



COMPREHENSIVE ANNUAL FINANCIAL REPORT

ST. CLAIR COUNTY, MICHIGAN

FOR THE YEAR ENDED DECEMBER 31, 2013

Current members of the
BOARD OF COMMISSIONERS

Jeffrey L. Bohm, Chairperson
Steven L. Simasko, Vice Chairperson
Bill Gratopp
Howard T. Heidemann
Tom Reilly
David Rushing
Karl Tomion

Prepared by:
ADMINISTRATOR/CONTROLLER'S OFFICE

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

ST. CLAIR COUNTY, MICHIGAN

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June 18, 2014

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

State law requires that every general purpose local government publish, within six months of the close of each fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended December 31, 2013.

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

Stewart, Beauvais and Whipple, Certified Public Accountants, have issued an unmodified (“clean”) opinion on St. Clair County’s financial statements for the year ended December 31, 2013. The independent auditor’s report is located at the front of the financial section of this report.

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

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

Profile of St. Clair County

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

The County has experienced an influx of people from the metropolitan Detroit area, as they looked for an alternative to the "big city" lifestyle. The 2010 census reported the population at 164,040, living in 63,841 households. The Southeastern Michigan Council of Governments currently estimates our population to grow 2.8% between 2010 and 2040, while the region as a whole is projected to grow .8%. The number of jobs in the county is expected to grow by 4.2% by 2015 and 14.2% by 2040. The County is made up of a mix of rural and urban communities, encompassing 9 villages and cities and 23 townships. The county seat is located in Port Huron, which is the largest city in the County, and where a majority of our offices are located.

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

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

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

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

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

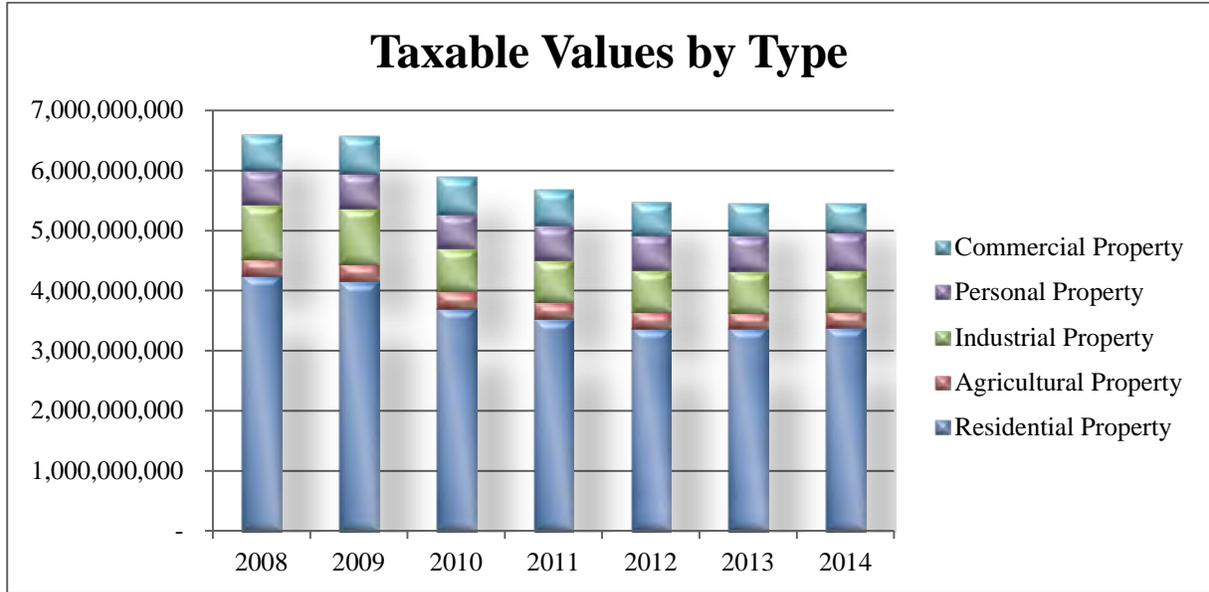
The Board of Commissioners also appoints members to a variety of boards and commissions that have various responsibilities and duties. Some of the more complex of these boards and commissions include the Parks and Recreation Board, the Metropolitan Planning Commission, the Library Board, and the Commission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

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

Local Economy

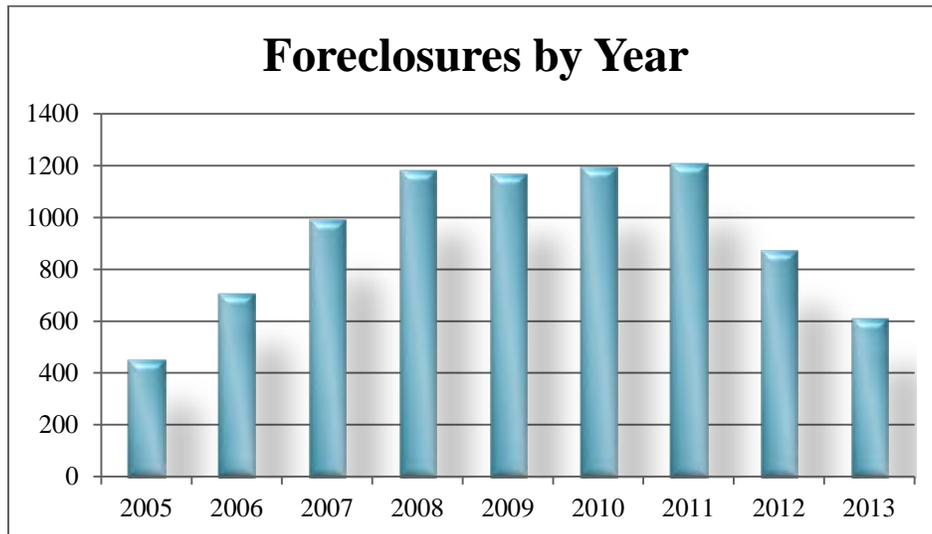
The County, like all governments in Michigan, is still feeling the effects of a general statewide economic downturn. Our manufacturing and industrial base is primarily aimed at the auto industry, which is suffering through a rough economy, and our residential property has been negatively impacted along with all residential properties in southeastern Michigan. As the State of Michigan struggles to get their budgets in order, less State money is made available to local governments for programs and operations. In fact, in 2013 we were again the recipients of reductions in a number of state supported programmatic revenues.

Most of the local units of government in St. Clair County experienced a reduction in taxable property values in 2013. The County overall experienced a slight decrease in taxable value of .64% in 2013 from 2012. The chart below illustrates the changes in taxable values by property type.



Although we saw a small decrease in total taxable values in the County in 2013, it appears we have hit the bottom. For the first time since 2008, the County will see an increase in taxable values in 2014 of 2%.

The decline in residential property has been driven by record high home foreclosures throughout the county. In 2013 the County had 613 foreclosure filings, which is a 30% decrease from the 2012. It appears foreclosures reached their peak in 2011 with 1,211 filings and the downward trend is continuing.



Despite the above noted roadblocks to growth: new national and regional retail businesses continue to move to St. Clair County, our population has remained stable, the County general operating millage rate is at lower than authorized levels (due to Headlee overrides), the County continues to balance the General Fund Budget without the use of fund balance, the County bond rating continues to be strong and the County continues to maintain a high level of services to our citizens.

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

- In early 2014, City Flats Hotel announced they will be transforming a historic building in downtown Port Huron to a boutique hotel and bistro restaurant. The total investment is estimated to be between \$12-\$14 million and will create approximately 50 jobs.
- Amerilodge Group is also in the process of constructing a Holiday Inn Express at the former Water Street Marina site. Site plans include rehabilitating the boat slips that existed at the former marina.
- Menards constructed a new store in Port Huron Township. This store opened in late spring of 2013. The total investment for this project was \$11,000,000 and created approximately 200 new jobs.
- Magna Interior Trim has announced plans for expansion at its China Township facility. This \$3,600,000 investment is expected to create 200 new jobs.
- In May of 2013, SMR Automotive Systems announced its plan for expansions in the City of Port Huron and the City of Marysville. This \$17,000,000 investment is also expected to create 350 new engineering and skilled trade jobs.
- Several new chain restaurants have been or are currently being constructed in Fort Gratiot Township, including Starbucks, Panera Bread, Qdoba, and Texas Roadhouse. These new restaurants are expected to create 150 new jobs.

Long-term Financial Planning and Major Initiatives

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

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

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

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

The County has implemented the conversion of our landfill cell space to new technology that may enable it to become a “perpetual landfill”. Using a patented process we inject septage into the new cells at the landfill to promote the aggressive decomposition of refuse. After decomposition the cell will be re-filled with refuse, and the process starts over again. This “bio-reactor” has the potential to ensure landfill space well into the future and the technology developed here will be marketed and sold to other landfills for their use. We have also contracted with a Detroit Edison Company to buy the methane gas created by the advanced decomposition at the landfill to produce electric power. Construction of the generating plant is completed and production of electricity began late in 2011. This revenue stream will continue for the life of the landfill

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

Baker College has also partnered on this project to construct a culinary arts school on the same campus. The facility includes instructional kitchens and all required support facilities including classrooms, a multi-purpose room, staff offices and a student lounge. In addition, it houses a 50-seat educational restaurant that functions for three quarters of the year, allowing



students to practice their craft in a real-world restaurant, and giving the public the opportunity to sample creative offerings that represent the results of Baker’s outstanding culinary program. Students at the school will be able to intern at the convention center, hotel and restaurant as part of their curriculum.

The total investment for this project is \$23,000,000 and will create 300 new jobs once complete. Baker College opened for classes in the fall of 2013. The hotel and Freighters restaurant along with the existing ballroom facilities also opened in 2013. The new convention center portion of the facility is currently under construction. Although the facility is still under construction, it has already spurred new growth such as the two new hotels mentioned earlier.



The St. Clair County Metropolitan Planning Commission and the Blueways of St. Clair Website was awarded the Planning Excellence Award for Outstanding Innovation in Regional Planning—by the Michigan Association of Planning

(MAP/APA Michigan) at its annual conference, *Planning Michigan*, on October 17th, 2012.

