528,882)</u>	<u>(4,453,389)</u>
4,301,995	2,871,512
<u>80,173,156</u>	<u>77,301,644</u>
<u>\$ 84,475,151</u>	<u>\$ 80,173,156</u>
\$ 2,336,633	\$ 2,312,937
884,526	865,706
1,054,248	3,664,535
<u>(4,528,882)</u>	<u>(4,453,389)</u>
<u>(47,584)</u>	<u>(51,466)</u>
(301,059)	2,338,323
<u>70,738,604</u>	<u>68,400,281</u>
<u>\$ 70,437,545</u>	<u>\$ 70,738,604</u>
<u>\$ 14,037,606</u>	<u>\$ 9,434,552</u>
83.38%	88.23%
\$ 15,228,470	\$ 14,654,443
92.18%	64.38%

ST. CLAIR COUNTY, MICHIGAN

BASIC RETIREMENT SYSTEM

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

	Plan Year **		
	2019	2018	2017
Total Pension Liability			
Service Cost	\$ 3,985,708	\$ 4,060,697	\$ 4,207,259
Interest	19,790,566	19,252,111	18,951,625
Changes of assumptions	17,318,142	(354,808)	(764,777)
Differences between expected and actual experience	300,530	(176,705)	(3,166,992)
Benefit payments, including refunds	(15,773,683)	(15,280,128)	(14,868,027)
Change in total pension liability	25,621,263	7,501,167	4,359,088
Total pension liability, beginning of year	<u>267,775,345</u>	<u>260,274,178</u>	<u>255,915,090</u>
Total pension liability, end of year	<u>\$ 293,396,608</u>	<u>\$ 267,775,345</u>	<u>\$ 260,274,178</u>
Plan Fiduciary Net Position			
Contributions - Employer	\$ 5,694,846	\$ 6,172,608	\$ 6,392,847
Contributions - Member	1,830,164	1,854,730	1,888,806
Net investment income	39,329,576	(11,247,946)	26,077,017
Benefit payments, including refunds	(15,773,683)	(15,280,128)	(14,868,027)
Administrative expenses	(207,860)	(153,471)	(167,544)
Other	23,062	-	-
Net change in plan fiduciary net position	30,896,105	(18,654,207)	19,323,099
Plan fiduciary net position, beginning of year	<u>222,940,832</u>	<u>241,595,039</u>	<u>222,271,940</u>
Plan fiduciary net position, end of year	<u>\$ 253,836,937</u>	<u>\$ 222,940,832</u>	<u>\$ 241,595,039</u>
County's Net Pension Liability - Ending	<u>\$ 39,559,671</u>	<u>\$ 44,834,513</u>	<u>\$ 18,679,139</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	86.52%	83.26%	92.82%
Covered Payroll	\$ 33,483,820	\$ 34,265,366	\$ 35,708,838
County's Net Pension Liability as a Percentage of Covered Payroll	118.1%	130.8%	52.3%

* GASB No. 67 was implemented for fiscal year ended December 31, 2014. This schedule is being built prospectively. Ultimately, ten years of data will be presented.

** The Plan Year is based on the prior year actuarial liability rolled forward to the current year. These amounts are not reported in the County's financial statements until the following year.

<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 4,334,943	\$ 4,389,780	\$ 4,781,202
18,082,930	17,509,331	16,948,045
4,721,041	-	-
(834,461)	(206,413)	(358,590)
<u>(14,320,304)</u>	<u>(13,659,456)</u>	<u>(13,331,371)</u>
11,984,149	8,033,242	8,039,286
<u>243,930,941</u>	<u>235,897,699</u>	<u>227,858,413</u>
<u>\$ 255,915,090</u>	<u>\$ 243,930,941</u>	<u>\$ 235,897,699</u>
\$ 6,264,277	\$ 7,179,980	\$ 7,192,197
1,989,155	2,038,958	2,093,855
16,974,234	3,454,816	11,448,618
(14,320,304)	(13,659,456)	(13,331,371)
(223,755)	(142,937)	(154,764)
<u>-</u>	<u>-</u>	<u>-</u>
10,683,607	(1,128,639)	7,248,535
<u>211,588,333</u>	<u>212,716,972</u>	<u>205,468,437</u>
<u>\$ 222,271,940</u>	<u>\$ 211,588,333</u>	<u>\$ 212,716,972</u>
<u>\$ 33,643,150</u>	<u>\$ 32,342,608</u>	<u>\$ 23,180,727</u>
86.85%	86.74%	90.17%
\$ 37,714,347	\$ 38,937,952	\$ 39,542,954
89.2%	83.1%	58.6%

ST. CLAIR COUNTY, MICHIGAN

**BASIC RETIREMENT SYSTEM
SCHEDULE OF COUNTY CONTRIBUTIONS**

	Actuarially determined contributions	Contributions in relation to the actuarially determined contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a percentage of covered employee payroll
PRIMARY GOVERNMENT					
2019	\$ 3,500,277	\$ 3,555,904	\$(55,627)	\$ 21,648,797	16.43%
2018	3,517,819	3,737,255	(219,436)	21,511,145	17.37%
2017	3,822,897	3,947,749	(124,852)	22,609,487	17.46%
2016	3,551,582	4,014,131	(462,549)	23,709,482	16.93%
2015	4,062,123	4,841,086	(778,963)	24,888,512	19.45%
2014	4,879,260	4,879,260	-	26,897,465	18.14%
2013	5,164,114	5,164,114	-	29,675,363	17.40%
2012	4,490,006	4,547,153	(57,147)	27,131,512	16.76%
2011	4,664,029	4,664,029	-	29,011,272	16.08%
2010	3,310,644	3,310,644	-	29,218,502	11.33%
COMPONENT UNITS					
2019	\$ 1,705,957	\$ 2,126,341	\$(420,384)	\$ 13,158,103	16.16%
2018	1,919,500	2,476,820	(557,320)	12,759,059	19.41%
2017	2,195,477	2,373,562	(178,085)	13,933,660	17.03%
2016	2,101,104	2,275,043	(173,939)	15,356,127	14.82%
2015	2,146,742	2,348,157	(201,415)	15,286,757	15.36%
2014	2,322,948	2,328,973	(6,025)	15,564,359	14.96%
2013	2,181,635	2,181,635	-	17,166,929	12.71%
2012	1,870,203	2,207,847	(337,644)	17,862,124	12.36%
2011	1,807,663	1,807,663	-	16,700,587	10.82%
2010	1,657,245	1,657,245	-	15,214,561	10.89%

* Amounts combined do not agree to Total Plan on following page as this is reporting fiscal years of the Component Units and the following page is reporting on the Plan's fiscal year.

ST. CLAIR COUNTY, MICHIGAN
BASIC RETIREMENT SYSTEM
SCHEDULE OF COUNTY CONTRIBUTIONS

PLAN TOTAL	<u>Actuarially determined contributions</u>	<u>Contributions in relation to the actuarially determined contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a percentage of covered employee payroll</u>
2019	\$ 5,174,822	\$ 5,694,846	\$(520,024)	\$ 34,265,366	16.62%
2018	5,396,056	6,172,608	(776,552)	34,585,027	17.85%
2017	6,090,683	6,392,847	(302,164)	35,512,868	18.00%
2016	5,620,520	6,264,277	(643,757)	37,413,854	16.74%
2015	6,197,341	7,179,980	(982,639)	38,496,661	18.65%
2014	7,192,197	7,192,197	-	42,461,824	16.94%
2013	7,378,242	7,378,242	-	42,911,460	17.19%
2012	6,360,209	6,755,000	(394,791)	44,165,160	15.29%
2011	6,513,424	6,513,424	-	46,217,020	14.09%
2010	5,067,619	5,067,619	-	45,859,200	11.05%

Valuation Date December 31 of the second previous fiscal year

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Individual Entry Age
Amortization method	Level dollar
Remaining amortization period	15 years for General and Road Commission, 18 years for Community Mental Health on a closed period
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	RP-2014 Mortality Table with generational improvements from 2006 based on the Social Security mortality improvement assumptions from the 2015 Trustees' Report

ST. CLAIR COUNTY, MICHIGAN
RETIREE HEALTH BENEFITS
SCHEDULE OF INVESTMENT RETURNS

	Annual money-weighted rate of return, net of expenses
	<hr/>
2019	18.14%
2018	-3.18%
2017	20.08%

* GASB No. 74 was implemented for fiscal year ended December 31, 2017. This schedule is being built prospectively. Ultimately, ten years of data will be presented.

ST. CLAIR COUNTY, MICHIGAN

**RETIREE HEALTH BENEFITS
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS**

	Reporting Year**	
	2019	2018
PRIMARY GOVERNMENT		
Total OPEB Liability		
Service Cost	\$ 2,891,255	\$ 2,619,609
Interest	4,866,947	4,729,272
Changes in benefit terms	(49,455,733)	-
Changes of assumptions	(10,761,637)	6,184,642
Differences between expected and actual experience	(7,983,356)	1,660,027
Benefit payments, including refunds	(2,711,471)	(2,757,601)
Change in total OPEB liability	(63,153,995)	12,435,949
Total OPEB liability, beginning of year	126,529,396	114,093,447
Total OPEB liability, end of year	\$ 63,375,401	\$ 126,529,396
Plan Fiduciary Net Position		
Contributions - Employer	\$ 959,219	\$ 841,331
Contributions - Member	342,549	353,887
Net investment income	(787,575)	2,878,791
Benefit payments, including refunds	(2,711,471)	(2,757,601)
Administrative expenses	(316)	(21,220)
Net change in plan fiduciary net position	(2,197,594)	1,295,188
Plan fiduciary net position, beginning of year	25,559,375	24,264,187
Plan fiduciary net position, end of year	\$ 23,361,781	\$ 25,559,375
County's Net OPEB Liability - Ending	\$ 40,013,620	\$ 100,970,021
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	36.86%	20.20%
Covered Payroll	\$ 20,021,640	\$ 21,110,866
County's Net OPEB Liability as a Percentage of Covered Payroll	199.9%	478.3%

The cost of benefits provided was changed in 2018 and is the reason for the change in benefit terms.

* GASB No. 75 was implemented for fiscal year ended December 31, 2018. This schedule is being built prospectively. Ultimately, ten years of data will be presented.

** The amount reported for each reporting year is the net OPEB liability as of December 31 of the prior year (2019 is the December 31, 2018 net OPEB liability).

ST. CLAIR COUNTY, MICHIGAN

**RETIREE HEALTH BENEFITS
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS**

COMPONENT UNITS	<u>Reporting Year**</u>	
	<u>2019</u>	<u>2018</u>
Total OPEB Liability		
Service Cost	\$ 1,858,363	\$ 1,711,610
Interest	2,559,282	2,539,458
Changes in benefit terms	(26,905,935)	-
Changes of assumptions	(5,469,086)	3,127,806
Differences between expected and actual experience	(3,676,283)	(775,585)
Benefit payments, including refunds	(1,327,251)	(1,348,601)
Change in total OPEB liability	(32,960,910)	5,254,688
Total OPEB liability, beginning of year	<u>66,148,600</u>	<u>60,893,912</u>
Total OPEB liability, end of year	<u><u>\$ 33,187,690</u></u>	<u><u>\$ 66,148,600</u></u>
Plan Fiduciary Net Position		
Contributions - Employer	\$ 1,910,694	\$ 1,527,062
Contributions - Member	81,607	89,223
Net investment income	(645,767)	2,176,273
Benefit payments, including refunds	(1,327,251)	(1,348,601)
Administrative expenses	(248)	(15,407)
Net change in plan fiduciary net position	19,035	2,428,550
Plan fiduciary net position, beginning of year	<u>20,046,774</u>	<u>17,618,224</u>
Plan fiduciary net position, end of year	<u><u>\$ 20,065,809</u></u>	<u><u>\$ 20,046,774</u></u>
County's Net OPEB Liability - Ending	<u><u>\$ 13,121,881</u></u>	<u><u>\$ 46,101,826</u></u>
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	60.46%	30.31%
Covered Payroll	\$ 12,718,123	\$ 14,257,669
County's Net OPEB Liability as a Percentage of Covered Payroll	103.2%	323.3%

The cost of benefits provided was changed in 2018 and is the reason for the change in benefit terms.

* GASB No. 75 was implemented for fiscal year ended December 31, 2018. This schedule is being built prospectively. Ultimately, ten years of data will be presented.

** The amount reported for each reporting year is the net OPEB liability as of December 31 of the prior year (2019 is the December 31, 2018 net OPEB liability).

ST. CLAIR COUNTY, MICHIGAN

**RETIREE HEALTH BENEFITS
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS**

	Plan Year **		
	2019	2018	2017
Total OPEB Liability			
Service Cost	\$ 1,974,046	\$ 4,749,618	\$ 4,331,219
Interest	5,041,371	7,426,229	7,268,730
Changes in benefit terms	-	(76,361,668)	-
Changes of assumptions	(4,809,621)	(16,230,723)	9,312,448
Differences between expected and actual experience	(1,857,711)	(11,659,639)	884,442
Benefit payments, including refunds	(3,216,148)	(4,038,722)	(4,106,202)
Change in total OPEB liability	(2,868,063)	(96,114,905)	17,690,637
Total OPEB liability, beginning of year	96,563,091	192,677,996	174,987,359
Total OPEB liability, end of year	<u>\$ 93,695,028</u>	<u>\$ 96,563,091</u>	<u>\$ 192,677,996</u>
Plan Fiduciary Net Position			
Contributions - Employer	\$ 2,686,003	\$ 2,869,913	\$ 2,368,393
Contributions - Member	413,961	424,156	443,110
Net investment income	7,864,780	(1,433,342)	5,055,064
Benefit payments, including refunds	(3,216,148)	(4,038,722)	(4,106,202)
Administrative expenses	(564)	(564)	(36,627)
Other	7,433	-	-
Net change in plan fiduciary net position	7,755,465	(2,178,559)	3,723,738
Plan fiduciary net position, beginning of year	43,427,590	45,606,149	41,882,411
Plan fiduciary net position, end of year	<u>\$ 51,183,055</u>	<u>\$ 43,427,590</u>	<u>\$ 45,606,149</u>
County's Net OPEB Liability - Ending	<u>\$ 42,511,973</u>	<u>\$ 53,135,501</u>	<u>\$ 147,071,847</u>
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	54.63%	44.97%	23.67%
Covered Payroll	\$ 31,771,895	\$ 32,739,763	\$ 35,368,535
County's Net OPEB Liability as a Percentage of Covered Payroll	133.8%	162.3%	415.8%

The cost of benefits provided was changed in 2018 and is the reason for the change in benefit terms.