The St. Clair County Metropolitan Planning Commission created this interactive website to highlight the interconnectivity between tourism, recreation, and economic development. The website showcases 16 different paddling routes over 138 miles of water in St. Clair County’s blueways, and ties recreational resources to points of interest (including hotels, restaurants, museums and other cultural resources) that are near the route. On March 1, 2013 the project got a second award from the Michigan Recreation and Park Association (MRPA). They gave the award in the category of Marketing Award – Website for 2012.



St. Clair County Blueways Island Loop Route, was recently selected as a National Water Trail by the Department of the Interior. This is the first National Water Trail in Michigan, and one of only fourteen in the nation. The trail crosses four different bodies of water and travels along the international border with Canada. More information can be found at

www.bluewaysofstclair.org.



In 2011 local philanthropist James C. Acheson donated almost one-mile of St. Clair River shoreline property to the Community Foundation of St. Clair County. St. Clair County Parks and Recreation has partnered with the Community Foundation to secure grants to completely restore and rehabilitate approximately 4,300 feet of shoreline. In 2013 this work was completed. This project includes a pedestrian trail

that is part of the bridge to bay trail system, a railroad ferry dock and an outdoor classroom. St. Clair County Parks and Recreation has received a one million dollar grant to restore the wetlands at the southern end of the River Walk. Work on the wetlands will begin in 2014.

Relevant Financial Policies

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

The General Fund strives to maintain an Unassigned 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

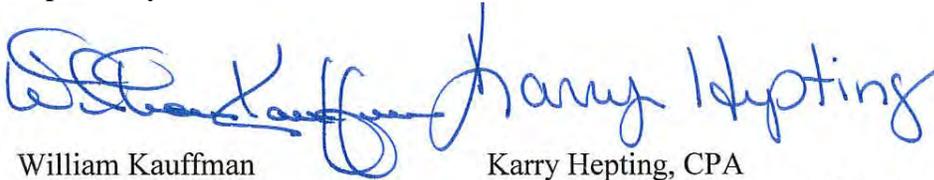
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to St. Clair County for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2012. This was our tenth consecutive award and our twentieth award overall. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

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

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

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

Respectively submitted,

Handwritten signatures in blue ink. The signature on the left is for William Kauffman and the signature on the right is for Karry Hepting.

William Kauffman
Administrator/Controller

Karry Hepting, CPA
Deputy Controller/Finance Director

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

Elected Officials

Board of Commissioners

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

31st Circuit Court

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

72nd District Court

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

Probate Court

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

Other Elected Officials

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

Appointed Official

William Kauffman	Administrator/Controller
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Government Finance Officers Association

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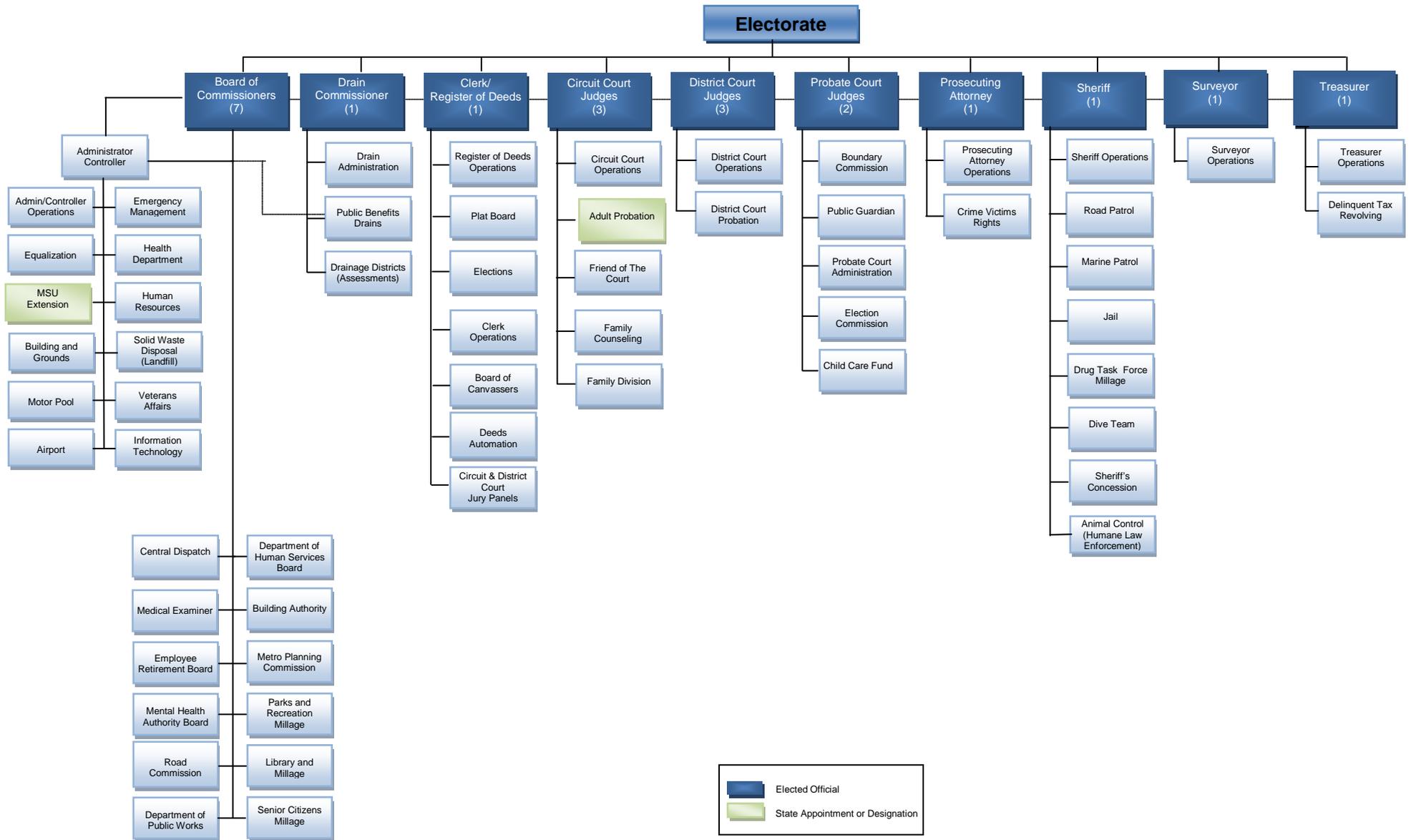
Presented to

**St. Clair County
Michigan**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2012

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, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County'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 County'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, 2013, 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.

Change in Accounting Principle

As discussed in Note 18 to the financial statements, for 2013 the County adopted GASB Statement No. 65 *Items Previously Reported as Assets and Liabilities*. As a result certain items that were previously reported as assets and liabilities are now classified as Deferred Outflows of Resources and Deferred Inflows of Resources, and debt issuance costs previously reported as assets are now considered outflows of resources. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-17, the schedules of funding progress and employer contributions on pages 93-94 and budgetary comparison information on pages 95-100 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The supplementary information as listed in the table of contents and presented on pages 101-141 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information presented on pages 101-141 is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2014 on our consideration of St. Clair County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering St. Clair County's internal control over financial reporting and compliance.


Certified Public Accountants

June 18, 2014

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, 2013. 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, 2013, by \$86,682,224 (net position). Of this amount \$3,101,636 represents unrestricted net position, which may be used to meet the County's ongoing obligations to citizens and creditors. Additionally, \$15,956,580 has been restricted for specific purposes (i.e. specific millage funds, substance abuse, debt service, E-911, etc) and \$67,624,008 represents our investment in capital assets, net of related liabilities.
- The total net position decreased by \$2,597,878 mainly due to GASB Statement No 45 requiring governments to report the unfunded annual recommended contribution for other postemployment benefits.
- At December 31, 2013, the County's governmental funds reported combined ending fund balances of \$33,372,758 a decrease of \$1,689,198. Approximately 14% of this amount \$4,701,643 is available for spending at the government's discretion (unassigned fund balance).
- The County issued \$5,380,000 of refunding general obligation limited tax bonds (taxable). This advance refunding reduced the total debt service payments over the remaining 8 years by \$450,980.
- Total outstanding long-term debt decreased by \$1,261,615 primarily due to a reduction in closure and post closure costs at the landfill. This reduction was the result of an expansion permit received by the County's landfill.
- 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 101-102. 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 2013 the Board of Commissioners adopted a balanced budget for the 2014 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

St. Clair County Management's Discussion and Analysis

information intended to furnish additional detail to support the basic financial statements themselves.

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

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

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

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

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

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

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

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, and Mental Health Building Debt Fund, all of which are considered to be major funds. Data for the other 28 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

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

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

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 and Delinquent Tax Revolving Funds, both of which are considered to be major funds of the County. Individual fund data for the 4 non-major Enterprise Funds is provided in the form of combining statements elsewhere in this report. The County's only Internal Service Fund is presented in the proprietary fund financial statements in the Governmental Activities - Internal Service Fund column.

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

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

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

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 37-92 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's progress in funding its obligation to provide pension benefits and other post-employment benefits to its employees and the budgetary information for the General Fund and three major governmental funds (Special Revenue Funds). This required supplementary information is found on pages 93-100 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 101-130 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 \$86,682,224 at December 31, 2013.

Net Position

	Governmental Activities		Business-Type Activities		Totals	
	Restated		Restated		Restated	
	2013	2012	2013	2012	2013	2012
Current and Other Assets	65,798,386	67,104,103	40,993,611	41,186,192	106,791,997	108,290,295
Capital Assets, Net of Accumulated Depreciation	93,710,202	95,050,188	20,999,325	21,611,492	114,709,527	116,661,680
Total Assets	159,508,588	162,154,291	61,992,936	62,797,684	221,501,524	224,951,975
Total Deferred Outflows of Resources	1,382,295	1,442,102	-	-	1,382,295	1,442,102
Current Liabilities	5,596,280	5,105,654	651,899	579,719	6,248,179	5,685,373
Other Liabilities	103,100,397	101,267,422	13,961,452	17,056,045	117,061,849	118,323,467
Total Liabilities	108,696,677	106,373,076	14,613,351	17,635,764	123,310,028	124,008,840
Total Deferred Inflows of Resources	12,891,567	13,105,138	-	-	12,891,567	13,105,138
Net Position						
Net Investment in capital assets	53,666,594	54,475,251	13,957,414	14,987,957	67,624,008	69,463,208
Restricted	13,539,768	12,905,364	2,416,812	2,078,086	15,956,580	14,983,450
Unrestricted	(27,903,723)	(23,262,433)	31,005,359	28,095,877	3,101,636	4,833,444
Total Net Position	39,302,639	44,118,182	47,379,585	45,161,920	86,682,224	89,280,102

St. Clair County's Net Position

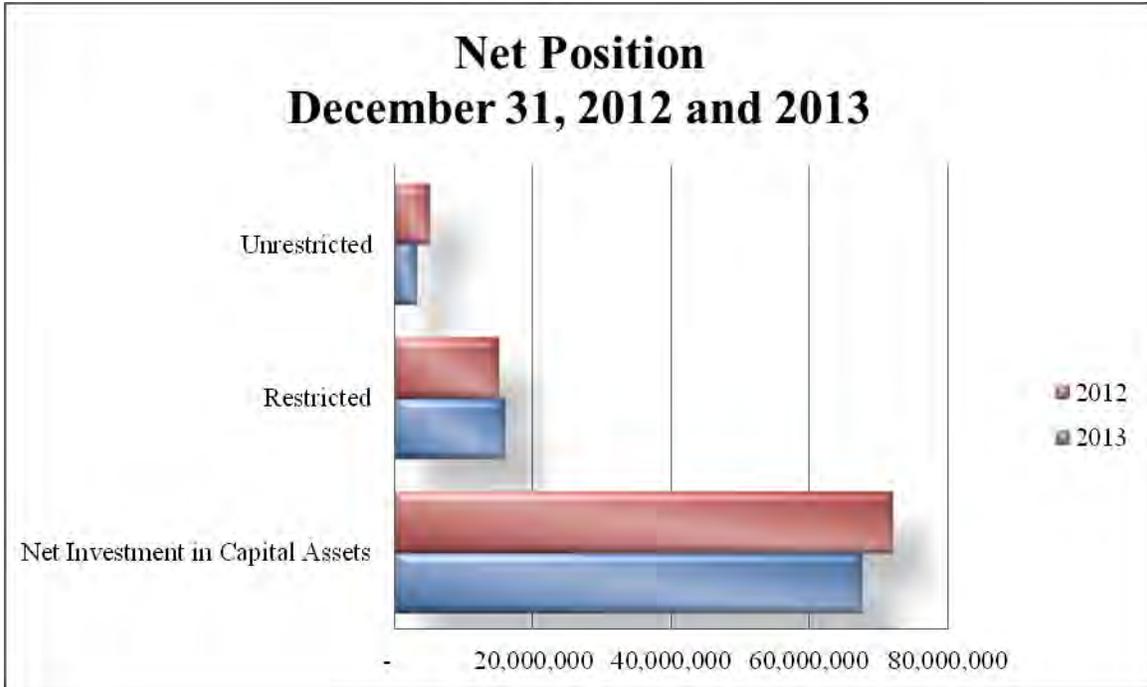
The largest portion of the County's net position (78 percent) reflects our investment in capital assets, (e.g., land, buildings, machinery and equipment); less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the County's net position (18 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (4 percent) may be used to meet the government's ongoing obligations to citizens and creditors.

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

At the end of the fiscal year the County was able to report positive balances in all three categories of net position for the government as a whole. The same situation held true for the prior fiscal year.

The County's net position decreased by \$2,597,878. This decrease was primarily due to the Government Accounting Standards Board Statement Number 45 requiring governments to record their liability for the cost of other post employment benefits (OPEB).



Governmental Activities. Governmental activities net position decreased by \$4,815,543. The key elements are as follows:

- The recording of other post employment benefit expenses of \$4,289,193.
- The final draw from the Revenue Sharing Reserve Fund established pursuant to Michigan Public Act 357 of 2004. This fund was designed to replace annual revenue sharing payments, which were suspended by the State as part of a budget balancing action in 2004. This statute accelerated the County's annual tax levy from a December 1 levy date to a July 1 levy date. As a result the County collected four years of taxes in a three year period. The additional levy was placed in this fund. Annually, an amount was transferred from this fund to the General Fund to replace revenue sharing suspended by the State. This fund was exhausted in 2013 with a final draw of \$2,120,503.

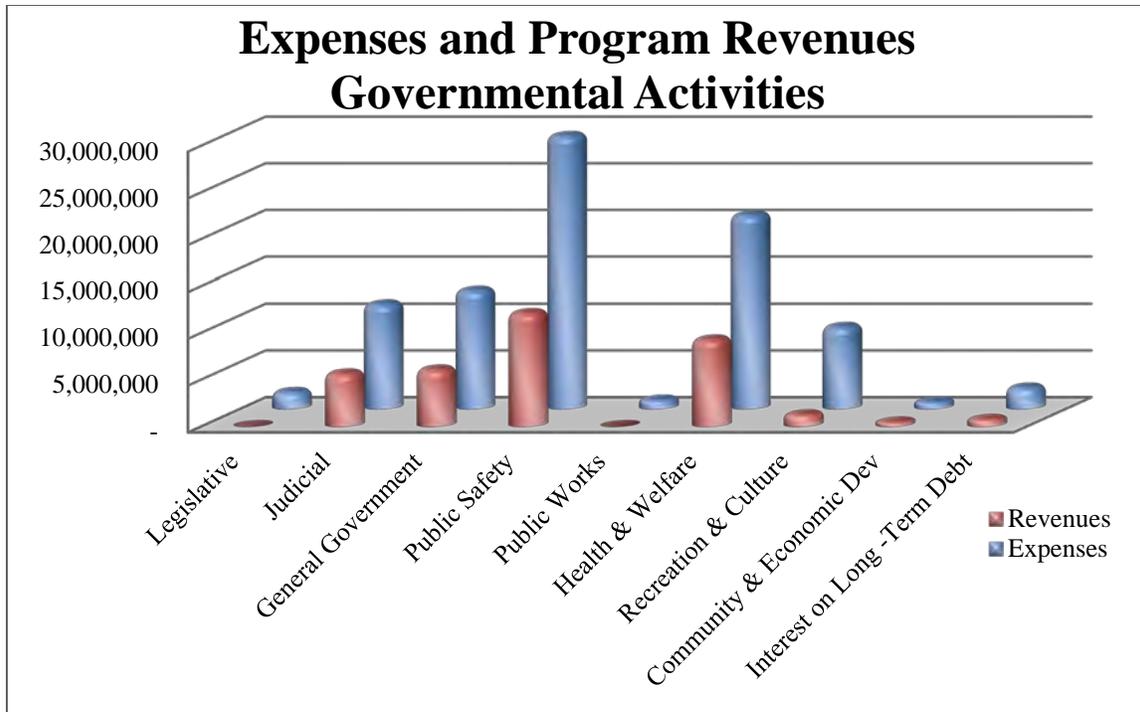
Business-Type Activities. Business-type activities increased the County's net position by \$2,217,665. This was primarily due to the County's landfill receiving an expansion permit. This increased capacity reduced the County's closure/post closure liability by \$3,591,571.

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

Changes in Net Position

	Governmental		Business-Type		Totals	
	Activities		Activities			
	2013	Restated 2012	2013	Restated 2012	2013	Restated 2012
Revenues:						
Program revenues:						
Charges for services	19,408,193	17,876,587	7,413,266	6,617,015	26,821,459	24,493,602
Operating Grants and Contributions	14,809,244	15,558,113	335,259	158,607	15,144,503	15,716,720
Capital Grants and Contributions	1,769,899	1,042,087	224,118	24,483	1,994,017	1,066,570
General revenues:						
Property Taxes	42,144,998	41,670,499	-	-	42,144,998	41,670,499
Intergovernmental revenues	2,779,148	659,700	-	-	2,779,148	659,700
Investment earnings	175,636	263,374	23,795	56,229	199,431	319,603
Interest & Penalties on Delinq Taxes	8,803	9,627	1,341,660	2,185,410	1,350,463	2,195,037
Total Revenues	81,095,921	77,079,987	9,338,098	9,041,744	90,434,019	86,121,731
Expenses:						
Legislative	1,846,584	1,086,186	-	-	1,846,584	1,086,186
Judicial	11,212,558	13,139,740	-	-	11,212,558	13,139,740
General Government	12,684,766	13,831,546	-	-	12,684,766	13,831,546
Public Safety	29,207,990	34,739,725	-	-	29,207,990	34,739,725
Public Works	1,008,241	1,247,462	-	-	1,008,241	1,247,462
Health and Welfare	20,709,212	20,888,360	-	-	20,709,212	20,888,360
Recreation and Culture	8,802,280	8,567,281	-	-	8,802,280	8,567,281
Community and Economic Development	787,768	844,215	-	-	787,768	844,215
Interest on Debt Service	2,317,827	2,710,409	-	-	2,317,827	2,710,409
Delinquent Tax Collections	-	-	534,289	556,875	534,289	556,875
Airport	-	-	1,062,676	490,412	1,062,676	490,412
Sheriff's Concession	-	-	630,889	508,630	630,889	508,630
School Tax Collections	-	-	6	15	6	15
Homestead Exemption Audits	-	-	158	351	158	351
Solid Waste Disposal	-	-	2,226,653	5,103,325	2,226,653	5,103,325
Total Expenses	88,577,226	97,054,924	4,454,671	6,659,608	93,031,897	103,714,532
Increase (Decrease) in Net Position,						
before transfers	(7,481,305)	(19,974,937)	4,883,427	2,382,136	(2,597,878)	(17,592,801)
Transfers	2,665,762	3,494,930	(2,665,762)	(3,494,930)	-	-
Decrease in Net Position	(4,815,543)	(16,480,007)	2,217,665	(1,112,794)	(2,597,878)	(17,592,801)
Net Position January 1, as restated	44,118,182	60,598,189	45,161,920	46,274,714	89,280,102	106,872,903
Net Position December 31	39,302,639	44,118,182	47,379,585	45,161,920	86,682,224	89,280,102