* GASB No. 74 was implemented for fiscal year ended December 31, 2017. This schedule is being built prospectively. Ultimately, ten years of data will be presented.

** The Plan Year is based on the prior year actuarial liability rolled forward to the current year. These amounts are not reflected in the County's financial statements until the following year.

ST. CLAIR COUNTY, MICHIGAN

**RETIREE HEALTH BENEFITS
SCHEDULE OF COUNTY CONTRIBUTIONS**

		<u>Actuarially determined contributions</u>	<u>Contributions in relation to the actuarially determined contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a percentage of covered employee payroll</u>
PRIMARY GOVERNMENT						
	2019	\$ 4,205,510	\$ 986,546	\$ 3,218,964	\$ 19,455,357	5.07%
	2018	4,013,767	959,219	3,054,548	20,021,640	4.79%
COMPONENT UNITS						
	2019	\$ 1,530,849	\$ 1,766,524	\$(235,675)	\$ 12,388,218	14.26%
	2018	2,858,768	1,901,430	957,338	12,759,059	14.90%

The valuation determining the 2018 actuarially determined contribution reflects changes in the costs of insurance provided, mainly with the Medicare Advantage Plan projecting a 42.32% decrease in cost from 2018 to 2019.

* GASB No. 75 was implemented for fiscal year ended December 31, 2018. This schedule is being built prospectively. Ultimately, ten years of data will be presented.

** Amounts combined do not agree to Total Plan on following page as this is reporting fiscal years of the Component Units and the following page is reporting on the Plan's fiscal year.

ST. CLAIR COUNTY, MICHIGAN

**RETIREE HEALTH BENEFITS
SCHEDULE OF COUNTY CONTRIBUTIONS**

	Actuarially determined contributions	Contributions in relation to the actuarially determined contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a percentage of covered employee payroll
2019	\$ 5,675,768	\$ 2,686,003	\$ 2,989,765	\$ 31,771,895	8.45%
2018	5,772,415	2,869,913	2,902,502	32,739,763	8.77%
2017	14,223,015	2,368,393	11,854,622	35,368,535	6.70%

Valuation Date December 31 of the previous fiscal year

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Individual Entry Age
Amortization method	Level dollar for General, level percent of pay for Road Commission and Community Mental Health
Remaining amortization period	11 years for 2019
Asset valuation method	5-year smoothed market value
Inflation	2.0%, 2018 - 2.8%, 2017 - 3.0%
Salary increases	2.25-7.00% for 2019 and 3.5- 8.0% Road Commission and Community Mental Health for prior years
Investment rate of return	6.34%, 2018 - 6.50%, 2017 - 5.00%
Retirement age	Earliest age participant becomes eligible for normal retirement
Mortality	Pub-2010 General, Public Safety, or Blue Collar weighted Mortality Table fully generational using scale MP-2018; Pub-2010 Non-Public Safety, Public Safety, or RPH-2006 Disabled Mortality Table Fully generational using scale MP-2018 for Disabled Retirees; and Pub-2010 General Headcount-weighted Mortality Table fully generational using scale MP-2018. For 2018 and 2017 - RP-2017 Mortality Table with generational improvements from 2006 based on the Social Security mortality improvement assumptions

The valuation determining the 2018 actuarially determined contribution reflects changes in the costs of insurance provided, mainly with the Medicare Advantage Plan projecting a 42.32% decrease in cost from 2018 to 2019.

* GASB No. 74 was implemented for fiscal year ended December 31, 2017. This schedule is being built prospectively. Ultimately, ten years of data will be presented.

SUPPLEMENTARY INFORMATION

ST. CLAIR COUNTY, MICHIGAN

**COMBINING BALANCE SHEET
COMBINED GENERAL FUND
DECEMBER 31, 2019**

	<u>General</u>	<u>Budget Incentive</u>	<u>Development Revolving</u>	<u>Combined General</u>
Assets:				
Cash and cash equivalents	\$ 3,054	\$ 1,237,111	\$ 75,888	\$ 1,316,053
Investments	18,958,224	-	-	18,958,224
Receivables, net of allowance -				
Property taxes	1,876,958	-	-	1,876,958
Interest and accounts	243,382	-	-	243,382
Due from other governmental units	2,972,894	-	475,965	3,448,859
Due from other funds	269,883	-	-	269,883
Long-term notes receivable	435,100	-	-	435,100
Advances to component units	1,470,000	-	-	1,470,000
Prepayments and deposits	8,362	-	-	8,362
	<u>26,237,857</u>	<u>1,237,111</u>	<u>551,853</u>	<u>28,026,821</u>
Total Assets	<u>\$ 26,237,857</u>	<u>\$ 1,237,111</u>	<u>\$ 551,853</u>	<u>\$ 28,026,821</u>
Liabilities:				
Accounts payable	\$ 1,078,419	\$ 2,109	\$ -	\$ 1,080,528
Accrued liabilities	1,942,306	-	-	1,942,306
Due to other governmental units	4,721	-	-	4,721
Due to other funds	12,100,000	-	-	12,100,000
	<u>15,125,446</u>	<u>2,109</u>	<u>-</u>	<u>15,127,555</u>
Total Liabilities	<u>15,125,446</u>	<u>2,109</u>	<u>-</u>	<u>15,127,555</u>
Deferred Inflows of Resources:				
Unavailable revenue -				
Property taxes	49,726	-	-	49,726
Grants/fees	233,335	-	-	233,335
	<u>283,061</u>	<u>-</u>	<u>-</u>	<u>283,061</u>
Total Deferred Inflows of Resources	<u>283,061</u>	<u>-</u>	<u>-</u>	<u>283,061</u>
Fund Balances:				
Nonspendable -				
Long-term notes receivable/advances	1,905,100	-	475,965	2,381,065
Prepayments	8,362	-	-	8,362
Committed	-	1,235,002	-	1,235,002
Assigned	-	-	75,888	75,888
Unassigned	8,915,888	-	-	8,915,888
	<u>10,829,350</u>	<u>1,235,002</u>	<u>551,853</u>	<u>12,616,205</u>
Total Fund Balances	<u>10,829,350</u>	<u>1,235,002</u>	<u>551,853</u>	<u>12,616,205</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 26,237,857</u>	<u>\$ 1,237,111</u>	<u>\$ 551,853</u>	<u>\$ 28,026,821</u>

ST. CLAIR COUNTY, MICHIGAN

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
COMBINED GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>General</u>	<u>Budget Incentive</u>	<u>Development Revolving</u>	<u>Eliminations</u>	<u>Combined General</u>
Revenues:					
Taxes	\$ 33,244,137	\$ -	\$ -	\$ -	\$ 33,244,137
Licenses and permits	481,128	-	-	-	481,128
Intergovernmental	13,468,381	-	-	-	13,468,381
Charges for services	8,656,877	-	-	-	8,656,877
Fines and forfeits	396,995	-	-	-	396,995
Interest and rent	1,591,488	-	-	-	1,591,488
Other	1,380,955	-	-	-	1,380,955
Total Revenues	<u>59,219,961</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>59,219,961</u>
Expenditures:					
Current -					
Legislative	1,288,664	-	-	-	1,288,664
General Government	12,055,581	-	-	-	12,055,581
Judicial	10,459,990	-	-	-	10,459,990
Public Safety	25,428,710	-	-	-	25,428,710
Public Works	985,268	-	-	-	985,268
Health and Welfare	1,898,256	-	-	-	1,898,256
Community and Economic Development	722,755	-	-	-	722,755
Capital Outlay	-	69,581	-	-	69,581
Debt Service -					
Principal	335,797	-	-	-	335,797
Interest	155,246	-	-	-	155,246
Total Expenditures	<u>53,330,267</u>	<u>69,581</u>	<u>-</u>	<u>-</u>	<u>53,399,848</u>
Revenues over (under) expenditures	<u>5,889,694</u>	<u>(69,581)</u>	<u>-</u>	<u>-</u>	<u>5,820,113</u>
Other Financing Sources (Uses):					
Transfers from other funds	2,431,331	422,700	-	(443,321)	2,410,710
Transfers to other funds	(8,031,636)	(420,621)	-	443,321	(8,008,936)
Total Other Financing Sources (Uses)	<u>(5,600,305)</u>	<u>2,079</u>	<u>-</u>	<u>-</u>	<u>(5,598,226)</u>
Net Change in Fund Balance	289,389	(67,502)	-	-	221,887
Fund Balance at beginning of year	<u>10,539,961</u>	<u>1,302,504</u>	<u>551,853</u>	<u>-</u>	<u>12,394,318</u>
Fund Balance at end of year	<u>\$ 10,829,350</u>	<u>\$ 1,235,002</u>	<u>\$ 551,853</u>	<u>\$ -</u>	<u>\$ 12,616,205</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, 2019**

	<u>Amended Budget</u>	<u>Actual</u>	Variance with Actual Positive (Negative)
Expenditures:			
Capital Outlay	\$ 250,000	\$ 69,581	\$ 180,419
Other Financing Sources (Uses):			
Transfers from other funds	-	422,700	422,700
Transfers to other funds	<u>(420,621)</u>	<u>(420,621)</u>	<u>-</u>
	<u>(420,621)</u>	<u>2,079</u>	<u>422,700</u>
Net Change in Fund Balance	(670,621)	(67,502)	603,119
Fund Balance at beginning of year	<u>1,302,504</u>	<u>1,302,504</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 631,883</u></u>	<u><u>\$ 1,235,002</u></u>	<u><u>\$ 603,119</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.

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 – 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.

Indigent Defense – is used to account for revenues and expenditures of the delivery of indigent criminal defense services required by Act 93 of 2013.

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.

Animal Control Donations – is used to account for contributions received for animal control programs.

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 primarily 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.

ST. CLAIR COUNTY, MICHIGAN

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2019**

	Special Revenue Funds				
	Friend of Court	Convention Center	Drug Law Enforcement	Health Department	HUD Housing
Assets:					
Cash and cash equivalents	\$ 241,411	\$ 686,754	\$ 425,801	\$ 3,234,004	\$ 95,311
Investments	443,484	-	-	-	-
Receivables, net of allowance -					
Property taxes	-	-	-	-	-
Interest and accounts	4,031	18,209	1,990	161,721	149,572
Due from other governmental units	56,292	-	-	344,172	-
Total Assets	\$ 745,218	\$ 704,963	\$ 427,791	\$ 3,739,897	\$ 244,883
Liabilities:					
Accounts payable	\$ 1,984	\$ 65,387	\$ 10,583	\$ 217,285	\$ -
Accrued liabilities	8,348	5,146	-	254,716	-
Advances and deposits	-	66,544	-	28,845	-
Due to other governmental units	-	-	-	130,876	-
Due to other funds	-	-	-	-	-
Unearned revenue	-	-	-	186,969	-
Total Liabilities	10,332	137,077	10,583	818,691	-
Deferred Inflows of Resources:					
Unavailable revenue -					
Delinquent property taxes	-	-	-	-	-
Lease contract/revolving loans	-	-	-	-	149,572
Grants/fees	-	-	175	70,105	-
Taxes levied for a subsequent period	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	175	70,105	149,572
Fund Balances:					
Restricted	734,886	-	417,033	-	95,311
Committed	-	567,886	-	2,851,101	-
Total Fund Balances	734,886	567,886	417,033	2,851,101	95,311
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 745,218	\$ 704,963	\$ 427,791	\$ 3,739,897	\$ 244,883

Special Revenue Funds

CDBG Housing	Human Services	Child Care	Indigent Defense	Veterans' Millage	E - 911	Deeds Automation	Local Corrections and Training
\$ 359,397	\$ 27,257	\$ 575,635	\$ 908,863	\$ 281,147	\$ 269,883	\$ 231,706	\$ 33,929
-	-	-	-	-	-	150,000	-
-	-	-	-	588,246	-	-	-
625,698	-	-	390	4,811	-	1,273	-
-	-	954,719	-	3,409	-	-	-
<u>\$ 985,095</u>	<u>\$ 27,257</u>	<u>\$ 1,530,354</u>	<u>\$ 909,253</u>	<u>\$ 877,613</u>	<u>\$ 269,883</u>	<u>\$ 382,979</u>	<u>\$ 33,929</u>
\$ -	\$ 1,942	\$ 267,873	\$ 60,671	\$ 2,434	\$ -	\$ -	\$ 1,709
-	735	130,978	2,333	15,749	-	7,688	-
-	-	-	-	-	-	-	-
50,295	-	-	-	-	-	-	-
-	-	-	-	-	269,883	-	-
-	-	-	844,558	-	-	-	-
<u>50,295</u>	<u>2,677</u>	<u>398,851</u>	<u>907,562</u>	<u>18,183</u>	<u>269,883</u>	<u>7,688</u>	<u>1,709</u>
-	-	-	-	1,137	-	-	-
575,403	-	-	-	-	-	-	-
-	-	1,101,855	-	-	-	-	-
-	-	-	-	617,749	-	-	-
<u>575,403</u>	<u>-</u>	<u>1,101,855</u>	<u>-</u>	<u>618,886</u>	<u>-</u>	<u>-</u>	<u>-</u>
359,397	-	-	1,691	240,544	-	375,291	32,220
-	24,580	29,648	-	-	-	-	-
<u>359,397</u>	<u>24,580</u>	<u>29,648</u>	<u>1,691</u>	<u>240,544</u>	<u>-</u>	<u>375,291</u>	<u>32,220</u>
<u>\$ 985,095</u>	<u>\$ 27,257</u>	<u>\$ 1,530,354</u>	<u>\$ 909,253</u>	<u>\$ 877,613</u>	<u>\$ 269,883</u>	<u>\$ 382,979</u>	<u>\$ 33,929</u>

(Continued)