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

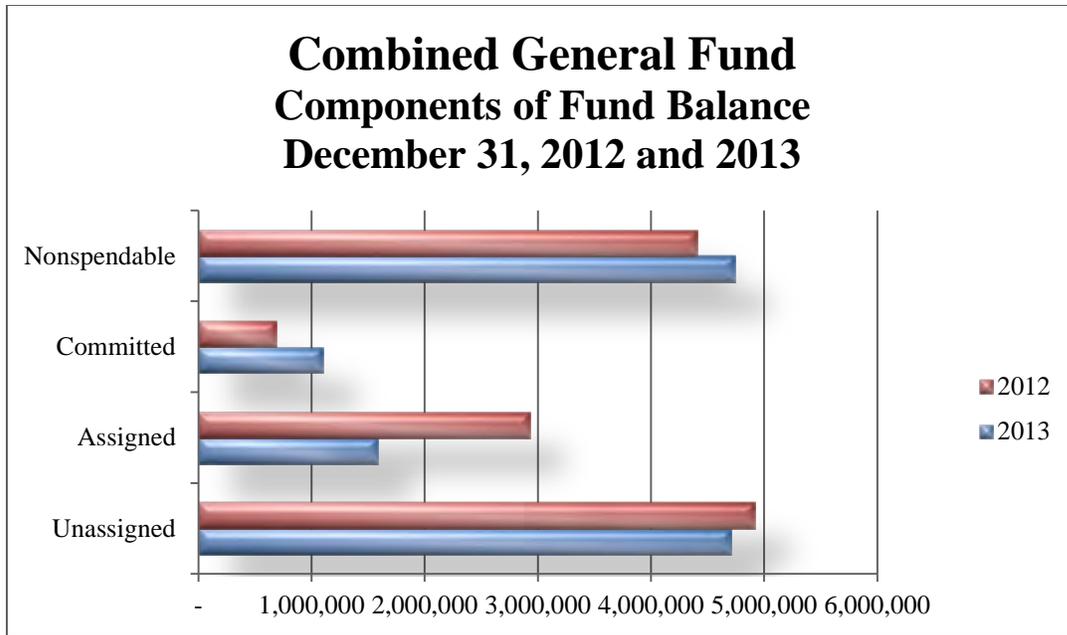


Financial Analysis of Governmental Funds

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

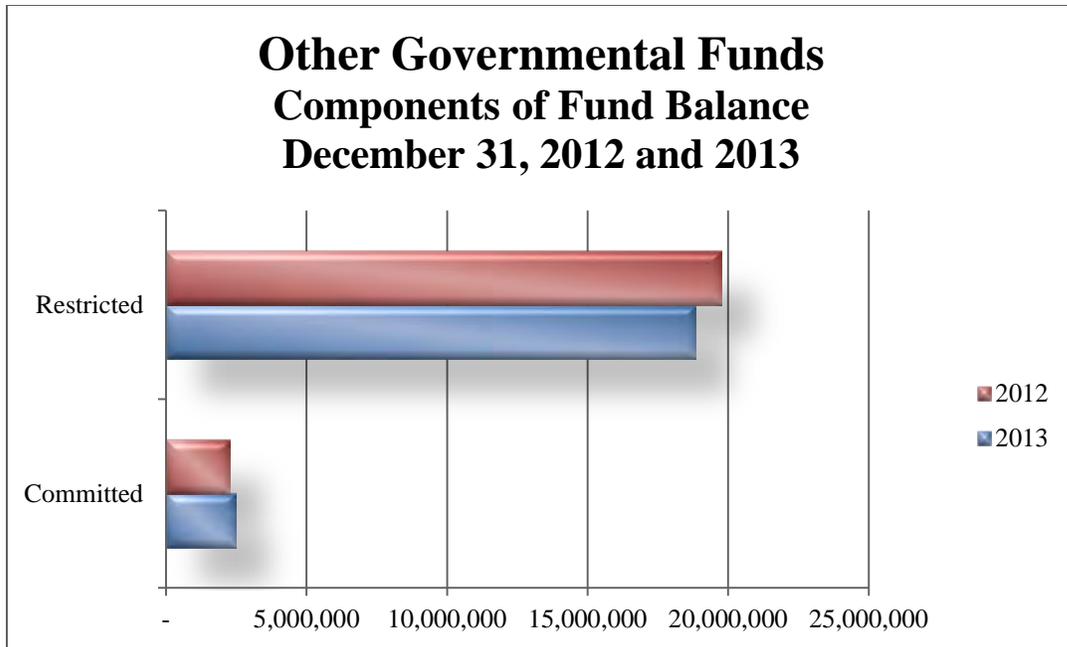
Governmental Funds. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, assigned and unassigned fund balance may serve as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

At December 31, 2013, the County's governmental funds reported combined ending fund balances of \$33,372,758, a decrease of \$1,689,198 in comparison to the prior year. Approximately 14% of this fund balance (\$4,701,643) 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 (\$4,736,563), 2.) restricted for particular purposes (\$18,827,168), 3.) committed for particular purposes (\$3,530,383), or 4.) assigned for particular purposes (\$1,577,001).



The Combined General Fund is the chief operating fund of the County. At December 31, 2013, the Combined General Fund reported an ending fund balance of \$12,108,247. Of that amount \$4,701,643 is unassigned, \$1,093,040 is committed for specific departments future budgets, \$1,577,001 is assigned for economic development projects, and \$4,736,563 are nonspendable loans to the Drain Commissioner for fund drain projects and a small loan to a component unit as well as prepayments. As a measure of the combined general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 7.8 percent of total combined general fund expenditures and transfers, while total fund balance represents 20 percent of total combined general fund expenditures and transfers.

The Combined General Fund fund balance decreased by \$831,186 during the current fiscal year. The key factor in this decline was the transfer of \$1,380,500 previously assigned for economic development to the Convention Center Debt Fund and the Airport Fund. Offsetting this transfer was an increase to the budget incentive program which encouraged departments to make mid-year changes or cuts and “bank” the savings to offset future budget cuts. This program has empowered departments to scrutinize their operations without fear of losing unspent dollars. The \$407,361 added to the program will be used to offset budget cuts needed in 2015 or to fund departmental capital projects.



The second major governmental fund is the special millage Parks and Recreation Fund. At December 31, 2013, Parks and Recreation reported a fund balance of \$1,876,437. Fund balance increased \$101,574 over the prior fiscal year. This increase was due to budgeted park improvements that will not take place until 2015.

The third major governmental fund is the special millage Library Fund. It reported \$2,423,086 in fund balance at December 31, 2013. Fund balance decreased \$109,041 over the prior fiscal year, which was slightly less than the budgeted decrease of \$274,630. The better than budgeted results were due to higher than anticipated penal fines received along with careful spending practices.

The fourth major governmental fund is the special millage Senior Citizens fund. It reported \$1,460,362 in fund balance at December 31, 2013. This fund increased \$923,141 over the prior year due to a voter approved a millage increase for senior services that took effect in 2013.

The last major governmental fund is the Mental Health Building Debt Fund. It reported a fund balance of \$610 at December 31, 2013. This fund accounts for the payment of debt as well as monies received from Community Mental Health to reimburse the County for the debt payment.

Proprietary funds. The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The County had two major proprietary funds at December 31, 2013.

Net position in the Solid Waste Disposal System at the end of the year amounted to \$13,842,103, of this amount \$10,034,118 is invested in capital assets. Net position increased \$2,027,885 over the prior year mainly due to a significant reduction in landfill

St. Clair County Management's Discussion and Analysis

closure and post closure costs of \$3,591,571. The County received an expansion permit for the landfill in 2013 which increased capacity resulting in a decrease in our closure post closure liability.

The Delinquent Tax Revolving Fund reported net position of \$29,014,112, a decrease of \$40,590 over the prior year. The earnings in this fund are dedicated to the annual debt payment requirements of the bond secured for the construction of the Jail/Juvenile facility.

General Fund Budgetary Highlights

Original budget compared to final budget. During the year the original budget was amended as needed. The original budget was balanced, while the final amended budget represents a gain of \$73,016. Major changes can be summarized as follows:

- Intergovernmental revenues increased due to various grants received throughout the year and for State revenue sharing.
- Charges for services were decreased for reduced revenues associated with housing federal inmates.
- Taxes were increased to reflect the actual tax levy.
- Transfers in were increased to add a transfer in from the Landfill for local unit's road match program.
- Most department's expenditure budgets were increased to cover an amount for a one time employee payment that was granted to all regular full and part time employees.
- Expenditures were increased to account for the expenditure side of grants received.

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

- Charges for Services were greater than the amended budget by \$176,342 primarily due to greater than expected activity in the District Court and Register of Deeds Office.
- Intergovernmental revenues were \$388,173 less than the amended budget due to the timing of grant revenues with a different fiscal year.
- Interest revenues were \$130,776 less than amended budget due to lower than anticipated interest rates.
- Tax revenues were more than the amended budget due to a less than anticipated tax increment finance authority recaptures as well a significant drop tax tribunal refunds.

Amended expenditures and other financing uses differed \$328,091 from actual expenditures and other financing uses. Significant differences between the amended budgets and actual results for expenditures in the departments are as follows:

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

- Actual transfers out were \$727,605 more than the amended budget mainly due to a transfer to the budget incentive fund.
- Other legislative Activities were over its amended budget due to an additional contribution to the retirement to fully fund the annual recommended contribution.
- Most departments were under their amended budgets due to the budget incentive program mentioned earlier. Many departments had positions that remained vacant throughout the year which contributed to their savings.
- Jail was under its amended budget by \$199,629 due to reduced inmate medical costs as well as vacant positions throughout the year.
- Emergency Preparedness was over its amended budget due to the costs associated with obtaining and renovating a new Emergency Operations Center.

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, 2013, amounted to \$114,709,527 (net of accumulated depreciation). This investment in capital assets includes land, buildings, land improvements, machinery and equipment, and vehicles. The total decrease in the County's capital assets for the current fiscal year was \$1,952,153.

Capital Assets (net of depreciation)

	Governmental Activities		Business-Type Activities		Totals	
	2013	2012	2013	Restated	2013	Restated
				2012		2012
Land	11,941,538	11,763,795	1,077,858	1,077,858	13,019,396	12,841,653
Buildings and Improvements	63,059,313	64,794,922	7,036,903	6,943,612	70,096,216	71,738,534
Improvements other than Buildings	4,166,075	4,307,836	8,671,089	6,968,181	12,837,164	11,276,017
Equipment and Vehicles	9,596,440	10,212,988	3,981,188	4,399,713	13,577,628	14,612,701
Books	2,234,780	2,400,285	-	-	2,234,780	2,400,285
Construction in Progress	2,712,056	1,570,362	232,287	2,222,128	2,944,343	3,792,490
Total	93,710,202	95,050,188	20,999,325	21,611,492	114,709,527	116,661,680

Major capital asset events during the year included the following:

- Work began at the new convention center facility including renovations of existing ballroom facilities and utility work.
- Acquisition of equipment through the federal military surplus asset program. This equipment will be used for marine law and other law enforcement activities.
- Acquisition of a building and associated renovations for a new Emergency Operations Center.
- Continued improvements at various County parks.
- Continued technology improvements in all County departments.
- Replacement of various county vehicles.
- Addition of books to the County library collection.

**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 55 of this report.

Long-term Debt. At December 31, 2013, the County had total debt outstanding of \$117,061,849.

Outstanding Debt

	Governmental		Business-Type		Totals	
	Activities		Activities			
	2013	Restated 2012	2013	2012	2013	Restated 2012
General Obligation Bonds	53,680,000	55,665,000	7,041,911	6,623,535	60,721,911	62,288,535
Landfill Closure and Post Closure						
Costs	-	-	6,378,310	9,969,881	6,378,310	9,969,881
Drain Districts	3,311,730	3,588,472	-	-	3,311,730	3,588,472
Self-insurance Liability	550,000	415,000	-	-	550,000	415,000
Accumulated Employee Vacation,						
Sick and Compensatory Time	4,576,183	4,570,160	40,181	38,925	4,616,364	4,609,085
Other Post Employment Benefits	38,799,181	34,509,988	501,050	423,704	39,300,231	34,933,692
Deferred Amounts	2,183,303	2,518,799	-	-	2,183,303	2,518,799
Total	103,100,397	101,267,419	13,961,452	17,056,045	117,061,849	118,323,464

Significant portions of the debt include the following:

- The general obligation bonds sold in 2010 to construct a landfill leachate system and a gas to energy facility (\$7,041,911), net of 36.3% of forgivable portion. This debt is issued through the State of Michigan Municipal Bond Authority.
- The general obligation bonds (Series A) sold in 2007 to construct a Mental Health Authority building (\$9,150,000).
- The general obligation bonds (Series B) sold in 2007 for the cost of acquiring and installing equipment related to 911 services (\$2,650,000).
- The outstanding portion of the 2012 refunding of the 2003 issue sold to finance the construction of a Jail/Juvenile facility (\$24,365,000)
- The general obligation bonds sold in 2009 to construct a communications tower and acquire the required equipment (\$2,525,000).
- The outstanding portion of the 2004 refunding (refinanced) of the 1996 issue sold to finance the construction of the Administrative Building (\$610,000). This was again refunded 2013 as mentioned as a taxable debt issue for a savings of \$450,980.
- The 2013 refunding (taxable) of the general obligations mentioned above to finance the construction of the Administrative Building (\$5,380,000).
- The general obligation bonds sold in 2012 to construct and equip the Blue Water Area Convention Center (\$9,000,000)
- In accordance with Governmental Accounting Standards Board Statement No. 45 an obligation for other post employment benefits has been recorded in the amount of \$39,300,231.

St. Clair County Management's Discussion and Analysis

- 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 \$6,378,310.
- 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, 2013 is \$4,616,364.

Additional information on the County's long-term debt can be found in Note 9 beginning on page 65 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 2014 fiscal year. Several of the more telling factors are as follows:

- The unemployment rate for the County is currently around 11 percent, which is a decrease over a year ago, however is still higher than the state average of 7.4 percent.
- The State of Michigan's budget situation continues to jeopardize payments to local units of government.
- The taxable value of real and personal property within the County is leveling out with a slight increase of 2% in 2014.
- Interest rates are expected to remain at record low levels.
- Departmental budget reductions were implemented in recognition of the decline in revenues.
- Increases are expected in health insurance premiums, as well as pension and other employee benefit costs.

The 2014 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, 2013**

	Primary Government			Component Units
	Governmental Activities	Business Type Activities	Total	
Assets:				
Cash and cash equivalents	\$ 25,035,404	\$ 29,163,139	\$ 54,198,543	\$ 19,240,083
Investments	4,142,472	-	4,142,472	43,511
Receivables (net of allowance)	20,343,030	9,813,571	30,156,601	23,039,050
Prepaid expenses and deposits	4,329,378	18,152	4,347,530	709,673
Internal balances	(1,950,000)	1,950,000	-	-
Inventory	-	48,749	48,749	1,366,971
Properties held for sale	-	-	-	8,449
Long-term notes receivable	4,642,557	-	4,642,557	-
Advance to component units	9,200,000	-	9,200,000	-
Net pension asset	55,545	-	55,545	335,874
Restricted assets -				
Cash and cash equivalents	-	-	-	8,500,216
Receivables	-	-	-	19,378,879
Capital assets (net of accumulated depreciation)				
Assets not being depreciated	14,653,594	1,310,145	15,963,739	43,949,777
Assets being depreciated	79,056,608	19,689,180	98,745,788	161,124,077
Total Assets	<u>159,508,588</u>	<u>61,992,936</u>	<u>221,501,524</u>	<u>277,696,560</u>
Deferred Outflows of Resources:				
Deferred loss on refunding	<u>1,382,295</u>	<u>-</u>	<u>1,382,295</u>	<u>-</u>
Liabilities:				
Payables and accrued liabilities	5,407,820	640,255	6,048,075	5,717,113
Advances and deposits	100,772	-	100,772	1,031,709
Advances from primary government	-	-	-	50,000
Unearned revenue	87,688	11,644	99,332	1,091,235
Liabilities payable from restricted assets	-	-	-	128,270
Non-current liabilities -				
Net OPEB obligation	38,799,181	501,050	39,300,231	21,859,858
Due within one year	3,844,136	-	3,844,136	10,641,069
Due in more than one year	60,457,080	13,460,402	73,917,482	42,228,764
Total Liabilities	<u>108,696,677</u>	<u>14,613,351</u>	<u>123,310,028</u>	<u>82,748,018</u>
Deferred Inflows of Resources:				
Taxes levied for a subsequent period	<u>12,891,567</u>	<u>-</u>	<u>12,891,567</u>	<u>1,019,866</u>
Net Position:				
Net investment in capital assets	53,666,594	13,957,414	67,624,008	173,924,079
Restricted - Expendable -				
Acquisition/construction of capital assets	3,791,484	-	3,791,484	550,951
Debt Service	1,750,395	-	1,750,395	17,628,831
Recreation and Cultural	4,299,523	-	4,299,523	-
Health and Welfare	1,997,628	-	1,997,628	-
Public Safety	816,880	-	816,880	-
Other Purposes	883,858	2,416,812	3,300,670	7,242,119
Unrestricted (deficit)	(27,903,723)	31,005,359	3,101,636	(5,417,304)
Total Net Position	<u>\$ 39,302,639</u>	<u>\$ 47,379,585</u>	<u>\$ 86,682,224</u>	<u>\$ 193,928,676</u>

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

ST. CLAIR COUNTY, MICHIGAN

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
Legislative	\$ 1,846,584	\$ 700	\$ -	\$ -
Judicial	11,212,558	2,439,976	3,263,249	-
General Government	12,684,766	5,214,700	911,367	-
Public Safety	29,207,990	6,827,367	3,646,064	1,686,932
Public Works	1,008,241	-	-	-
Health and Welfare	20,709,212	3,076,313	6,253,177	-
Community and Economic Development	787,768	75,837	441,864	-
Recreation and Culture	8,802,280	1,078,098	169,773	82,967
Interest on Long Term Debt	2,317,827	695,202	123,750	-
Total governmental activities	<u>88,577,226</u>	<u>19,408,193</u>	<u>14,809,244</u>	<u>1,769,899</u>
Business type activities:				
Delinquent Tax Revolving	534,289	1,310,336	-	-
Airport Commission	1,062,676	526,679	119,641	224,118
Sheriff's Concession	630,889	643,196	-	-
School Tax Collections	6	-	-	-
Homestead Exemption Audits	158	254	-	-
Solid Waste Disposal System	2,226,653	4,932,801	215,618	-
Total business type activities	<u>4,454,671</u>	<u>7,413,266</u>	<u>335,259</u>	<u>224,118</u>
Total Primary Government	<u>\$ 93,031,897</u>	<u>\$ 26,821,459</u>	<u>\$ 15,144,503</u>	<u>\$ 1,994,017</u>
Component Units				
Road Commission	\$ 24,601,631	\$ 4,059,328	\$ 14,158,582	\$ 20,737,849
Department of Public Works	2,915,383	2,339,164	53,789	100,000
Community Mental Health Authority	85,029,875	1,302,361	85,463,106	-
Land Bank Authority	-	13,822	-	-
Drainage Districts	1,513,467	1,253,570	-	-
Total Component Units	<u>\$114,060,356</u>	<u>\$ 8,968,245</u>	<u>\$ 99,675,477</u>	<u>\$ 20,837,849</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, as restated