ST. CLAIR COUNTY, MICHIGAN

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2019**

	Special Revenue Funds				Debt Service Funds	
	Family	Concealed	Animal	Prosecutor's	Communications	
	Counseling	Pistol	Control	Drug	Series B	Series 2009
		Licensing	Donations	Forfeitures		
Assets:						
Cash and cash equivalents	\$ 117,537	\$ 237,652	\$ 10,727	\$ 183,096	\$ 521,652	\$ 15,374
Investments	-	-	-	-	-	-
Receivables, net of allowance -						
Property taxes	-	-	-	-	-	-
Interest and accounts	45	528	115	1,125	-	-
Due from other governmental units	-	3,312	-	-	5,574	-
Total Assets	\$ 117,582	\$ 241,492	\$ 10,842	\$ 184,221	\$ 527,226	\$ 15,374
Liabilities:						
Accounts payable	\$ 327	\$ -	\$ 478	\$ 250	\$ -	\$ -
Accrued liabilities	-	2,741	-	-	-	-
Advances and deposits	-	-	-	-	-	-
Due to other governmental units	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
Total Liabilities	327	2,741	478	250	-	-
Deferred Inflows of Resources:						
Unavailable revenue -						
Delinquent property taxes	-	-	-	-	-	-
Lease contract/revolving loans	-	-	-	-	-	-
Grants/fees	-	-	-	-	-	-
Taxes levied for a subsequent period	-	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-	-
Fund Balances:						
Restricted	117,255	238,751	10,364	183,971	527,226	15,374
Committed	-	-	-	-	-	-
Total Fund Balances	117,255	238,751	10,364	183,971	527,226	15,374
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 117,582	\$ 241,492	\$ 10,842	\$ 184,221	\$ 527,226	\$ 15,374

Debt Service Funds			Capital Projects Funds			
Building Authority	Convention Center	Jail/Juvenile Facility	Public Improvement	Municipal Building	Convention Center	Total
\$ 46,324	\$ 358,425	\$ 3,504	\$ 7,066,792	\$ 66,914	\$ 347	\$ 15,999,442
-	-	-	-	-	-	593,484
-	-	-	-	-	-	588,246
-	21,217	-	-	145	-	990,870
-	-	-	40,170	-	-	1,407,648
<u>\$ 46,324</u>	<u>\$ 379,642</u>	<u>\$ 3,504</u>	<u>\$ 7,106,962</u>	<u>\$ 67,059</u>	<u>\$ 347</u>	<u>\$ 19,579,690</u>
\$ -	\$ -	\$ -	\$ 1,845	\$ 362	\$ 347	\$ 633,477
-	-	-	-	-	-	428,434
-	-	-	-	-	-	95,389
-	-	-	-	-	-	181,171
-	-	-	-	-	-	269,883
-	-	-	-	-	-	1,031,527
-	-	-	1,845	362	347	2,639,881
-	-	-	-	-	-	1,137
-	-	-	-	-	-	724,975
-	1,853	-	-	-	-	1,173,988
-	-	-	-	-	-	617,749
-	1,853	-	-	-	-	2,517,849
46,324	377,789	3,504	7,105,117	-	-	10,882,048
-	-	-	-	66,697	-	3,539,912
<u>46,324</u>	<u>377,789</u>	<u>3,504</u>	<u>7,105,117</u>	<u>66,697</u>	<u>-</u>	<u>14,421,960</u>
<u>\$ 46,324</u>	<u>\$ 379,642</u>	<u>\$ 3,504</u>	<u>\$ 7,106,962</u>	<u>\$ 67,059</u>	<u>\$ 347</u>	<u>\$ 19,579,690</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, 2019**

	Special Revenue Funds				
	Friend of Court	Convention Center	Drug Law Enforcement	Health Department	HUD Housing
Revenues:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	222,718	-
Intergovernmental	250,464	-	-	3,572,464	-
Charges for services	45,970	911,975	-	2,716,016	-
Fines and forfeits	-	-	43,055	-	-
Interest and rent	11,553	265,532	-	-	-
Other	40	79	34,022	434,615	-
Total Revenues	308,027	1,177,586	77,077	6,945,813	-
Expenditures:					
Current -					
Judicial	214,440	-	-	-	-
General Government	-	-	-	-	-
Public Safety	-	-	56,584	-	-
Health and Welfare	-	-	-	7,948,148	-
Recreation and Cultural	-	1,596,580	-	-	-
Capital Outlay	-	-	-	-	-
Debit Service -					
Principal	-	-	-	-	-
Interest and charges	-	-	-	-	-
Total Expenditures	214,440	1,596,580	56,584	7,948,148	-
Revenues over (under) expenditures	93,587	(418,994)	20,493	(1,002,335)	-
Other Financing Sources (Uses):					
Transfers from other funds	-	524,463	-	1,701,420	-
Transfers to other funds	-	-	-	(1,879,926)	-
Total Other Financing Sources (Uses)	-	524,463	-	(178,506)	-
Net Change in Fund Balances	93,587	105,469	20,493	(1,180,841)	-
Fund Balances at beginning of year	641,299	462,417	396,540	4,031,942	95,311
Fund Balances at end of year	<u>\$ 734,886</u>	<u>\$ 567,886</u>	<u>\$ 417,033</u>	<u>\$ 2,851,101</u>	<u>\$ 95,311</u>

Special Revenue Funds

CDBG Housing	Human Services	Child Care	Indigent Defense	Veterans' Millage	E - 911	Deeds Automation	Local Corrections and Training
\$ -	\$ -	\$ -	\$ -	\$ 597,320	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	2,630,926	147,919	7,227	-	-	-
-	-	121,830	174,102	-	1,050,077	138,343	25,973
-	-	-	-	-	-	-	-
3,758	-	-	-	64	-	8,584	-
19,521	-	9,696	-	5,306	-	-	-
<u>23,279</u>	<u>-</u>	<u>2,762,452</u>	<u>322,021</u>	<u>609,917</u>	<u>1,050,077</u>	<u>146,927</u>	<u>25,973</u>
-	-	-	1,194,796	-	-	-	-
-	-	-	-	-	-	182,242	-
-	-	-	-	-	-	-	6,106
486	23,471	6,364,048	-	597,955	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>486</u>	<u>23,471</u>	<u>6,364,048</u>	<u>1,194,796</u>	<u>597,955</u>	<u>-</u>	<u>182,242</u>	<u>6,106</u>
22,793	(23,471)	(3,601,596)	(872,775)	11,962	1,050,077	(35,315)	19,867
-	26,501	2,999,427	754,024	-	-	-	-
-	(40,000)	-	-	-	(1,050,077)	-	-
-	(13,499)	2,999,427	754,024	-	(1,050,077)	-	-
22,793	(36,970)	(602,169)	(118,751)	11,962	-	(35,315)	19,867
336,604	61,550	631,817	120,442	228,582	-	410,606	12,353
<u>\$ 359,397</u>	<u>\$ 24,580</u>	<u>\$ 29,648</u>	<u>\$ 1,691</u>	<u>\$ 240,544</u>	<u>\$ -</u>	<u>\$ 375,291</u>	<u>\$ 32,220</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, 2019**

	Special Revenue Funds				Debt Service Funds	
	Family	Concealed	Animal	Prosecutor's	Communications	
	Counseling	Pistol	Control	Drug	Series B	Series 2009
		Licensing	Donations	Forfeitures		
Revenues:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	98,361	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	12,459	-	-	13,500	294,243	-
Fines and forfeits	-	-	-	2,017	-	-
Interest and rent	-	-	-	-	-	-
Other	-	-	11,428	3,375	-	14,626
Total Revenues	12,459	98,361	11,428	18,892	294,243	14,626
Expenditures:						
Current -						
Judicial	3,258	-	-	-	-	-
General Government	-	59,881	-	-	-	-
Public Safety	-	-	1,064	7,358	-	-
Health and Welfare	-	-	-	-	-	-
Recreation and Cultural	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-
Debit Service -						
Principal	-	-	-	-	365,000	220,000
Interest and charges	-	-	-	-	40,250	59,550
Total Expenditures	3,258	59,881	1,064	7,358	405,250	279,550
Revenues over (under) expenditures	9,201	38,480	10,364	11,534	(111,007)	(264,924)
Other Financing Sources (Uses):						
Transfers from other funds	-	-	-	-	-	279,550
Transfers to other funds	-	-	-	(11,000)	-	-
Total Other Financing Sources (Uses)	-	-	-	(11,000)	-	279,550
Net Change in Fund Balances	9,201	38,480	10,364	534	(111,007)	14,626
Fund Balances at beginning of year	108,054	200,271	-	183,437	638,233	748
Fund Balances at end of year	\$ 117,255	\$ 238,751	\$ 10,364	\$ 183,971	\$ 527,226	\$ 15,374

Debt Service Funds			Capital Projects Funds			Total
Building Authority	Convention Center	Jail/Juvenile Facility	Public Improvement	Municipal Building	Convention Center	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 597,320
-	-	-	-	-	-	321,079
-	-	-	42,785	-	-	6,651,785
-	149,529	-	-	-	-	5,654,017
-	-	-	-	27,702	-	72,774
-	-	-	-	-	-	289,491
-	209,715	-	214,763	10,000	-	967,186
-	359,244	-	257,548	37,702	-	14,553,652
-	-	-	-	-	-	1,412,494
-	-	-	-	-	-	242,123
-	-	-	-	-	-	71,112
-	-	-	-	-	-	14,934,108
-	-	-	-	-	-	1,596,580
-	-	-	882,807	179,911	-	1,062,718
795,000	220,000	1,395,000	-	-	-	2,995,000
42,944	287,244	809,300	-	-	-	1,239,288
837,944	507,244	2,204,300	882,807	179,911	-	23,553,423
(837,944)	(148,000)	(2,204,300)	(625,259)	(142,209)	-	(8,999,771)
754,126	-	2,204,300	3,400,801	-	-	12,644,612
-	-	-	-	-	-	(2,981,003)
754,126	-	2,204,300	3,400,801	-	-	9,663,609
(83,818)	(148,000)	-	2,775,542	(142,209)	-	663,838
130,142	525,789	3,504	4,329,575	208,906	-	13,758,122
\$ 46,324	\$ 377,789	\$ 3,504	\$ 7,105,117	\$ 66,697	\$ -	\$14,421,960

(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, 2019**

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
FRIEND OF COURT			
Revenues:			
Intergovernmental	\$ 245,101	\$ 250,464	\$ 5,363
Charges for services	54,000	45,970	(8,030)
Interest and rent	-	11,553	11,553
Other	-	40	40
Total Revenues	<u>299,101</u>	<u>308,027</u>	<u>8,926</u>
Expenditures:			
Judicial	<u>270,101</u>	<u>214,440</u>	<u>55,661</u>
Net Change in Fund Balance	29,000	93,587	64,587
Fund Balance at beginning of year	<u>641,299</u>	<u>641,299</u>	<u>-</u>
Fund Balance at end of year	<u>\$ 670,299</u>	<u>\$ 734,886</u>	<u>\$ 64,587</u>

CONVENTION CENTER

Revenues:			
Charges for services	\$ 869,337	\$ 911,975	\$ 42,638
Interest and rent	261,882	265,532	3,650
Other	-	79	79
Total Revenues	<u>1,131,219</u>	<u>1,177,586</u>	<u>46,367</u>
Expenditures:			
Recreation and Cultural	<u>1,655,682</u>	<u>1,596,580</u>	<u>59,102</u>
Revenues under expenditures	(524,463)	(418,994)	105,469
Other Financing Sources:			
Transfers from other funds	<u>524,463</u>	<u>524,463</u>	<u>-</u>
Net Change in Fund Balance	-	105,469	105,469
Fund Balance at beginning of year	<u>462,417</u>	<u>462,417</u>	<u>-</u>
Fund Balance at end of year	<u>\$ 462,417</u>	<u>\$ 567,886</u>	<u>\$ 105,469</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, 2019**

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
DRUG LAW ENFORCEMENT			
Revenues:			
Fines and forfeits	\$ 100,000	\$ 43,055	\$(56,945)
Other	<u>50,000</u>	<u>34,022</u>	<u>(15,978)</u>
Total Revenues	150,000	77,077	(72,923)
Expenditures:			
Public Safety	<u>150,000</u>	<u>56,584</u>	<u>93,416</u>
Net Change in Fund Balance	-	20,493	20,493
Fund Balance at beginning of year	<u>396,540</u>	<u>396,540</u>	<u>-</u>
Fund Balance at end of year	<u>\$ 396,540</u>	<u>\$ 417,033</u>	<u>\$ 20,493</u>

HEALTH DEPARTMENT			
Revenues:			
Licenses and permits	\$ -	\$ 222,718	\$ 222,718
Intergovernmental	5,859,596	3,572,464	(2,287,132)
Charges for services	-	2,716,016	2,716,016
Other	<u>-</u>	<u>434,615</u>	<u>434,615</u>
Total Revenues	5,859,596	6,945,813	1,086,217
Expenditures:			
Health and Welfare	<u>7,683,416</u>	<u>7,948,148</u>	<u>(264,732)</u>
Revenues under expenditures	<u>(1,823,820)</u>	<u>(1,002,335)</u>	<u>821,485</u>
Other Financing Sources (Uses):			
Transfers from other funds	1,701,420	1,701,420	-
Transfers to other funds	<u>(1,879,926)</u>	<u>(1,879,926)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(178,506)</u>	<u>(178,506)</u>	<u>-</u>
Net Change in Fund Balance	(2,002,326)	(1,180,841)	821,485
Fund Balance at beginning of year	<u>4,031,942</u>	<u>4,031,942</u>	<u>-</u>
Fund Balance at end of year	<u>\$ 2,029,616</u>	<u>\$ 2,851,101</u>	<u>\$ 821,485</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>\$ 95,311</u>	<u>\$ 95,311</u>	<u>\$ -</u>

(Continued)

ST. CLAIR COUNTY, MICHIGAN

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
CDBG HOUSING			
Revenues:			
Interest	\$ -	\$ 3,758	\$ 3,758
Other	<u>20,000</u>	<u>19,521</u>	<u>(479)</u>
Total Revenues	20,000	23,279	3,279
Expenditures:			
Health and Welfare	<u>15,000</u>	<u>486</u>	<u>14,514</u>
Net Change in Fund Balance	5,000	22,793	17,793
Fund Balance at beginning of year	<u>336,604</u>	<u>336,604</u>	<u>-</u>
Fund Balance at end of year	<u>\$ 341,604</u>	<u>\$ 359,397</u>	<u>\$ 17,793</u>
HUMAN SERVICES			
Expenditures:			
Health and Welfare	<u>\$ 26,501</u>	<u>\$ 23,471</u>	<u>\$ 3,030</u>
Other Financing Sources (Uses):			
Transfers from other funds	26,501	26,501	-
Transfers to other funds	<u>(40,000)</u>	<u>(40,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(13,499)</u>	<u>(13,499)</u>	<u>-</u>
Net Change in Fund Balance	(40,000)	(36,970)	3,030
Fund Balance at beginning of year	<u>61,550</u>	<u>61,550</u>	<u>-</u>
Fund Balance at end of year	<u>\$ 21,550</u>	<u>\$ 24,580</u>	<u>\$ 3,030</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, 2019**

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
CHILD CARE			
Revenues:			
Intergovernmental	\$ 3,425,067	\$ 2,630,926	\$(794,141)
Charges for services	-	121,830	121,830
Other	<u>3,000</u>	<u>9,696</u>	<u>6,696</u>
Total Revenues	<u>3,428,067</u>	<u>2,762,452</u>	<u>(665,615)</u>
Expenditures:			
Health and Welfare	<u>6,419,265</u>	<u>6,364,048</u>	<u>55,217</u>
Revenues under expenditures	(2,991,198)	(3,601,596)	(610,398)
Other Financing Sources:			
Transfers from other funds	<u>2,999,427</u>	<u>2,999,427</u>	<u>-</u>
Net Change in Fund Balance	8,229	(602,169)	(610,398)
Fund Balance at beginning of year	<u>631,817</u>	<u>631,817</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 640,046</u></u>	<u><u>\$ 29,648</u></u>	<u><u>\$(610,398)</u></u>
INDIGENT DEFENSE			
Revenues:			
Intergovernmental	\$ 429,006	\$ 147,919	\$(281,087)
Charges for services	<u>210,291</u>	<u>174,102</u>	<u>(36,189)</u>
Total Revenues	<u>639,297</u>	<u>322,021</u>	<u>(317,276)</u>
Expenditures:			
Judicial	<u>1,245,894</u>	<u>1,194,796</u>	<u>51,098</u>
Revenues under expenditures	(606,597)	(872,775)	(266,178)
Other Financing Sources:			
Transfers from other funds	<u>734,024</u>	<u>754,024</u>	<u>20,000</u>
Net Change in Fund Balance	127,427	(118,751)	(246,178)
Fund Balance at beginning of year	<u>120,442</u>	<u>120,442</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 247,869</u></u>	<u><u>\$ 1,691</u></u>	<u><u>\$(246,178)</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, 2019**

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
VETERANS' MILLAGE			
Revenues:			
Taxes	\$ 597,919	\$ 597,320	\$(599)
Intergovernmental	6,300	7,227	927
Interest and rent	-	64	64
Other	-	5,306	5,306
Total Revenues	<u>604,219</u>	<u>609,917</u>	<u>5,698</u>
Expenditures:			
Health and Welfare	<u>607,919</u>	<u>597,955</u>	<u>9,964</u>
Net Change in Fund Balance	(3,700)	11,962	15,662
Fund Balance at beginning of year	<u>228,582</u>	<u>228,582</u>	<u>-</u>
Fund Balance at end of year	<u>\$ 224,882</u>	<u>\$ 240,544</u>	<u>\$ 15,662</u>
E - 911			
Revenues:			
Charges for services	\$ 1,080,000	\$ 1,050,077	\$(29,923)
Other Financing Uses:			
Transfers to other funds	<u>(1,080,000)</u>	<u>(1,050,077)</u>	<u>29,923</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>
DEEDS AUTOMATION			
Revenues:			
Charges for services	\$ 150,000	\$ 138,343	\$(11,657)
Fines and forfeits	6000	-	(6,000)
Interest	-	8,584	8,584
Total Revenues	<u>156,000</u>	<u>146,927</u>	<u>(9,073)</u>
Expenditures:			
General Government	<u>192,284</u>	<u>182,242</u>	<u>10,042</u>
Net Change in Fund Balance	(36,284)	(35,315)	969
Fund Balance at beginning of year	<u>410,606</u>	<u>410,606</u>	<u>-</u>
Fund Balance at end of year	<u>\$ 374,322</u>	<u>\$ 375,291</u>	<u>\$ 969</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, 2019**

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
LOCAL CORRECTIONS AND TRAINING			
Revenues:			
Charges for services	\$ 30,000	\$ 25,973	\$(4,027)
Expenditures:			
Public Safety	<u>30,000</u>	<u>6,106</u>	<u>23,894</u>
Net Change in Fund Balance	-	19,867	19,867
Fund Balance at beginning of year	<u>12,353</u>	<u>12,353</u>	-
Fund Balance at end of year	<u><u>\$ 12,353</u></u>	<u><u>\$ 32,220</u></u>	<u><u>\$ 19,867</u></u>

FAMILY COUNSELING

Revenues:			
Charges for services	\$ 20,000	\$ 12,459	\$(7,541)
Expenditures:			
Judicial	<u>20,000</u>	<u>3,258</u>	<u>16,742</u>
Net Change in Fund Balance	-	9,201	9,201
Fund Balance at beginning of year	<u>108,054</u>	<u>108,054</u>	-
Fund Balance at end of year	<u><u>\$ 108,054</u></u>	<u><u>\$ 117,255</u></u>	<u><u>\$ 9,201</u></u>

CONCEALED PISTOL LICENSING

Revenues:			
Licenses and permits	\$ 90,000	\$ 98,361	\$ 8,361
Expenditures:			
General Government	<u>90,000</u>	<u>59,881</u>	<u>30,119</u>
Net Change in Fund Balance	-	38,480	38,480
Fund Balance at beginning of year	<u>200,271</u>	<u>200,271</u>	-
Fund Balance at end of year	<u><u>\$ 200,271</u></u>	<u><u>\$ 238,751</u></u>	<u><u>\$ 38,480</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, 2019**

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
ANIMAL CONTROL DONATIONS			
Revenues:			
Other	\$ 8,000	\$ 11,428	\$ 3,428
Expenditures:			
Public Safety	<u>8,000</u>	<u>1,064</u>	<u>6,936</u>
Net Change in Fund Balance	-	10,364	10,364
Fund Balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance at end of year	<u>\$ -</u>	<u>\$ 10,364</u>	<u>\$ 10,364</u>

PROSECUTOR'S DRUG FORFEITURES

Revenues:			
Charges for services	\$ 20,000	\$ 13,500	\$(6,500)
Fines and forfeits	7,500	2,017	(5,483)
Other	<u>-</u>	<u>3,375</u>	<u>3,375</u>
Total Revenues	<u>27,500</u>	<u>18,892</u>	<u>(8,608)</u>
Expenditures:			
Public Safety	<u>27,500</u>	<u>7,358</u>	<u>20,142</u>
Revenues over expenditures	-	11,534	11,534
Other Financing Uses:			
Transfers to other funds	<u>(11,000)</u>	<u>(11,000)</u>	<u>-</u>
Net Change in Fund Balance	(11,000)	534	11,534
Fund Balance at beginning of year	<u>183,437</u>	<u>183,437</u>	<u>-</u>
Fund Balance at end of year	<u>\$ 172,437</u>	<u>\$ 183,971</u>	<u>\$ 11,534</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:

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, 2019

	Sheriff's Concession	Homestead Exemption Audits	School Tax Collection	Total
Assets:				
Current Assets:				
Cash and cash equivalents	\$ 370,433	\$ 51,950	\$ 114,595	\$ 536,978
Interest and accounts receivable, net of allowance	203,208	-	-	203,208
Total Assets	573,641	51,950	114,595	740,186
Liabilities:				
Current Liabilities:				
Accounts payable	84,515	-	-	84,515
Accrued expenses	4,705	-	-	4,705
Total Liabilities	89,220	-	-	89,220
Net Position:				
Unrestricted	\$ 484,421	\$ 51,950	\$ 114,595	\$ 650,966

ST. CLAIR COUNTY, MICHIGAN

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Sheriff's Concession	Homestead Exemption Audits	School Tax Collection	Total
Operating Revenues:				
Charges for services	\$ 1,098,428	\$ 66	\$ -	\$ 1,098,494
Operating Expenses:				
Personal services	124,655	-	-	124,655
Supplies	6,379	-	-	6,379
Other services	883,402	-	-	883,402
Total Operating Expenses	1,014,436	-	-	1,014,436
Operating Income	83,992	66	-	84,058
Non-Operating Revenues:				
Interest revenue	-	1,257	-	1,257
Net Income (Loss) Before Transfers	83,992	1,323	-	85,315
Transfers:				
Transfers to other funds	(136,987)	-	-	(136,987)
Change in Net Position	(52,995)	1,323	-	(51,672)
Net Position at beginning of year	537,416	50,627	114,595	702,638
Net Position at end of year	\$ 484,421	\$ 51,950	\$ 114,595	\$ 650,966

ST. CLAIR COUNTY, MICHIGAN

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<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	\$ 983,910	\$ 66	\$ -	\$ 983,976
Cash payments to suppliers	(868,199)	-	-	(868,199)
Cash payments to employees	(104,485)	-	-	(104,485)
Cash payments for interfund services	(19,632)	-	-	(19,632)
Net Cash Provided by (Used in)				
Operating Activities	(8,406)	66	-	(8,340)
Cash Flows From Noncapital Financing Activities:				
Transfers to other funds	(136,987)	-	-	(136,987)
Cash Flows From Investing Activities:				
Interest	-	1,257	-	1,257
Net Increase (Decrease) in				
Cash and Cash Equivalents	(145,393)	1,323	-	(144,070)
Cash and Cash Equivalents				
at Beginning of Year	515,826	50,627	114,595	681,048
Cash and Cash Equivalents at End of Year	<u>\$ 370,433</u>	<u>\$ 51,950</u>	<u>\$ 114,595</u>	<u>\$ 536,978</u>
Reconciliation of Operating Income to Net Cash Provided by (Used in)				
Operating Activities:				
Operating Income	\$ 83,992	\$ 66	\$ -	\$ 84,058
Adjustments to reconcile operating income to net cash provided by (used in) operating activities				
Change in assets and liabilities:				
Accounts receivable	(114,518)	-	-	(114,518)
Accounts payable	21,582	-	-	21,582
Accrued expenses	538	-	-	538
Net Cash Provided by (Used in)				
Operating Activities	<u>\$(8,406)</u>	<u>\$ 66</u>	<u>\$ -</u>	<u>\$(8,340)</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 Benefits 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 – is used 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 Benefits 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, 2019**

	<u>Basic Retirement System</u>	<u>Other Postemployment Benefits</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 5,601,842	\$ 3,089,704	\$ 8,691,546
Investments, at fair value -			
U.S. Government/Agencies	28,564,819	-	28,564,819
Corporate Debt	29,727,083	12,205,997	41,933,080
Stocks	129,136,675	16,727,578	145,864,253
Mutual Funds	-	19,059,043	19,059,043
Partnerships	60,478,796	-	60,478,796
Receivables -			
Interest and dividends	426,704	104,736	531,440
Other	224,388	12,044	236,432
	<u>254,160,307</u>	<u>51,199,102</u>	<u>305,359,409</u>
Liabilities:			
Accounts payable	317,842	16,047	333,889
Accrued liabilities	5,528	-	5,528
	<u>323,370</u>	<u>16,047</u>	<u>339,417</u>
Net Position:			
Restricted for pension benefits	253,836,937	-	253,836,937
Restricted for other postemployment benefits	-	51,183,055	51,183,055
	<u>\$ 253,836,937</u>	<u>\$ 51,183,055</u>	<u>\$ 305,019,992</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, 2019**

Basic Retirement System

	<u>Member Contributions</u>	<u>Employer Contributions</u>	<u>Pension Payments</u>	<u>Total</u>
Additions:				
Contributions				
Member contributions	\$ 1,830,164	\$ -	\$ -	\$ 1,830,164
Employer contributions	-	5,694,846	-	5,694,846
Total contributions	<u>1,830,164</u>	<u>5,694,846</u>	<u>-</u>	<u>7,525,010</u>
Investment income				
Net appreciation in fair value of investments	-	35,290,690	-	35,290,690
Interest/Dividends	-	4,771,788	-	4,771,788
Less investment expense	-	(732,902)	-	(732,902)
Net investment income	<u>-</u>	<u>39,329,576</u>	<u>-</u>	<u>39,329,576</u>
Other	-	23,062	-	23,062
Total Additions	<u>1,830,164</u>	<u>45,047,484</u>	<u>-</u>	<u>46,877,648</u>
Deductions:				
Retirement payroll	-	-	15,655,365	15,655,365
Health/dental insurance	-	-	-	-
Death benefits	-	-	42,000	42,000
Employee refunds	76,318	-	-	76,318
Administration	-	207,860	-	207,860
Total Deductions	<u>76,318</u>	<u>207,860</u>	<u>15,697,365</u>	<u>15,981,543</u>
Net Increase (Decrease) before Transfers	1,753,846	44,839,624	(15,697,365)	30,896,105
Interfund Transfers In (Out):				
Retirees obligation	(1,923,413)	(25,630,405)	27,553,818	-
Interest	617,171	(28,873,120)	28,255,949	-
Net Increase (Decrease)	447,604	(9,663,901)	40,112,402	30,896,105
Net Position Restricted for Pension Benefits and Other Postemployment Benefits:				
Beginning of year	<u>31,246,153</u>	<u>60,714,939</u>	<u>130,979,740</u>	<u>222,940,832</u>
End of year	<u>\$ 31,693,757</u>	<u>\$ 51,051,038</u>	<u>\$ 171,092,142</u>	<u>\$ 253,836,937</u>

Other Postemployment Benefits	Total
\$ 413,961	\$ 2,244,125
<u>2,686,003</u>	<u>8,380,849</u>
3,099,964	10,624,974
6,976,616	42,267,306
1,022,184	5,793,972
(134,020)	(866,922)
<u>7,864,780</u>	<u>47,194,356</u>
7,433	30,495
<u>10,972,177</u>	<u>57,849,825</u>
-	15,655,365
3,171,451	3,171,451
-	42,000
44,697	121,015
564	208,424
<u>3,216,712</u>	<u>19,198,255</u>
7,755,465	38,651,570
-	-
<u>-</u>	<u>-</u>
7,755,465	38,651,570
43,427,590	266,368,422
<u>\$ 51,183,055</u>	<u>\$ 305,019,992</u>