Net position at end of year

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

Net (Expense) Revenue and Change in Net Position

Primary Government			
Governmental Activities	Business Type Activities	Total	Component Units
\$(1,845,884)	\$ -	\$(1,845,884)	\$ -
(5,509,333)	-	(5,509,333)	-
(6,558,699)	-	(6,558,699)	-
(17,047,627)	-	(17,047,627)	-
(1,008,241)	-	(1,008,241)	-
(11,379,722)	-	(11,379,722)	-
(270,067)	-	(270,067)	-
(7,471,442)	-	(7,471,442)	-
(1,498,875)	-	(1,498,875)	-
<u>(52,589,890)</u>	<u>-</u>	<u>(52,589,890)</u>	<u>-</u>
-	776,047	776,047	-
-	(192,238)	(192,238)	-
-	12,307	12,307	-
-	(6)	(6)	-
-	96	96	-
-	2,921,766	2,921,766	-
-	<u>3,517,972</u>	<u>3,517,972</u>	-
<u>(52,589,890)</u>	<u>3,517,972</u>	<u>(49,071,918)</u>	<u>-</u>
-	-	-	14,354,128
-	-	-	(422,430)
-	-	-	1,735,592
-	-	-	13,822
-	-	-	(259,897)
-	-	-	<u>15,421,215</u>
42,144,998	-	42,144,998	1,017,190
2,779,148	-	2,779,148	955,672
175,636	23,795	199,431	95,946
8,803	1,341,660	1,350,463	-
2,665,762	(2,665,762)	-	-
<u>47,774,347</u>	<u>(1,300,307)</u>	<u>46,474,040</u>	<u>2,068,808</u>
(4,815,543)	2,217,665	(2,597,878)	17,490,023
<u>44,118,182</u>	<u>45,161,920</u>	<u>89,280,102</u>	<u>176,438,653</u>
<u>\$ 39,302,639</u>	<u>\$ 47,379,585</u>	<u>\$ 86,682,224</u>	<u>\$ 193,928,676</u>

ST. CLAIR COUNTY, MICHIGAN

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2013**

	<u>Combined General</u>	<u>Parks and Recreation</u>	<u>Library</u>	<u>Senior Citizens Millage</u>
Assets:				
Cash and cash equivalents	\$ 1,778,478	\$ 2,069,458	\$ 2,896,971	\$ 2,027,790
Investments	4,000,000	-	-	-
Receivables, net of allowance -				
Property taxes	1,952,135	2,482,185	3,507,686	4,005,465
Interest and accounts	201,750	24	5,157	-
Due from other governmental units	3,577,926	79,056	-	-
Due from other funds	259,199	-	-	-
Long-term notes receivable	4,642,557	-	-	-
Advances to component units	50,000	-	-	-
Prepayments and deposits	44,006	-	28,117	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 16,506,051</u>	<u>\$ 4,630,723</u>	<u>\$ 6,437,931</u>	<u>\$ 6,033,255</u>
Liabilities:				
Accounts payable	\$ 1,006,307	\$ 26,968	\$ 118,416	\$ 218,999
Accrued liabilities	1,124,594	22,318	83,766	-
Advances and deposits	-	7,000	-	-
Due to other governmental units	208,925	-	-	-
Due to other funds	1,500,000	-	-	-
Unearned revenue	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>3,839,826</u>	<u>56,286</u>	<u>202,182</u>	<u>218,999</u>
Deferred Inflows of Resources:				
Unavailable revenue -				
Delinquent property taxes	114,053	12,442	17,555	16,477
Lease contract/revolving loans	-	-	-	-
Grants/fees	443,925	-	-	-
Taxes levied for subsequent period	-	2,685,558	3,795,108	4,337,417
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Deferred Inflows of Resources	<u>557,978</u>	<u>2,698,000</u>	<u>3,812,663</u>	<u>4,353,894</u>
Fund Balances:				
Nonspendable -				
Long-term notes receivable/advances	4,692,557	-	-	-
Prepayments	44,006	-	-	-
Restricted	-	1,876,437	2,423,086	1,460,362
Committed	1,093,040	-	-	-
Assigned	1,577,001	-	-	-
Unassigned	4,701,643	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>12,108,247</u>	<u>1,876,437</u>	<u>2,423,086</u>	<u>1,460,362</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 16,506,051</u>	<u>\$ 4,630,723</u>	<u>\$ 6,437,931</u>	<u>\$ 6,033,255</u>

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

Mental Health Building Debt	Other Governmental Funds	Total Governmental Funds
\$ 610	\$ 16,214,330	\$ 24,987,637
-	142,472	4,142,472
-	1,914,930	13,862,401
-	930,109	1,137,040
-	1,431,349	5,088,331
-	-	259,199
-	-	4,642,557
9,150,000	-	9,200,000
-	-	72,123
<u>\$ 9,150,610</u>	<u>\$ 20,633,190</u>	<u>\$ 63,391,760</u>
\$ -	\$ 909,751	\$ 2,280,441
-	272,526	1,503,204
-	93,772	100,772
-	187,997	396,922
-	259,199	1,759,199
-	87,688	87,688
-	1,810,933	6,128,226
-	8,794	169,321
9,150,000	773,311	9,923,311
-	462,652	906,577
-	2,073,484	12,891,567
<u>9,150,000</u>	<u>3,318,241</u>	<u>23,890,776</u>
-	-	4,692,557
-	-	44,006
610	13,066,673	18,827,168
-	2,437,343	3,530,383
-	-	1,577,001
-	-	4,701,643
<u>610</u>	<u>15,504,016</u>	<u>33,372,758</u>
<u>\$ 9,150,610</u>	<u>\$ 20,633,190</u>	<u>\$ 63,391,760</u>

ST. CLAIR COUNTY, MICHIGAN

**RECONCILIATION OF FUND BALANCES ON THE BALANCE SHEET FOR
GOVERNMENTAL FUNDS TO NET POSITION OF GOVERNMENTAL ACTIVITIES
ON THE STATEMENT OF NET POSITION
DECEMBER 31, 2013**

Fund Balances - total governmental funds		\$ 33,372,758
Amounts reported for governmental activities in the statement of net position are different because:		
Expenses recorded in the funds on the purchase method		353,808
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		
Capital assets		141,320,183
Accumulated depreciation		(47,688,320)
Pension assets do not represent current financial resources and are therefore not recorded in the funds		55,545
Other long term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds		
Delinquent personal property taxes	\$ 169,321	
Housing rehabilitation loan	773,311	
Capital lease contract	9,150,000	
Interest receivable on capital lease contract	95,044	
Other	<u>906,577</u>	11,094,253
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.		2,451,613
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	(53,680,000)	
Drain District assessments payable	(3,311,730)	
Accrued interest on bonds/notes payable	(511,511)	
Net OPEB obligation	(38,776,769)	
Accrued compensated absences	<u>(4,576,183)</u>	(100,856,193)
Losses on refunding are not reported in the governmental funds, whereas they are capitalized and amortized from net position		1,382,295
Discounts and premiums on bonds are reported as other financing sources or uses in the governmental funds, where they are capitalized and amortized from net position (netted against bonds payable)		
Bond premium	(2,270,892)	
Bond discount	<u>87,589</u>	<u>(2,183,303)</u>
Net Position of governmental activities		<u>\$ 39,302,639</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, 2013

	Combined General	Parks and Recreation	Library	Senior Citizens Millage
Revenues:				
Taxes	\$ 29,016,571	\$ 2,751,385	\$ 3,885,289	\$ 4,392,736
Licenses and permits	562,790	-	-	-
Intergovernmental	12,217,426	149,229	129,773	-
Charges for services	8,605,623	114,580	89,699	-
Fines and forfeits	392,020	-	794,423	-
Interest and rent	904,917	6,228	57,780	5,465
Other	2,765,207	11,626	18,101	-
Total Revenues	54,464,554	3,033,048	4,975,065	4,398,201
Expenditures:				
Current -				
Legislative	1,838,710	-	-	-
Judicial	10,154,743	-	-	-
General Government	11,010,892	-	-	-
Public Safety	23,655,438	-	-	-
Public Works	1,003,724	-	-	-
Health and Welfare	1,607,220	-	-	3,475,060
Community and Economic Development	485,806	-	-	-
Recreation and Cultural	-	2,902,316	5,084,106	-
Capital Outlay	-	-	-	-
Debt Service -				
Principal	276,742	-	-	-
Interest and charges	163,472	-	-	-
Total Expenditures	50,196,747	2,902,316	5,084,106	3,475,060
Revenues over (under) expenditures	4,267,807	130,732	(109,041)	923,141
Other Financing Sources (Uses):				
Issuance of refunding bonds	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Transfers from other funds	4,305,745	-	-	-
Transfers to other funds	(9,404,738)	(29,158)	-	-
Total Other Financing Sources (Uses)	(5,098,993)	(29,158)	-	-
Net Change in Fund Balances	(831,186)	101,574	(109,041)	923,141
Fund Balances at beginning of year	12,939,433	1,774,863	2,532,127	537,221
Fund Balances at end of year	\$ 12,108,247	\$ 1,876,437	\$ 2,423,086	\$ 1,460,362

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

Mental Health Building Debt	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 2,107,332	\$ 42,153,313
-	186,680	749,470
-	6,873,329	19,369,757
-	3,554,839	12,364,741
-	343,239	1,529,682
661,000	12,269	1,647,659
-	425,092	3,220,026
<u>661,000</u>	<u>13,502,780</u>	<u>81,034,648</u>
-	-	1,838,710
-	307,251	10,461,994
-	133,751	11,144,643
-	1,407,571	25,063,009
-	-	1,003,724
-	14,884,496	19,966,776
-	304,307	790,113
-	-	7,986,422
-	2,180,186	2,180,186
275,000	2,070,000	2,621,742
386,000	1,903,835	2,453,307
<u>661,000</u>	<u>23,191,397</u>	<u>85,510,626</u>
-	(9,688,617)	(4,475,978)
-	5,380,000	5,380,000
-	(5,258,982)	(5,258,982)
-	11,251,225	15,556,970
-	(3,457,312)	(12,891,208)
-	<u>7,914,931</u>	<u>2,786,780</u>
-	(1,773,686)	(1,689,198)
<u>610</u>	<u>17,277,702</u>	<u>35,061,956</u>
<u>\$ 610</u>	<u>\$ 15,504,016</u>	<u>\$ 33,372,758</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, 2013**