ST. CLAIR COUNTY, MICHIGAN

**COMBINING STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
DECEMBER 31, 2019**

	<u>Trust and Agency</u>	<u>Library Penal Fines</u>	<u>Payroll</u>	<u>Total</u>
Assets:				
Cash and cash equivalents	\$ 3,303,544	\$ 6,622	\$ 162,318	\$ 3,472,484
Investments	36,782	-	-	36,782
Receivables	<u>22,803,260</u>	<u>1,557</u>	<u>-</u>	<u>22,804,817</u>
 Total Assets	 <u>\$ 26,143,586</u>	 <u>\$ 8,179</u>	 <u>\$ 162,318</u>	 <u>\$ 26,314,083</u>
 Liabilities:				
Due to individuals and agencies	\$ 24,519,400	\$ -	\$ -	\$ 24,519,400
Due to other governmental units	<u>1,624,186</u>	<u>8,179</u>	<u>162,318</u>	<u>1,794,683</u>
 Total Liabilities	 <u>\$ 26,143,586</u>	 <u>\$ 8,179</u>	 <u>\$ 162,318</u>	 <u>\$ 26,314,083</u>

ST. CLAIR COUNTY, MICHIGAN

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Balance January 1, 2019	Additions	Reductions	Balance December 31, 2019
TOTAL ALL AGENCY FUNDS				
Assets:				
Cash and cash equivalents	\$ 2,340,893	\$ 222,854,179	\$ 221,722,588	\$ 3,472,484
Investments	44,541	99	7,858	36,782
Receivables	20,462,326	2,832,464	489,973	22,804,817
Due from individuals	11,987	-	11,987	-
	<u>\$ 22,859,747</u>	<u>\$ 225,686,742</u>	<u>\$ 222,232,406</u>	<u>\$ 26,314,083</u>
Total Assets				
Liabilities:				
Due to -				
Individuals and agencies	\$ 21,557,183	\$ 9,152,241	\$ 6,190,024	\$ 24,519,400
Other governmental units	1,302,564	202,809,366	202,317,247	1,794,683
	<u>\$ 22,859,747</u>	<u>\$ 211,961,607</u>	<u>\$ 208,507,271</u>	<u>\$ 26,314,083</u>
Total Liabilities				
TRUST AND AGENCY				
Assets:				
Cash and cash equivalents	\$ 2,200,014	\$ 148,037,076	\$ 146,933,546	\$ 3,303,544
Investments	44,541	99	7,858	36,782
Receivables	20,460,915	2,830,907	488,562	22,803,260
	<u>\$ 22,705,470</u>	<u>\$ 150,868,082</u>	<u>\$ 147,429,966</u>	<u>\$ 26,143,586</u>
Total Assets				
Liabilities:				
Due to -				
Individuals and agencies	\$ 21,557,183	\$ 9,152,241	\$ 6,190,024	\$ 24,519,400
Other governmental units	1,148,287	130,295,644	129,819,745	1,624,186
	<u>\$ 22,705,470</u>	<u>\$ 139,447,885</u>	<u>\$ 136,009,769</u>	<u>\$ 26,143,586</u>
Total Liabilities				
LIBRARY PENAL FINES				
Assets:				
Cash and cash equivalents	\$ 5,451	\$ 521,203	\$ 520,032	\$ 6,622
Accounts receivable	1,411	1,557	1,411	1,557
	<u>\$ 6,862</u>	<u>\$ 522,760</u>	<u>\$ 521,443</u>	<u>\$ 8,179</u>
Total Assets				
Liabilities:				
Due to other governmental units	\$ 6,862	\$ 14,626	\$ 13,309	\$ 8,179
	<u>\$ 6,862</u>	<u>\$ 14,626</u>	<u>\$ 13,309</u>	<u>\$ 8,179</u>

(Continued)

ST. CLAIR COUNTY, MICHIGAN

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Balance January 1, 2019	Additions	Reductions	Balance December 31, 2019
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
PAYROLL FUND				
Assets:				
Cash and cash equivalents	\$ 135,428	\$ 74,295,900	\$ 74,269,010	\$ 162,318
Due from individuals	<u>11,987</u>	<u>-</u>	<u>11,987</u>	<u>-</u>
Total Assets	<u><u>\$ 147,415</u></u>	<u><u>\$ 74,295,900</u></u>	<u><u>\$ 74,280,997</u></u>	<u><u>\$ 162,318</u></u>
Liabilities:				
Due to other governmental units	<u><u>\$ 147,415</u></u>	<u><u>\$ 72,499,096</u></u>	<u><u>\$ 72,484,193</u></u>	<u><u>\$ 162,318</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, 2019**

	Balance January 1, 2019	Additions	Disposals/ Adjustments	Balance December 31, 2019
General County:				
Land	\$ 13,005,562	\$ 12,286	\$ -	\$ 13,017,848
Land improvements	9,129,848	-	-	9,129,848
Buildings	99,357,432	605,917	-	99,963,349
Equipment -				
Machinery	17,023,651	935,435	14,589	17,944,497
Marine	1,897,472	116,749	31,500	1,982,721
Vehicles	3,032,680	243,417	329,679	2,946,418
Books	6,119,003	321,922	108,624	6,332,301
	<u>149,565,648</u>	<u>2,235,726</u>	<u>484,392</u>	<u>151,316,982</u>
Less - Accumulated depreciation	<u>(64,020,882)</u>	<u>(4,816,438)</u>	<u>(427,674)</u>	<u>(68,409,646)</u>
	85,544,766	<u>(2,580,712)</u>	56,718	82,907,336
Construction in progress	<u>340,207</u>	<u>1,409,080</u>	<u>810,620</u>	<u>938,667</u>
Total Capital Assets, Net	<u><u>\$ 85,884,973</u></u>	<u><u>\$(1,171,632)</u></u>	<u><u>\$ 867,338</u></u>	<u><u>\$ 83,846,003</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, 2019**

	<u>Total</u>	<u>Land and Improvements</u>	<u>Buildings</u>	<u>Equipment</u>
Judicial:				
District Court	\$ 791,760	\$ 50,051	\$ 605,087	\$ 136,622
Friend of Court	303,704	-	104,983	198,721
Courthouse Security	40,859	-	-	40,859
Public Improvement	776,021	5,900	446,397	323,724
	<u>1,912,344</u>	<u>55,951</u>	<u>1,156,467</u>	<u>699,926</u>
General Government:				
Administrator/Controller	8,819,356	970,215	7,791,034	58,107
Communications	549,616	-	-	549,616
Information Technology	158,935	-	-	158,935
Clerk	10,944	-	-	10,944
Register of Deeds	86,399	-	14,700	71,699
Equalization	46,225	-	-	46,225
Prosecuting Attorney	15,000	-	-	15,000
Property Description	16,341	-	-	16,341
County Treasurer	7,500	-	7,500	-
Buildings and Grounds	162,316	-	67,027	95,289
Public Improvement	3,314,728	797,883	1,010,515	1,506,330
Motor Pool	20,840	-	-	20,840
Drain Commissioner	269,562	12,286	-	257,276
	<u>13,477,762</u>	<u>1,780,384</u>	<u>8,890,776</u>	<u>2,806,602</u>
Public Safety:				
Sheriff and Patrol	571,104	-	-	571,104
Marine Law Enforcement	1,937,061	-	-	1,937,061
Jail	45,942,693	103,335	45,636,761	202,597
Radio/Communications	11,439,443	-	376,203	11,063,240
Secondary Road Patrol	50,866	-	-	50,866
Energy Efficiency	465,696	-	465,696	-
Emergency Services	1,235,156	9,142	345,106	880,908
Hazardous Materials Handling	969,527	60,895	477,340	431,292
Animal Shelter	319,648	-	295,006	24,642
Drug Task Force	704,513	24,900	99,543	580,070
Public Improvement	1,828,010	8,700	186,167	1,633,143
	<u>65,463,717</u>	<u>206,972</u>	<u>47,881,822</u>	<u>17,374,923</u>

Continued

ST. CLAIR COUNTY, MICHIGAN

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CAPITAL ASSETS BY FUNCTION AND ACTIVITY
DECEMBER 31, 2019**

	<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	1,836,809	132,407	1,548,944	155,458
Health Department	1,593,132	81,920	1,290,431	220,781
Child Care - Welfare	5,299	-	-	5,299
Motor Pool	144,264	-	-	144,264
Public Improvement	590,884	204,573	325,951	60,360
	<u>4,229,556</u>	<u>418,900</u>	<u>3,193,149</u>	<u>617,507</u>
Recreation and Cultural:				
Parks and Recreation	26,271,338	17,885,310	7,330,432	1,055,596
Public Library	7,649,356	111,759	894,683	6,642,914
Public Improvement	115,854	-	107,385	8,469
	<u>34,036,548</u>	<u>17,997,069</u>	<u>8,332,500</u>	<u>7,706,979</u>
General:				
Land and improvements	1,688,420	1,688,420	-	-
Buildings	30,508,635	-	30,508,635	-
	<u>32,197,055</u>	<u>1,688,420</u>	<u>30,508,635</u>	<u>-</u>
Total General Capital Assets	151,316,982	22,147,696	99,963,349	29,205,937
Less: Accumulated depreciation	<u>(68,409,646)</u>	<u>(4,685,274)</u>	<u>(41,847,530)</u>	<u>(21,876,842)</u>
	82,907,336	17,462,422	58,115,819	7,329,095
Construction in progress	<u>938,667</u>	<u>452,517</u>	<u>101,250</u>	<u>384,900</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>\$ 83,846,003</u>	<u>\$ 17,914,939</u>	<u>\$ 58,217,069</u>	<u>\$ 7,713,995</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, 2019**

	Balance January 1, 2019	Additions	Disposals/ Adjustments	Balance December 31, 2019
Judicial:				
District Court	\$ 554,779	\$ 236,981	\$ -	\$ 791,760
Friend of Court	303,704	-	-	303,704
Courthouse Security	6,600	34,259	-	40,859
Public Improvement	768,021	8,000	-	776,021
Total Judicial	<u>1,633,104</u>	<u>279,240</u>	<u>-</u>	<u>1,912,344</u>
General Government:				
Administrator/Controller	8,794,491	24,865	-	8,819,356
Communications	549,616	-	-	549,616
Information Technology	138,077	20,858	-	158,935
Clerk/Register	10,944	-	-	10,944
Register of Deeds	86,399	-	-	86,399
Equalization	46,225	-	-	46,225
Prosecuting Attorney	15,000	-	-	15,000
Property Description	16,341	-	-	16,341
County Treasurer	7,500	-	-	7,500
Buildings and Grounds	162,316	-	-	162,316
Public Improvement	3,309,742	25,934	(20,948)	3,314,728
Motor Pool	20,840	-	-	20,840
Drain Commissioner	257,276	12,286	-	269,562
Total General Government	<u>13,414,767</u>	<u>83,943</u>	<u>(20,948)</u>	<u>13,477,762</u>
Public Safety:				
Sheriff and Patrol	542,898	49,702	(21,496)	571,104
Marine Law Enforcement	1,851,812	116,749	(31,500)	1,937,061
Jail	45,852,443	90,250	-	45,942,693
Radio/Communications	10,846,939	592,504	-	11,439,443
Secondary Road Patrol	50,866	-	-	50,866
Energy Efficiency	465,696	-	-	465,696
Emergency Preparedness	1,235,156	-	-	1,235,156
Hazardous Materials Handling	969,527	-	-	969,527
Animal Shelter	295,006	24,642	-	319,648
Drug Task Force	676,236	94,644	(66,367)	704,513
Public Improvement	1,980,286	-	(152,276)	1,828,010
Total Public Safety	<u>64,766,865</u>	<u>968,491</u>	<u>(271,639)</u>	<u>65,463,717</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, 2019**

	Balance January 1, 2019	Additions	Disposals/ Adjustments	Balance December 31, 2019
Health and Welfare:				
Veterans Counselor	\$ 8,323	\$ -	\$ -	\$ 8,323
Medical Examiner	50,845	-	-	50,845
Day Treatment/Night Watch	1,905,401	-	(68,592)	1,836,809
Health Department	1,481,711	111,421	-	1,593,132
Child Care - Welfare	5,299	-	-	5,299
Motor Pool	94,078	50,186	-	144,264
Public Improvement	590,884	-	-	590,884
Total Health and Welfare	<u>4,136,541</u>	<u>161,607</u>	<u>(68,592)</u>	<u>4,229,556</u>
Recreation and Cultural:				
Parks and Recreation	25,929,220	356,707	(14,589)	26,271,338
Public Library	7,372,242	385,738	(108,624)	7,649,356
Public Improvement	115,854	-	-	115,854
Total Recreation and Cultural	<u>33,417,316</u>	<u>742,445</u>	<u>(123,213)</u>	<u>34,036,548</u>
General:				
Land and improvements	1,688,420	-	-	1,688,420
Buildings	30,508,635	-	-	30,508,635
Total General	<u>32,197,055</u>	<u>-</u>	<u>-</u>	<u>32,197,055</u>
Construction in progress	340,207	1,409,080	(810,620)	938,667
 Total Capital Assets	 <u>\$ 149,905,855</u>	 <u>\$ 3,644,806</u>	 <u>\$(1,295,012)</u>	 <u>\$ 152,255,649</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, 2019**

	<u>County Drain</u>	<u>Drain Revolving</u>	<u>Special Services</u>	<u>Drain Debt</u>
Assets:				
Cash and cash equivalents	\$ 1,784,740	\$ 166,154	\$ 10,568	\$ 2,817,985
Special assessments receivable	702,861	-	-	15,150,166
Accounts receivable	8,466	-	-	6,603
Due from other funds	-	1,420,000	-	-
Capital assets (net of accumulated depreciation) -				
Assets not being depreciated	-	-	-	-
Assets being depreciated	-	-	-	-
	<u>\$ 2,496,067</u>	<u>\$ 1,586,154</u>	<u>\$ 10,568</u>	<u>\$ 17,974,754</u>
Liabilities:				
Accounts payable	\$ 372,401	\$ -	\$ -	\$ -
Accrued interest	-	-	-	-
Due to other funds	1,420,000	-	-	-
Advances from primary government	-	1,470,000	-	-
Non-current liabilities				
Due within one year	-	-	-	-
Due in more than one year	-	-	-	-
Total Liabilities	<u>1,792,401</u>	<u>1,470,000</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources:				
Unavailable revenue -				
Special Assessments	<u>702,861</u>	<u>-</u>	<u>-</u>	<u>15,150,166</u>
Fund Balances:				
Restricted	-	-	-	2,824,588
Committed	-	116,154	10,568	-
Unassigned	805	-	-	-
	<u>805</u>	<u>116,154</u>	<u>10,568</u>	<u>2,824,588</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 2,496,067</u>	<u>\$ 1,586,154</u>	<u>\$ 10,568</u>	<u>\$ 17,974,754</u>
Net Position:				
Net investment in capital assets				
Restricted				
Unrestricted				
Total Net Position				