Net change in fund balances - total governmental funds	\$ (1,689,198)
Change in prepaid expenses recorded in the funds on the purchase method	(9,937)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay	3,325,673
Depreciation expense	(4,643,240)
Loss from sale/disposal of assets	(30,842)
Governmental funds report pension payments as expenditures. However, in the statement of activities the payment above the annual required contribution is recorded as an asset	
	(1,602)
Governmental funds do not report the fair value of donated assets as revenues and expenditures. However, the fair value is reported as both revenues and expenses in the statement of activities.	
Fair value of donated assets	29,149
Fair value of donated assets	(17,649)
Revenue in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
	67,966
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	2,621,742
Bond Proceeds	(5,380,000)
Payments to refunding bond escrow agent	5,258,982
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	98,773
Amortization of bond premium	174,685
Amortization of bond discount	(7,656)
Amortization of deferred loss on refunding	(130,322)
Internal service funds used by management to charge costs of property, liability, health, disability, workers compensation and life insurance expenses and claims. The net revenues (expenses) attributable to those funds is reported with governmental activities.	
	(192,819)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.	
Increase in net OPEB obligation	\$(4,283,225)
Increase in accrued compensated absences	(6,023)
	<u>(4,289,248)</u>
Change in net position of governmental activities	<u><u>\$(4,815,543)</u></u>

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

ST. CLAIR COUNTY, MICHIGAN

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2013**

	Business Type Activities-Enterprise Funds				Governmental
	Solid Waste Disposal System	Delinquent Tax Revolving	Other Proprietary Funds	Total	Internal Service Fund
Assets:					
Current Assets:					
Cash and cash equivalents	\$ 10,392,523	\$ 18,048,685	\$ 721,931	\$ 29,163,139	\$ 47,767
Accounts receivable, net of allowance -					
Delinquent taxes	-	9,044,810	-	9,044,810	-
Interest and accounts	477,723	-	67,340	545,063	160,214
Due from other governmental units	153,109	40,642	-	193,751	-
Inventory	-	-	48,749	48,749	-
Prepaid expenses and deposits	3,621	11,582	2,949	18,152	3,903,447
Due from other funds	-	1,950,000	-	1,950,000	-
Total Current Assets	<u>11,026,976</u>	<u>29,095,719</u>	<u>840,969</u>	<u>40,963,664</u>	<u>4,111,428</u>
Noncurrent Assets:					
Capital assets	34,784,415	235,125	12,779,308	47,798,848	105,459
Less - accumulated depreciation	(17,708,386)	(235,125)	(8,856,012)	(26,799,523)	(27,120)
Capital assets, net	<u>17,076,029</u>	<u>-</u>	<u>3,923,296</u>	<u>20,999,325</u>	<u>78,339</u>
Notes receivable	-	29,947	-	29,947	-
Total Noncurrent Assets	<u>17,076,029</u>	<u>29,947</u>	<u>3,923,296</u>	<u>21,029,272</u>	<u>78,339</u>
Total Assets	<u>28,103,005</u>	<u>29,125,666</u>	<u>4,764,265</u>	<u>61,992,936</u>	<u>4,189,767</u>
Liabilities:					
Current Liabilities:					
Accounts payable	393,698	31,673	124,079	549,450	233,689
Accrued expenses	12,966	3,114	7,488	23,568	482,053
Due to other governmental units	15,518	8,221	-	23,739	-
Due to other funds	-	-	-	-	450,000
Accrued interest payable	43,498	-	-	43,498	-
Current portion of long-term liabilities	-	-	-	-	270,000
Unearned revenue	-	-	11,644	11,644	-
Total Current Liabilities	<u>465,680</u>	<u>43,008</u>	<u>143,211</u>	<u>651,899</u>	<u>1,435,742</u>
Long-Term Liabilities (less current portions):					
Accrued vacation and sick	30,294	-	9,887	40,181	-
Accrued insurance claims	-	-	-	-	280,000
Net OPEB obligation	344,707	68,546	87,797	501,050	22,412
Bonds payable	7,041,911	-	-	7,041,911	-
Estimated closure and post closure costs	6,378,310	-	-	6,378,310	-
Total Long-Term Liabilities	<u>13,795,222</u>	<u>68,546</u>	<u>97,684</u>	<u>13,961,452</u>	<u>302,412</u>
Total Liabilities	<u>14,260,902</u>	<u>111,554</u>	<u>240,895</u>	<u>14,613,351</u>	<u>1,738,154</u>
Net Position:					
Net investment in capital assets	10,034,118	-	3,923,296	13,957,414	78,339
Restricted - Expendable - Foreclosure sales	-	2,416,812	-	2,416,812	-
Unrestricted	3,807,985	26,597,300	600,074	31,005,359	2,373,274
Total Net Position	<u>\$ 13,842,103</u>	<u>\$ 29,014,112</u>	<u>\$ 4,523,370</u>	<u>\$ 47,379,585</u>	<u>\$ 2,451,613</u>

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

ST. CLAIR COUNTY, MICHIGAN

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Business Type Activities-Enterprise Funds				Governmental
	Solid Waste Disposal System	Delinquent Tax Revolving	Other Proprietary Funds	Total	Internal Service Fund
Operating Revenues:					
Intergovernmental	\$ 215,618	\$ -	\$ 119,641	\$ 335,259	\$ -
Charges for services	4,849,794	1,310,336	1,069,185	7,229,315	10,678,937
Interest and rents	-	1,331,449	107,620	1,439,069	-
Other	83,007	-	3,535	86,542	222,441
Total Operating Revenues	<u>5,148,419</u>	<u>2,641,785</u>	<u>1,299,981</u>	<u>9,090,185</u>	<u>10,901,378</u>
Operating Expenses:					
Personal services	517,237	135,735	304,304	957,276	268,763
Supplies	238,735	624	356,189	595,548	3,648
Other services	2,840,939	375,535	831,124	4,047,598	10,818,709
Closure and post closure costs	(3,591,571)	-	-	(3,591,571)	-
Depreciation	2,055,988	22,395	202,112	2,280,495	3,077
Total Operating Expenses	<u>2,061,328</u>	<u>534,289</u>	<u>1,693,729</u>	<u>4,289,346</u>	<u>11,094,197</u>
Operating Income (Loss)	<u>3,087,091</u>	<u>2,107,496</u>	<u>(393,748)</u>	<u>4,800,839</u>	<u>(192,819)</u>
Non-Operating Revenues (Expenses):					
Interest revenue	6,119	17,676	-	23,795	-
Interest expense	(165,325)	-	-	(165,325)	-
Total Non-Operating Revenues (Expenses)	<u>(159,206)</u>	<u>17,676</u>	<u>-</u>	<u>(141,530)</u>	<u>-</u>
Net Income (Loss) Before Capital Contributions and Transfers	<u>2,927,885</u>	<u>2,125,172</u>	<u>(393,748)</u>	<u>4,659,309</u>	<u>(192,819)</u>
Capital Contributions	<u>-</u>	<u>-</u>	<u>224,118</u>	<u>224,118</u>	<u>-</u>
Net Income (Loss) Before Transfers	<u>2,927,885</u>	<u>2,125,172</u>	<u>(169,630)</u>	<u>4,883,427</u>	<u>(192,819)</u>
Transfers:					
Transfers from other funds	-	-	400,000	400,000	-
Transfers to other funds	(900,000)	(2,165,762)	-	(3,065,762)	-
Total Transfers	<u>(900,000)</u>	<u>(2,165,762)</u>	<u>400,000</u>	<u>(2,665,762)</u>	<u>-</u>
Change in Net Position	<u>2,027,885</u>	<u>(40,590)</u>	<u>230,370</u>	<u>2,217,665</u>	<u>(192,819)</u>
Net Position at beginning of year as restated	<u>11,814,218</u>	<u>29,054,702</u>	<u>4,293,000</u>	<u>45,161,920</u>	<u>2,644,432</u>
Net Position at end of year	<u>\$ 13,842,103</u>	<u>\$ 29,014,112</u>	<u>\$ 4,523,370</u>	<u>\$ 47,379,585</u>	<u>\$ 2,451,613</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, 2013**

	Business Type Activities-Enterprise Funds				Governmental
	Solid Waste Disposal System	Delinquent Tax Revolving	Other Proprietary Funds	Total	Internal Service Fund
Cash Flows From Operating Activities:					
Cash receipts from customers	\$ 4,924,696	\$ 18,270,027	\$1,323,349	\$24,518,072	\$ 277,590
Cash receipts from interfund services	-	-	-	-	10,678,937
Cash payments to suppliers	(3,069,402)	(14,136,448)	(1,142,597)	(18,348,447)	(12,212,673)
Cash payments to employees	(400,024)	(96,297)	(272,289)	(768,610)	(262,795)
Cash payments for interfund services	(65,528)	(22,069)	(17,385)	(104,982)	-
Other cash receipts	298,625	-	-	298,625	-
Net Cash Provided by (Used for) Operating Activities	<u>1,688,367</u>	<u>4,015,213</u>	<u>(108,922)</u>	<u>5,594,658</u>	<u>(1,518,941)</u>
Cash Flows From Noncapital Financing Activities:					
Cash receipts/payments to other funds	-	4,550,000	-	4,550,000	450,000
Transfers from other funds	-	-	400,000	400,000	-
Transfers to other funds	(900,000)	(2,165,762)	-	(3,065,762)	-
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>(900,000)</u>	<u>2,384,238</u>	<u>400,000</u>	<u>1,884,238</u>	<u>450,000</u>
Cash Flows From Capital and Related Financing Activities:					
Proceeds from sale of bonds	418,376	-	-	418,376	-
Interest paid	(162,476)	-	-	(162,476)	-
Acquisition and construction of capital assets	(1,035,052)	-	(409,158)	(1,444,210)	-
Net Cash Used for Capital and Related Financing Activities	<u>(779,152)</u>	<u>-</u>	<u>(409,158)</u>	<u>(1,188,310)</u>	<u>-</u>
Cash Flows From Investing Activities:					
Interest received	6,119	17,676	-	23,795	-
Increase (Decrease) in Cash and Cash Equivalents	15,334	6,417,127	(118,080)	6,314,381	(1,068,941)
Cash and Cash Equivalents at Beginning of Year	10,341,872	11,631,558	840,011	22,813,441	1,116,708
Cash and Cash Equivalents at End of Year	<u>\$10,357,206</u>	<u>\$ 18,048,685</u>	<u>\$ 721,931</u>	<u>\$29,127,822</u>	<u>\$ 47,767</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, 2013**