<u>Equipment</u>	<u>Total</u>	<u>GASB No. 34 Adjustments</u>	<u>Statement of Net Position</u>
\$ 109,529	\$ 4,888,976	\$ -	\$ 4,888,976
-	15,853,027	-	15,853,027
-	15,069	-	15,069
-	1,420,000	(1,420,000)	-
-	-	3,996,629	3,996,629
-	-	41,130,922	41,130,922
<u>\$ 109,529</u>	<u>\$ 22,177,072</u>	<u>43,707,551</u>	<u>65,884,623</u>
\$ 2,358	\$ 374,759	-	374,759
-	-	236,050	236,050
-	1,420,000	(1,420,000)	-
-	1,470,000	-	1,470,000
-	-	3,601,161	3,601,161
-	-	16,795,286	16,795,286
<u>2,358</u>	<u>3,264,759</u>	<u>19,212,497</u>	<u>22,477,256</u>
-	15,853,027	(15,853,027)	-
-	2,824,588	(2,824,588)	-
107,171	233,893	(233,893)	-
-	805	(805)	-
<u>107,171</u>	<u>3,059,286</u>	<u>(3,059,286)</u>	<u>-</u>
<u>\$ 109,529</u>	<u>\$ 22,177,072</u>		
		23,311,104	23,311,104
		19,862,370	19,862,370
		233,893	233,893
		<u>\$ 43,407,367</u>	<u>\$ 43,407,367</u>

ST. CLAIR COUNTY, MICHIGAN

**RECONCILIATION OF THE BALANCE SHEET FOR DRAIN FUNDS
TO THE STATEMENT OF NET POSITION OF DRAIN ACTIVITIES
DECEMBER 31, 2019**

Fund Balances - Drain Funds		\$ 3,059,286
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds		
Capital assets		55,862,521
Accumulated depreciation		(10,734,970)
Other long term assets are not available to pay for current period expenditures, and therefore, are deferred in the funds		
Special assessments		15,853,027
Discounts and premiums on bonds are reported as other financing sources or uses in the governmental funds, whereas they are capitalized and amortized from net position (netted against long-term debt)		
Bond premium		(65,616)
Bond discount		64,051
Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore, are not reported in the funds		
Notes payable	\$(2,751,882)	
Bonds payable	(14,902,000)	
Clean water revolving loans	(2,741,000)	
Accrued interest on bonds/notes payable	(236,050)	<u>(20,630,932)</u>
Net Position of Drainage Districts		<u><u>\$ 43,407,367</u></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, 2019**

	<u>County Drain</u>	<u>Drain Revolving</u>	<u>Special Services</u>	<u>Drain Debt</u>
Revenues:				
Intergovernmental	\$ 17,789	\$ -	\$ -	\$ -
Charges for services	565,010	-	-	2,477,603
Interest and rent	50,157	-	-	-
Other	153,413	-	-	-
Total Revenues	<u>786,369</u>	<u>-</u>	<u>-</u>	<u>2,477,603</u>
Expenditures/Expenses:				
Public Works	1,804,488	-	-	-
Debt Service	-	-	-	2,196,953
Total Expenditures/Expenses	<u>1,804,488</u>	<u>-</u>	<u>-</u>	<u>2,196,953</u>
Revenues over (under) expenditures	<u>(1,018,119)</u>	<u>-</u>	<u>-</u>	<u>280,650</u>
Other Financing Sources (Uses):				
Transfer from other funds	46,000	-	-	31,413
Transfer to other funds	<u>(123,412)</u>	<u>(46,000)</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(77,412)</u>	<u>(46,000)</u>	<u>-</u>	<u>31,413</u>
Net Change in Fund Balance/Net Position	<u>(1,095,531)</u>	<u>(46,000)</u>	<u>-</u>	<u>312,063</u>
Fund Balances/Net Position at beginning of year	<u>1,096,336</u>	<u>162,154</u>	<u>10,568</u>	<u>2,512,525</u>
Fund Balances/Net Position at end of year	<u>\$ 805</u>	<u>\$ 116,154</u>	<u>\$ 10,568</u>	<u>\$ 2,824,588</u>

<u>Equipment</u>	<u>Total</u>	<u>GASB No. 34 Adjustments</u>	<u>Statement of Activities</u>
\$ -	\$ 17,789	\$ -	\$ 17,789
-	3,042,613	(1,465,956)	1,576,657
-	50,157	-	50,157
<u>13,242</u>	<u>166,655</u>	<u>-</u>	<u>166,655</u>
<u>13,242</u>	<u>3,277,214</u>	<u>(1,465,956)</u>	<u>1,811,258</u>
91,910	1,896,398	(903,684)	992,714
-	2,196,953	(1,498,176)	698,777
<u>91,910</u>	<u>4,093,351</u>	<u>(2,401,860)</u>	<u>1,691,491</u>
<u>(78,668)</u>	<u>(816,137)</u>	<u>935,904</u>	<u>119,767</u>
91,999	169,412	(169,412)	-
-	(169,412)	169,412	-
<u>91,999</u>	<u>-</u>	<u>-</u>	<u>-</u>
13,331	(816,137)	935,904	119,767
<u>93,840</u>	<u>3,875,423</u>	<u>39,412,177</u>	<u>43,287,600</u>
<u>\$ 107,171</u>	<u>\$ 3,059,286</u>	<u>\$ 40,348,081</u>	<u>\$ 43,407,367</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, 2019**

Net change in fund balances - Drain Fund	\$(816,137)
<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	1,701,965
Depreciation expense	(798,281)
<p>Revenue in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>	
	(1,465,956)
<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	1,561,824
<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>	
Increase in accrued interest payable	(59,985)
Amortization of bond premium	3,454
Amortization of bond discount	(7,117)
Change in net position of Drainage Districts	<u>\$ 119,767</u>

BROWNFIELD REDEVELOPMENT AUTHORITY

ST. CLAIR COUNTY, MICHIGAN

**BALANCE SHEET/STATEMENT OF NET POSITION
BROWNFIELD REDEVELOPMENT AUTHORITY
DECEMBER 31, 2019**

	<u>Operating</u>	<u>GASB No. 34 Adjustments</u>	<u>Statement of Net Position</u>
Assets:			
Cash and cash equivalents	\$ 90,754	\$ -	\$ 90,754
Due from other governmental units	<u>24,252</u>	<u>-</u>	<u>24,252</u>
Total Assets	<u>\$ 115,006</u>	<u>-</u>	<u>115,006</u>
Liabilities:			
Accounts payable	\$ 3,390	-	3,390
Non-current liabilities			
Due in more than one year	<u>-</u>	<u>380,000</u>	<u>380,000</u>
Total Liabilities	<u>3,390</u>	<u>380,000</u>	<u>383,390</u>
Fund Balances:			
Unassigned	<u>111,616</u>	<u>(111,616)</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 115,006</u>		
Net Position:			
Unrestricted		<u>\$(268,384)</u>	<u>\$(268,384)</u>

ST. CLAIR COUNTY, MICHIGAN

**RECONCILIATION OF THE BALANCE SHEET FOR BROWNFIELD
REDEVELOPMENT AUTHORITY TO THE STATEMENT OF NET POSITION OF
BROWNFIELD REDEVELOPMENT AUTHORITY
DECEMBER 31, 2019**

Fund Balance - Brownfield Redevelopment Authority	\$ 111,616
Amounts reported for governmental activities in the statement of net position are different because:	
Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore, are not reported in the funds	
Notes payable	<u>(380,000)</u>
Net Position of Brownfield Redevelopment Authority	<u><u>\$(268,384)</u></u>

ST. CLAIR COUNTY, MICHIGAN

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES/STATEMENT OF ACTIVITIES
BROWNFIELD REDEVELOPMENT AUTHORITY
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Operating</u>	<u>GASB No. 34 Adjustments</u>	<u>Statement of Activities</u>
Revenues:			
Property taxes	\$ 46,216	\$ -	\$ 46,216
Intergovernmental	139,101	-	139,101
Charges for services	<u>7,000</u>	<u>-</u>	<u>7,000</u>
Total Revenues	192,317	-	192,317
Expenditures/Expenses:			
Community and Economic Development	<u>140,866</u>	<u>-</u>	<u>140,866</u>
Net Change in Fund Balance/Net Position	51,451	-	51,451
Fund Balances/Net Position at beginning of year	<u>60,165</u>	<u>(380,000)</u>	<u>(319,835)</u>
Fund Balances/Net Position at end of year	<u><u>\$ 111,616</u></u>	<u><u>\$ (380,000)</u></u>	<u><u>\$ (268,384)</u></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.

<u>Contents</u>	<u>Page</u>
Financial Trends	
<i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	S - 1 to S - 6
Revenue Capacity	
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	S - 7 to S - 10
Debt Capacity	
<i>These schedules present the information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	S - 11 to S - 14
Demographic and Economic Information	
<i>These schedules offer demographic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	S - 15 to S - 16
Operating Information	
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	S - 17 to S-20

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

ST. CLAIR COUNTY, MICHIGAN

SCHEDULE 1

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental Activities										
Net investment in capital assets	\$ 52,622	\$ 53,410	\$ 54,475	\$ 53,667	\$ 54,114	\$ 54,417	\$ 54,110	\$ 53,996	\$ 53,387	\$ 54,447
Restricted	24,480	21,420	12,905	13,540	14,037	15,230	12,682	13,472	14,983	17,886
Unrestricted	(4,253)	(14,232)	(23,262)	(27,904)	(33,040)	(45,509)	(46,735)	(52,293)	(87,523)	(45,026)
Total Governmental Activities Net Position	\$ 72,849	\$ 60,598	\$ 44,118	\$ 39,303	\$ 35,111	\$ 24,138	\$ 20,057	\$ 15,175	\$ (19,153)	\$ 27,307
Business-Type Activities										
Net investment in capital assets	\$ 18,264	\$ 17,804	\$ 14,988	\$ 14,836	\$ 17,036	\$ 16,256	\$ 15,360	\$ 13,028	\$ 13,803	\$ 17,089
Restricted	1,518	1,822	2,078	2,417	2,735	3,008	3,531	3,715	770	784
Unrestricted	29,711	28,573	28,096	31,005	31,640	31,203	30,252	30,604	32,312	31,192
Total Business-Type Activities Net Position	\$ 49,493	\$ 48,199	\$ 45,162	\$ 48,258	\$ 51,411	\$ 50,467	\$ 49,143	\$ 47,347	\$ 46,885	\$ 49,065
Primary Government										
Net investment in capital assets	\$ 70,886	\$ 71,214	\$ 69,463	\$ 68,503	\$ 71,150	\$ 70,672	\$ 69,470	\$ 67,024	\$ 67,190	\$ 71,536
Restricted	25,998	23,242	14,983	15,957	16,772	18,238	16,212	17,187	15,753	18,670
Unrestricted	25,458	14,341	4,834	3,101	(1,400)	(14,306)	(16,483)	(21,690)	(55,211)	(13,834)
Total Primary Government Net Position	\$ 122,342	\$ 108,797	\$ 89,280	\$ 87,561	\$ 86,522	\$ 74,604	\$ 69,200	\$ 62,522	\$ 27,732	\$ 76,372

* The change of balances between 2014 and 2015 and 2017 and 2018 differs from the amount shown on Schedule 2 due to the prior period adjustment for GASB 68 and GASB 75 implementation, respectively.

ST. CLAIR COUNTY, MICHIGAN

SCHEDULE 2

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental Activities:										
Legislative	\$ 759	\$ 3,021	\$ 1,086	\$ 1,847	\$ 1,653	\$ 1,026	\$ 1,247	\$ 1,184	\$ 1,209	\$ 1,231
Judicial	11,985	13,053	13,140	11,213	11,302	10,953	11,635	13,965	14,755	5,486
General Government	15,197	15,569	13,832	12,685	13,734	13,311	14,840	12,038	12,393	6,055
Public Safety	27,820	29,256	34,740	29,208	28,362	28,042	29,258	32,127	32,189	9,654
Public Works	2,340	2,046	1,247	1,008	1,111	1,045	1,083	971	2,249	982
Health and Welfare	21,595	21,411	20,888	20,709	20,135	19,589	20,412	20,845	21,992	16,125
Community and Economic Development	678	972	844	788	1,015	705	592	2,605	682	719
Recreation and Culture	8,087	8,534	8,567	8,802	7,802	9,479	9,586	10,362	10,367	7,376
Interest on Long Term Debt	2,342	2,342	2,710	2,318	2,065	2,260	1,863	1,795	1,654	1,510
Total Governmental Activities Expenses	<u>90,803</u>	<u>96,204</u>	<u>97,054</u>	<u>88,577</u>	<u>87,179</u>	<u>86,410</u>	<u>90,515</u>	<u>95,893</u>	<u>97,490</u>	<u>49,138</u>
Business-Type Activities:										
Delinquent Revolving Tax	487	462	557	534	461	413	430	423	400	406
Airport Commission	583	592	490	1,063	1,125	1,039	925	1,088	1,070	1,024
Sheriff Concession	430	451	509	631	620	572	798	1,156	1,161	1,014
School Tax Collection	14	-	-	-	-	-	-	-	-	-
Homestead Exemption Audits	1	1	-	-	-	-	-	-	-	-
Solid Waste Disposal System	5,260	5,221	5,103	1,348	4,647	6,864	7,084	8,462	7,655	7,530
Total Business-Type Activities Expenses	<u>6,775</u>	<u>6,727</u>	<u>6,659</u>	<u>3,576</u>	<u>6,853</u>	<u>8,888</u>	<u>9,237</u>	<u>11,129</u>	<u>10,286</u>	<u>9,974</u>
Total Primary Government Expenses	<u>\$ 97,578</u>	<u>\$ 102,931</u>	<u>\$ 103,713</u>	<u>\$ 92,153</u>	<u>\$ 94,032</u>	<u>\$ 95,298</u>	<u>\$ 99,753</u>	<u>\$ 107,022</u>	<u>\$ 107,776</u>	<u>\$ 59,112</u>
Program Revenues										
Governmental Activities:										
Charges for Services:										
Legislative	\$ -	\$ -	\$ -	\$ 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Judicial	2,436	2,330	2,404	2,440	2,240	2,136	1,987	1,977	1,961	2,055
General Government	4,866	4,552	4,871	5,215	4,359	4,653	4,937	5,117	5,194	4,614
Public Safety	6,279	8,033	7,446	6,828	6,133	5,244	6,264	6,320	7,493	6,554
Health and Welfare	2,737	2,761	1,663	3,076	3,211	3,527	2,543	2,997	3,057	3,791
Community and Economic Development	47	81	73	76	69	420	663	811	777	945
Recreation and Culture	882	988	1,026	1,078	1,034	1,021	783	848	768	871
Interest on Long Term Debt	414	404	394	695	676	485	970	945	933	940
Operating Grants and Contributions	16,531	15,855	15,558	14,809	13,987	13,742	14,380	17,102	15,539	16,534
Capital Grants and Contributions	1,398	323	1,042	1,770	2,132	1,292	641	231	96	570
Total Governmental Activities Program Revenues	<u>35,590</u>	<u>35,327</u>	<u>34,477</u>	<u>35,988</u>	<u>33,841</u>	<u>32,520</u>	<u>33,168</u>	<u>36,348</u>	<u>35,818</u>	<u>36,874</u>

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Business-Type Activities:										
Charges for Services:										
Delinquent Revolving Tax	\$ 1,271	\$ 1,288	\$ 1,219	\$ 1,310	\$ 1,175	\$ 1,099	\$ 1,259	\$ 920	\$ 990	\$ 925
Airport Commission	124	122	128	527	669	651	577	553	585	587
Sheriff Concession	408	517	578	643	649	603	832	1,201	1,337	1,099
School Tax Collection	-	-	-	-	-	-	-	-	-	-
Homestead Exemption Audits	-	-	-	-	-	-	1	-	-	-
Solid Waste Disposal System	3,996	4,384	4,692	4,933	5,598	7,209	6,808	8,800	8,944	8,325
Operating Grants and Contributions	84	77	159	335	137	505	68	75	111	119
Capital Grants and Contributions	5,576	42	24	224	3,309	314	760	-	226	3,360
Total Business-Type Activities Program Revenues	11,459	6,430	6,800	7,972	11,537	10,381	10,305	11,549	12,193	14,415
Total Primary Government Program Revenues	\$ 47,049	\$ 41,757	\$ 41,277	\$ 43,960	\$ 45,378	\$ 42,901	\$ 43,472	\$ 47,897	\$ 48,011	\$ 51,289
Net (expense)/revenue										
Governmental Activities	\$ (55,213)	\$ (60,877)	\$ (62,577)	\$ (52,589)	\$ (53,338)	\$ (53,890)	\$ (57,348)	\$ (59,545)	\$ (61,672)	\$ (12,264)
Business-Type Activities	4,684	(297)	141	4,396	4,684	1,493	1,068	421	1,907	4,441
Total Primary Government Net Expense	\$ (50,529)	\$ (61,174)	\$ (62,436)	\$ (48,193)	\$ (48,654)	\$ (52,397)	\$ (56,280)	\$ (59,124)	\$ (59,765)	\$ (7,823)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes	\$ 44,677	\$ 42,495	\$ 41,670	\$ 42,145	\$ 41,955	\$ 43,235	\$ 43,557	\$ 45,983	\$ 47,282	\$ 49,197
Unrestricted Grants and Contributions	382	385	660	2,779	3,909	4,129	5,675	4,549	4,265	4,526
Unrestricted Investment Income	414	411	263	176	234	257	417	657	1,031	1,331
Interest and Penalties on Delinquent Taxes	28	13	10	9	6	11	5	14	5	4
Transfers	2,934	3,105	3,495	2,666	3,042	3,648	3,613	3,461	3,516	3,666
Special Item - Tribunal Settlement	-	1,700	-	-	-	-	-	-	-	-
Total Governmental Activities	48,435	48,109	46,098	47,774	49,146	51,280	53,267	54,664	56,099	58,724
Business-Type Activities										
Unrestricted Investment Income	84	78	56	24	32	49	103	168	279	145
Interest and Penalties on Delinquent Taxes	2,052	2,029	2,185	1,342	1,479	1,249	1,119	1,075	1,101	1,260
Transfers	(2,934)	(3,104)	(3,495)	(2,666)	(3,042)	(3,648)	(3,613)	(3,461)	(3,516)	(3,666)
Special Item – Return of contribution	420	-	-	-	-	-	-	-	-	-
Total Business-Type Activities	(378)	(997)	(1,254)	(1,300)	(1,531)	(2,350)	(2,391)	(2,217)	(2,136)	(2,261)
Total Primary Government	\$ 48,057	\$ 47,112	\$ 44,844	\$ 46,474	\$ 47,615	\$ 48,930	\$ 50,876	\$ 52,447	\$ 53,963	\$ 56,463
Change in Net Position										
Governmental Activities	\$ (6,778)	\$ (12,768)	\$ (16,479)	\$ (4,815)	\$ (4,192)	\$ (2,609)	\$ (4,081)	\$ (4,881)	\$ (5,573)	\$ 46,460
Business-Type Activities	4,306	(1,294)	(1,113)	3,096	3,153	(857)	(1,323)	(1,796)	(229)	2,180
Total Primary Government	\$ (2,472)	\$ (14,062)	\$ (17,592)	\$ (1,719)	\$ (1,039)	\$ (3,466)	\$ (5,404)	\$ (6,678)	\$ (5,802)	\$ 48,640

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)**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Reserved	\$ 3,055	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	5,894	-	-	-	-	-	-	-	-	-
Nonspendable	-	4,076	4,408	4,736	5,452	5,766	5,800	3,063	2,567	2,389
Restricted	-	45	-	-	-	-	-	-	-	-
Committed	-	-	686	1,093	1,364	1,353	1,438	1,548	1,302	1,235
Assigned	-	-	2,928	1,577	926	580	552	-	38	76
Unassigned	-	5,152	4,917	4,702	4,036	4,040	4,242	7,694	8,487	8,916
Total General Fund	<u>\$ 8,949</u>	<u>\$ 9,273</u>	<u>\$ 12,939</u>	<u>\$ 12,108</u>	<u>\$ 11,778</u>	<u>\$ 11,739</u>	<u>\$ 12,032</u>	<u>\$ 12,305</u>	<u>\$ 12,394</u>	<u>\$ 12,616</u>
All other Governmental Funds										
Reserved	\$ 3,267	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted, reported in:										
Special Revenue Funds	25,100	-	-	-	-	-	-	-	-	-
Nonspendable	-	389	-	-	-	-	-	-	-	-
Restricted	-	20,986	19,720	18,827	14,314	14,506	15,741	16,703	18,084	20,692
Committed	-	-	2,402	2,437	3,115	3,329	3,800	3,847	5,033	3,540
Assigned	-	2,482	-	-	-	-	-	-	-	-
Total all other Governmental Funds	<u>\$ 28,367</u>	<u>\$ 23,857</u>	<u>\$ 22,122</u>	<u>\$ 21,264</u>	<u>\$ 17,429</u>	<u>\$ 17,835</u>	<u>\$ 19,542</u>	<u>\$ 20,550</u>	<u>\$ 23,117</u>	<u>\$ 24,232</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)**

	2010	2011	2012	2013
Revenues:				
Taxes	\$ 44,746	\$ 42,472	\$ 41,637	\$ 42,153
Licenses and Permits	792	765	717	749
Intergovernmental	18,806	16,917	16,816	19,370
Charges for Services	11,707	13,444	12,299	12,365
Fines and Forfeits	1,102	1,082	1,366	1,530
Interest and Rent	1,390	1,243	1,079	1,648
Other	2,957	2,822	3,033	3,220
	<u>81,500</u>	<u>78,745</u>	<u>76,947</u>	<u>81,035</u>
Expenditures:				
Legislative	2,002	2,996	1,054	1,839
Judicial	11,144	11,153	11,262	10,462
General Government	11,903	11,613	11,957	11,145
Public Safety	24,297	23,913	25,227	25,063
Public Works	2,340	2,046	1,248	1,004
Health and Welfare	20,909	19,822	19,321	19,967
Community and Economic Development	678	961	791	790
Recreation and Cultural	8,044	8,187	9,150	7,986
Capital Outlay	3,950	1,957	3,501	2,180
Debt Service				
Principal	2,014	2,242	2,364	2,622
Interest/Issuance Costs	2,289	2,286	2,369	2,453
	<u>89,570</u>	<u>87,176</u>	<u>88,244</u>	<u>85,511</u>
Revenues over (under) expenditures	<u>(8,070)</u>	<u>(8,431)</u>	<u>(11,297)</u>	<u>(4,476)</u>
Other Financing Sources (Uses):				
Transfers In	16,662	15,871	15,665	15,557
Transfers Out	(13,728)	(12,767)	(12,170)	(12,891)
Issuance of debt	1,486	1,141	9,622	-
Issuance of Refunding Bonds	-	-	24,365	5,380
Premium on Debt	-	-	2,620	-
Payment to Refunding Bond Escrow Agent	-	-	(26,874)	(5,259)
	<u>4,420</u>	<u>4,245</u>	<u>13,228</u>	<u>2,787</u>
Net Change in Fund Balances	<u>\$ (3,650)</u>	<u>\$ (4,186)</u>	<u>\$ 1,931</u>	<u>\$ (1,689)</u>
Debt Service as a Percentage of Noncapital Expenditures	<u>5.12%</u>	<u>5.42%</u>	<u>5.78%</u>	<u>6.18%</u>

SCHEDULE 4

2014	2015	2016	2017	2018	2019
\$ 41,966	\$ 43,292	\$ 43,570	\$ 45,986	\$ 47,290	\$ 49,195
758	794	766	813	754	802
19,703	19,338	20,769	21,250	20,027	20,850
11,868	11,112	12,611	13,484	14,708	14,533
1,356	1,273	949	987	937	1,015
1,681	1,786	1,893	2,117	2,567	2,983
2,845	3,410	3,024	2,683	2,791	2,431
<u>80,177</u>	<u>81,005</u>	<u>83,582</u>	<u>87,318</u>	<u>89,074</u>	<u>91,809</u>
1,643	1,028	1,242	1,178	1,193	1,289
10,383	10,543	10,696	11,499	11,226	11,872
10,958	11,436	11,575	10,879	12,199	12,298
23,918	24,152	24,826	26,160	26,399	28,272
1,107	1,042	1,086	977	2,179	985
19,330	19,196	19,589	19,971	21,082	21,592
999	717	592	2,610	661	723
7,695	9,229	9,176	9,927	9,409	10,279
6,270	1,966	1,313	1,086	1,364	1,132
3,066	3,187	3,385	3,480	3,691	3,981
2,123	2,210	1,978	1,929	1,789	1,665
<u>87,492</u>	<u>84,705</u>	<u>85,458</u>	<u>89,697</u>	<u>91,192</u>	<u>94,088</u>
<u>(7,315)</u>	<u>(3,700)</u>	<u>(1,876)</u>	<u>(2,379)</u>	<u>(2,118)</u>	<u>(2,279)</u>
11,546	11,888	12,526	12,470	13,641	15,055
(8,504)	(8,240)	(8,913)	(9,009)	(10,125)	(11,439)
107	232	263	127	1,286	-
-	9,280	-	1,595	-	-
-	1,138	-	156	-	-
-	(10,231)	-	(1,679)	-	-
<u>3,149</u>	<u>4,067</u>	<u>3,875</u>	<u>3,661</u>	<u>4,802</u>	<u>3,616</u>
<u>\$ (4,166)</u>	<u>\$ 367</u>	<u>\$ 2,000</u>	<u>\$ 1,282</u>	<u>\$ 2,684</u>	<u>\$ 1,337</u>
<u>6.50%</u>	<u>6.63%</u>	<u>6.45%</u>	<u>6.18%</u>	<u>6.14%</u>	<u>6.11%</u>

ST. CLAIR COUNTY, MICHIGAN

SCHEDULE 5

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

Fiscal Year Ended 12/31/2019	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					
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%
2016	4,133,911,528	565,812,942	727,091,150	442,567,334	673,454,031	6,542,836,985	8.2329	13,158,800,715	49.72%
2017	4,408,301,523	594,112,810	749,080,816	447,497,500	715,405,067	6,914,397,716	8.2329	13,912,504,690	49.70%
2018	4,563,302,894	632,776,798	787,646,500	457,459,860	751,715,432	7,192,901,484	8.2329	14,447,177,908	49.79%
2019	4,926,686,250	727,881,650	881,363,100	483,262,272	782,040,598	7,801,233,870	8.2329	15,689,217,728	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				
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
2016	2.72	16.57	5.3265	0.8000	0.5610	0.7000	0.4954	0.2500	0.1000	8.2329	1.89	3.43	29.83	62.67
2017	2.77	16.50	5.3265	0.8000	0.5610	0.7000	0.4954	0.2500	0.1000	8.2329	1.89	3.43	29.86	62.69
2018	2.90	17.27	5.3265	0.8000	0.5610	0.7000	0.4954	0.2500	0.1000	8.2329	1.89	3.43	29.82	63.54
2019	2.98	17.18	5.3265	0.8000	0.5610	0.7000	0.4954	0.2500	0.1000	8.2329	1.89	3.43	29.81	63.52

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

		2019			2010		
		Taxable Valuation	Rank	Percentage of Total Taxable Value	Taxable Valuation	Rank	Percentage of Total Taxable Value
DTE Companies	Electrical Utility	\$ 813,275,281	1	13.02%	\$ 28,592,666	1	0.44%
ITC Transmission	Electrical Transmission	111,647,396	2	1.79%	N/A		N/A
Consumers Energy Company	Liquid Natural Gas Storage	97,029,787	3	1.55%	N/A		N/A
Enbridge Energy	Natural Gas & Pipeline	63,641,532	4	1.02%	N/A		N/A
Blue Water Natural Gas Holdings	Natural Gas Storage	55,614,041	5	0.89%	N/A		N/A
Semco Energy Gas Company	Gas Utility	50,738,761	6	0.81%	N/A		N/A
Marysville Hydrocarbon LLC	Propane and Butane Storage	29,669,991	7	0.48%	N/A		N/A
MPT of Port Huron LLC	Petroleum Distributor	12,100,838	8	0.19%	N/A		N/A
Plains LPG Services	Production and Storage of Petroleum	10,811,200	9	0.17%	N/A		N/A
Meijer Inc.	Retail	9,763,836	10	0.16%	N/A		N/A
Marysville Ethanol	Gas Production	N/A	-	N/A	25,608,000	2	0.39%
Chrysler LLC	Automotive Parts	N/A	-	N/A	14,252,900	3	0.22%
MI Dept. of Natural Resources	Natural Resource Preservation	N/A	-	N/A	12,289,770	4	0.19%
Keihin Manufacturing	Automotive Parts	N/A	-	N/A	6,746,608	5	0.10%
SMW Automotive	Automotive Parts	N/A	-	N/A	6,176,000	6	0.09%
Schefnacker Vision	Automotive Parts				3,623,700	7	0.06%
ALD Thermal Treatment	Heat Treating Services	N/A	-	N/A	3,071,000	8	0.05%
Domtar Industries	Paper Production	N/A	-	N/A	2,808,400	9	0.04%
Fagerdala	Foam Production	N/A	-	N/A	2,692,700	10	0.04%
		<u>\$ 1,254,292,663</u>		20.08%	<u>\$ 105,861,744</u>		1.58%

Source: Equalization Department

ST. CLAIR COUNTY, MICHIGAN

SCHEDULE 8

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS - UNAUDITED

Year	Total Tax Levy	Current Tax Collections to March 1	Percentage of Levy Collected	Delinquent Tax Collections to December 31	Total Tax Collections	Percentage of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes **	Percentage of Delinquent Taxes to Tax Levy
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%
2016	47,048,311	44,803,444	95.2%	2,100,442	46,903,886	99.7%	144,425	0.3%
2017	48,222,693	46,107,827	95.6%	1,987,468	48,095,295	99.7%	127,398	0.3%
2018	49,767,833	47,517,704	95.5%	2,108,820	49,626,524	99.7%	141,309	0.3%
2019	51,533,061	49,293,110	95.7%	2,058,171	51,351,281	99.6%	181,780	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	Premiums, Discounts	General Obligation Bonds			
2010	52,185,000	2,862,168	49,922	4,830,496	59,927,586	1.14%	367.56
2011	50,185,000	3,244,497	36,719	6,184,811	59,651,027	1.08%	365.87
2012	55,665,000	3,588,472	2,518,799	6,623,535	68,395,806	1.19%	419.50
2013	53,680,000	3,311,730	2,183,303	7,041,911	66,216,944	1.14%	406.14
2014	50,935,000	3,098,484	2,016,276	7,055,760	63,105,520	1.05%	387.06
2015	47,480,000	3,028,889	2,953,413	7,497,077	60,959,379	0.96%	373.89
2016	44,385,000	3,001,226	2,685,017	8,452,477	58,523,721	0.90%	358.95
2017	41,180,000	2,823,141	2,553,994	8,757,681	55,314,816	0.82%	339.27
2018	37,825,000	3,773,915	2,265,957	8,941,711	52,806,583	0.75%	323.89
2019	34,180,000	3,438,118	1,977,920	8,930,432	48,526,470	0.69%	297.64

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

ST. CLAIR COUNTY, MICHIGAN

SCHEDULE 10

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

Fiscal Year	Population *	Assessed Value (000)	Bonded Debt	Premiums, Discounts & Adjustments	Less: Amounts Available in Debt Service Funds	Total	Ratio of Net Bonded Debt to Assessed Value	Per Capita
2010	163,040	6,471,461	56,506,289	(509,207)	883,296	55,113,786	0.42	338.04
2011	163,040	6,137,259	55,909,526	(460,285)	939,005	54,510,236	0.44	334.34
2012	163,040	5,844,715	63,365,232	1,076,697	973,741	63,468,188	0.54	389.28
2013	163,040	5,819,001	61,522,919	801,008	1,750,395	60,573,532	0.52	371.53
2014	163,040	5,973,626	57,990,760	764,303	1,795,436	56,959,627	0.47	349.36
2015	163,040	6,302,571	54,977,077	1,415,235	1,909,191	54,483,121	0.43	334.17
2016	163,040	6,542,837	52,837,477	1,320,656	1,662,063	52,496,070	0.40	321.98
2017	163,040	6,914,398	49,937,681	1,315,841	1,445,250	49,808,272	0.36	305.50
2018	163,040	7,192,901	46,766,711	1,208,423	1,299,026	46,676,108	0.32	286.29
2019	163,040	7,801,234	43,110,432	1,101,005	970,827	43,240,610	0.28	265.21

* 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, 2019 - UNAUDITED

Direct Debt:

Building Authority		\$	1,515,000
Communication System - Refunding Bonds			805,000
Communication System - Refunding Bonds			1,360,000
Comm. Mental Health - Refunding Bonds			5,820,000
Jail Refunding Bonds			16,945,000
Convention Center - General Obligation Bonds			7,735,000
Drain Districts			3,438,118
Net Direct Debt			<u>37,618,118</u>

Overlapping Debt:

Cities	\$	48,456,373	
Townships		13,359,969	
Villages		90,000	
School Districts		298,523,322	
Intermediate School District		65,673	
Community College		<u>5,902,317</u>	<u>366,397,653</u>

Net Direct and Overlapping Debt

\$ 404,015,771

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

Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin
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	51,924,124	578,332,985
2016	654,283,699	48,706,882	605,576,817
2017	691,556,650	44,003,141	647,553,509
2018	719,290,148	41,598,915	677,691,233
2019	780,123,387	37,618,118	742,505,269

Legal Debt Margin Calculation for Fiscal Year 2019

State Equalized Value	<u>\$ 7,801,233,870</u>
Legal Debt Limit (10% of State Equalized Value)	\$ 780,123,387
Less: Total Long-Term Debt	<u>37,618,118</u>
Legal Debt Margin	<u>\$ 742,505,269</u>

Note: Total Long-Term Debt does not include accumulated vacation, sick and compensatory time, net pension liability, net OPEB 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

<u>Fiscal Year</u>	<u>Population *</u>	<u>U. S. Census</u>	<u>Personal Income **</u>	<u>Per Capita Income **</u>	<u>K - 12 School Enrollment ***</u>	<u>Unemployment Rate ****</u>
2010	163,040	163,040	5,268,046	32,380	25,844	14.9
2011	162,569	163,040	5,545,766	34,324	25,344	13.1
2012	160,182	163,040	5,770,156	35,924	24,875	12.2
2013	160,327	163,040	5,811,259	36,254	24,184	10.6
2014	160,506	163,040	6,026,586	37,646	23,867	9.9
2015	160,025	163,040	6,326,372	39,602	23,396	7.1
2016	159,699	163,040	6,527,171	40,937	22,974	6.2
2017	159,719	163,040	6,747,630	42,381	22,497	5
2018	159,134	163,040	7,061,186	44,316	21,892	4.7
2019	159,390	163,040	7,061,186	44,316	21,479	4.9

Sources

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

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

ST. CLAIR COUNTY, MICHIGAN

SCHEDULE 14

PRINCIPAL EMPLOYERS
PRIOR YEAR AND NINE YEARS AGO - UNAUDITED

Employer	Product/Service	*2018			2010		
		Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
McLaren Port Huron	Health Care	1,579	1	2.18%	1,541	1	1.80%
SMR Automotive	Manufacturing	1,119	2	1.55%	N/A		
Port Huron School District	Education	1,100	3	1.52%	1,230	2	1.43%
St. Clair County	Municipal Government	983	4	1.36%	1,059	3	1.23%
ZF Marysville	Manufacturing	921	5	1.27%	N/A		
DTE Energy	Utility	747	6	1.03%	915	4	1.07%
Lake Huron Medical Center	Health Care	665	7	0.92%	880	5	1.03%
Meijer	Retail/ Big Box	604	8	0.83%	650	6	0.76%
East China School District	Education	539	9	0.74%	600	8	0.70%
St. Clair County Community College	Education	419	10	0.58%	N/A		
K-Mart Corporation	Retail/ Big Box	N/A	N/A	N/A	N/A		
Visiucorp	Manufacturing	N/A	N/A	N/A	N/A		
AT & T	Utility	N/A	N/A	N/A	500	9	0.58%
SEMCO Energy	Public Utility	216	26	0.30%	600	7	0.70%
St. John River District Hospital	Health Care Services	230	24	0.32%	450	10	0.52%
		<u>9,122</u>		<u>12.60%</u>	<u>8,425</u>		<u>9.82%</u>

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

*Lates available data; 2019 numbers were not yet available

ST. CLAIR COUNTY, MICHIGAN

SCHEDULE 15

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

Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Legislative										
Board of Commissioners	7	7	7	7	7	7	7	7	7	7
Judicial										
Circuit Court	13	13	13	13	13	12	12	12	13	13
District Court	27	27	27	27	28	27	27	27	28	28
Courthouse Security	7	7	7	5	5	5	5	5	5	5
Friend of the Court	40	35	35	32	32	33	33	33	35	37
Probate Court - Adult	9	9	9	9	9	9	10	10	11	11
Probate Court - Juvenile	21	19	19	17	17	15	15	16	14	14
Probation - Adult	8	8	8	8	8	8	8	8	7	9
General Government										
Administrator/Controller	3	3	3	3	3	4	4	4	4	4
Elections	1	1	1	1	0	0	0	0	0	0
Accounting	4	4	4	4	4	4	4	4	4	4
Purchasing	2	2	2	2	2	1	1	1	1	1
Clerk	10	10	10	10	9	9	9	9	9	9
Equalization	10	10	10	9	8	8	8	8	8	9
Human Resources	6	4	4	5	5	5	7	7	6	7
Prosecuting Attorney	24	25	25	24	24	25	26	26	28	27
Register of Deeds	3	2	2	2	2	2	2	2	2	2
Treasurer	7	7	7	7	7	7	7	7	7	8
Cooperative Extension	3	2	2	2	2	2	2	2	2	2
Information Technology	13	12	14	14	15	15	15	16	16	16
Buildings and Grounds	21	20	20	19	20	20	20	20	20	20
Drain Commissioner	8	8	8	8	7	7	7	7	6	6
Public Safety										
Sheriff Department	77	77	79	86	85	85	85	86	86	87
Communications	23	23	26	23	21	21	22	22	22	22
Marine Patrol	1	1	1	1	1	1	1	1	1	1
Jail	96	96	96	95	100	100	100	100	100	101
Emergency Services	3	3	3	3	3	3	3	3	3	4
Animal Control	1	1	3	3	3	3	3	3	3	5
Metropolitan Planning	7	7	5	5	5	5	6	7	7	7

(Continued)

Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Health and Welfare										
Medical Examiner	1	1	2	2	2	2	2	2	1	1
Veterans Counselor	2	2	4	4	4	6	6	6	6	6
Public Guardian	3	3	3	3	3	4	4	5	5	5
Health Department	79	75	75	68	61	61	61	64	65	73
Child Care	48	48	48	48	42	40	40	40	40	41
Recreation and Culture										
Parks and Recreation	9	10	10	10	11	11	11	11	11	11
Library	37	37	37	37	36	37	37	35	35	35
Proprietary Activities										
Landfill	3	4	5	5	4	4	4	5	4	4
Airport	2	1	1	1	1	1	1	1	2	2

(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	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Judicial										
Circuit Court Cases Filed	3,793	3,795	3,764	3,843	3,616	3,721	3,638	3,732	3,650	3,623
Circuit Court Cases Dispositions	3,952	3,851	3,952	4,099	3,797	3,836	3,818	3,797	3,699	3,725
General Government										
Marriage licenses	842	957	937	937	964	963	968	970	938	832
Births Certificates	1,536	1,605	1,496	1,462	1,501	1,429	1,435	1,262	1,335	1,368
Divorces Filed	715	635	743	787	780	735	525	550	503	539
Death Certificates	1,569	1,551	1,472	1,633	1,608	1,632	1,592	1,653	1,538	1,608
Public Safety										
Inmate bookings	5,789	5,451	5,794	5,935	5,646	6,047	5,164	4,442	4,160	3,598
Dispatch Calls	109,642	118,511	123,958	122,499	119,743	116,294	114,070	118,884	126,247	141,156
Dog Licenses Issued	22,389	25,816	27,023	25,719	25,600	27,019	26,405	25,582	19,570	19,672
Airport										
Take-offs and Landings (1)	20,000	32,000	18,775	27,500	25,689	26,230	26,500	27,011	27,000	2,500
Landfill										
Tons of Waste Collected	188,541	238,254	171,072	176,671	221,912	293,962	297,049	384,686	308,774	303,275

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	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Judicial										
Buildings	1	1	1	1	1	1	1	1	1	1
Vehicles	1	1	3	2	0	0	0	0	0	0
General Government										
Buildings	3	2	2	3	3	4	4	4	4	4
Vehicles	10	10	20	26	28	27	25	25	23	22
Public Safety										
Buildings	5	3	3	4	5	5	5	5	5	5
Jail Beds Available	478	491	491	491	491	491	491	491	491	491
Vehicles										
Patrol	45	41	43	41	35	35	34	39	40	35
Other	22	28	30	33	34	35	40	40	34	32
Health & Welfare										
Buildings	3	2	2	2	2	2	2	2	2	2
Vehicles	6	6	6	8	8	11	12	12	13	12
Recreation & Cultural										
Buildings	37	37	43	43	47	47	47	47	47	47
Vehicles	10	10	10	10	10	10	10	9	9	10
Park Acreage	559	562	562	565	566	568	633	633	633	633
Airport										
Buildings	6	6	6	7	7	7	7	7	7	7
Vehicles	2	2	2	3	2	2	2	2	2	2
Landfill										
Buildings	1	2	3	3	6	6	6	6	6	6
Vehicles	1	2	3	3	3	3	3	3	2	3

Source: Accounting Department



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