	Business Type Activities-Enterprise Funds				Governmental
	Solid Waste Disposal System	Delinquent Tax Revolving	Other Proprietary Funds	Total	Internal Service Fund
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:					
Operating income (loss) for the year	\$ 3,087,091	\$ 2,107,496	\$(393,748)	\$ 4,800,839	\$(192,819)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities -					
Depreciation	2,055,988	22,395	202,112	2,280,495	3,077
Estimated closure and post closure costs	(3,591,571)	-	-	(3,591,571)	-
Change in assets and liabilities:					
Receivables	72,699	1,779,937	21,414	1,874,050	55,149
Inventory	-	-	(48,749)	(48,749)	-
Prepays and deposits	2,488	(227)	7,029	9,290	(1,464,807)
Accounts payable/accrued expenses	95,543	(49,868)	101,066	146,741	80,459
Due to/from other governmental units	1,446	155,480	-	156,926	-
Unearned revenue	-	-	1,954	1,954	-
Net Cash Provided by (Used for) Operating Activities	\$ 1,723,684	\$ 4,015,213	\$(108,922)	\$ 5,629,975	\$(1,518,941)
Non-Cash Capital and Related Financing Activities:					
Capital contributions	\$ -	\$ -	\$ 224,118	\$ 224,118	\$ -

Concluded

ST. CLAIR COUNTY, MICHIGAN

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2013**

	<u>Basic Retirement System</u>	<u>Other Postemployment Benefits</u>	<u>Landfill Private-Purpose Trust Fund</u>	<u>Agency Funds</u>
Assets:				
Cash and cash equivalents	\$ 5,610,611	\$ 2,363,193	\$ 2,013,018	\$ 2,693,290
Investments -				
U.S. Government/Agencies	785,553	301,425	-	-
Corporate Debt	29,397,026	2,844,848	-	-
Equity Funds	45,190,921	-	-	-
Stocks	99,655,357	12,718,510	-	-
Foreign Bonds	21,134,907	-	-	-
Mutual Funds	-	6,546,587	-	-
Partnerships	2,103,466	-	-	-
Real Estate Investment Trust	13,613,883	-	-	-
Municipal Bonds	149,984	200,052	-	-
Invested Court Appointed Trust - CD's	-	-	-	383,622
Receivables -				
Interest/dividends and accounts	681,637	53,091	-	12,804,214
Other	139,075	288,639	-	-
Due from other funds	199,258	12,724,533	-	-
Prepayments and deposits	-	-	-	7,652
	<u>218,661,678</u>	<u>38,040,878</u>	<u>2,013,018</u>	<u>\$ 15,888,778</u>
Total Assets				
Liabilities:				
Accounts payable	363,724	6,745	-	\$ -
Due to individuals and agencies	104,984	-	-	14,782,150
Due to other governmental units	-	-	-	1,106,628
Due to other funds	12,724,533	199,258	-	-
	<u>13,193,241</u>	<u>206,003</u>	<u>-</u>	<u>\$ 15,888,778</u>
Total Liabilities				
Net Position:				
Restricted for pension benefits	205,468,437	-	-	
Restricted for other postemployment benefits	-	37,834,875	-	
Restricted for landfill perpetual care	-	-	2,013,018	
	<u>\$ 205,468,437</u>	<u>\$ 37,834,875</u>	<u>\$ 2,013,018</u>	
Total Net Position				

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, 2013**

	<u>Basic Retirement System</u>	<u>Other Postemployment Benefits</u>	<u>Landfill Private-Purpose Trust Fund</u>
Additions:			
Contributions -			
Member contributions	\$ 2,145,573	\$ 640,263	\$ -
Employer contributions	7,378,242	1,156,454	-
Closure/postclosure	-	-	35,317
	<u>9,523,815</u>	<u>1,796,717</u>	<u>35,317</u>
Total Contributions			
Investment income -			
Net appreciation in fair value of investments	21,737,783	3,607,124	-
Interest/dividends	4,933,494	481,408	1,852
Less investment expense	<u>(898,841)</u>	<u>(83,494)</u>	<u>-</u>
Net investment income	<u>25,772,436</u>	<u>4,005,038</u>	<u>1,852</u>
Other -			
Medicare Part D reimbursements	-	49,357	-
Total Additions	<u>35,296,251</u>	<u>5,851,112</u>	<u>37,169</u>
Deductions:			
Retirement payroll	12,300,354	-	-
Health insurance	-	3,011,945	-
Death benefits	59,500	-	-
Employee refunds	502,520	126,323	-
Administration	111,991	-	-
Professional fees	<u>49,116</u>	<u>8,286</u>	<u>-</u>
Total Deductions	<u>13,023,481</u>	<u>3,146,554</u>	<u>-</u>
Net increase	22,272,770	2,704,558	37,169
Net position -			
Beginning of year	<u>183,195,667</u>	<u>35,130,317</u>	<u>1,975,849</u>
End of year	<u>\$ 205,468,437</u>	<u>\$ 37,834,875</u>	<u>\$ 2,013,018</u>

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

ST. CLAIR COUNTY, MICHIGAN

**COMBINING STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS
DECEMBER 31, 2013**

	Road Commission	Department of Public Works	Community Mental Health Authority
Assets:			
Cash and cash equivalents	\$ 5,461,898	\$ 149,798	\$ 10,416,224
Investments	-	-	-
Receivables (net of allowance)	5,108,720	373,072	1,950,173
Prepaid expenses	222,730	-	485,919
Inventory	1,366,971	-	-
Properties held for sale	-	-	-
Net pension asset	335,874	-	-
Restricted Assets -			
Cash and cash equivalents	-	1,245,056	7,255,160
Receivables	-	19,378,879	-
Capital Assets (net of accumulated depreciation)			
Assets not being depreciated	39,178,979	83,776	1,444,182
Assets being depreciated	<u>108,672,048</u>	<u>11,867,565</u>	<u>9,837,042</u>
Total Assets	<u>160,347,220</u>	<u>33,098,146</u>	<u>31,388,700</u>
Liabilities:			
Payables and accrued liabilities	631,444	110,479	4,549,492
Accrued interest	5,906	-	1,755
Advances and deposits	804,640	126,914	-
Advance from primary government	-	-	-
Unearned revenue	-	-	1,091,235
Liabilities payable from restricted assets	-	128,270	-
Non-current liabilities -			
Net OPEB obligation	13,491,119	-	8,368,739
Due within one year	732,000	2,630,720	2,868,572
Due in more than one year	<u>54,000</u>	<u>17,313,994</u>	<u>9,155,415</u>
Total Liabilities	<u>15,719,109</u>	<u>20,310,377</u>	<u>26,035,208</u>
Deferred Inflows of Resources:			
Taxes levied for a subsequent period	<u>1,019,866</u>	-	-
Net Position:			
Net investment in capital assets	147,311,027	11,951,341	756,634
Restricted -			
Risk corridor financing	-	-	5,763,707
Substance abuse	-	-	1,478,412
Equipment replacement	-	550,951	-
Debt Service	-	-	-
Unrestricted (deficit)	<u>(3,702,782)</u>	<u>285,477</u>	<u>(2,645,261)</u>
Total Net Position	<u>\$ 143,608,245</u>	<u>\$ 12,787,769</u>	<u>\$ 5,353,492</u>

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

Land Bank Authority	Drainage Districts	Totals
\$ 157,479	\$ 3,054,684	\$ 19,240,083
-	43,511	43,511
-	15,607,085	23,039,050
-	1,024	709,673
-	-	1,366,971
8,449	-	8,449
-	-	335,874
-	-	8,500,216
-	-	19,378,879
-	3,242,840	43,949,777
-	30,747,422	161,124,077
<u>165,928</u>	<u>52,696,566</u>	<u>277,696,560</u>
-	267,729	5,559,144
-	150,308	157,969
-	100,155	1,031,709
-	50,000	50,000
-	-	1,091,235
-	-	128,270
-	-	21,859,858
-	4,409,777	10,641,069
29,947	15,675,408	42,228,764
<u>29,947</u>	<u>20,653,377</u>	<u>82,748,018</u>
-	-	1,019,866
-	13,905,077	173,924,079
-	-	5,763,707
-	-	1,478,412
-	-	550,951
-	17,628,831	17,628,831
135,981	509,281	(5,417,304)
<u>\$ 135,981</u>	<u>\$ 32,043,189</u>	<u>\$ 193,928,676</u>

ST. CLAIR COUNTY, MICHIGAN

**COMBINING STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 2013**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Road Commission				
Governmental activities:				
Highways and Streets	\$ 24,580,065	\$ 4,059,328	\$ 14,158,582	\$ 20,737,849
Interest on Long Term Debt	21,566	-	-	-
Total Road Commission	<u>24,601,631</u>	<u>4,059,328</u>	<u>14,158,582</u>	<u>20,737,849</u>
Department of Public Works				
Governmental activities:				
Interest on Long Term Debt	685,384	685,384	-	-
Business type activities:				
Water and Sewer	<u>2,229,999</u>	<u>1,653,780</u>	<u>53,789</u>	<u>100,000</u>
Total Department of Public Works	<u>2,915,383</u>	<u>2,339,164</u>	<u>53,789</u>	<u>100,000</u>
Community Mental Health Authority				
Governmental activities:				
Health and Welfare	84,488,453	1,302,361	85,463,106	-
Interest on Long Term Debt	<u>541,422</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Community Mental Health Authority	<u>85,029,875</u>	<u>1,302,361</u>	<u>85,463,106</u>	<u>-</u>
Land Bank Authority				
Governmental activities:				
Community and Economic Development	<u>-</u>	<u>13,822</u>	<u>-</u>	<u>-</u>
Drainage Districts				
Governmental activities:				
Public Works	855,689	1,253,570	-	-
Interest on Long Term Debt	<u>657,778</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Drains	<u>1,513,467</u>	<u>1,253,570</u>	<u>-</u>	<u>-</u>
Total Component Units	<u>\$ 114,060,356</u>	<u>\$ 8,968,245</u>	<u>\$ 99,675,477</u>	<u>\$ 20,837,849</u>

General Revenues:

Property taxes
 Grants and contributions not restricted
 to specific programs
 Unrestricted investment income
 Total general revenues

Change in net position

Net position at beginning of year as restated

Net position at end of year

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

Net (Expense) Revenue and Change in Net Position

Road Commission	Department of Public Works	Community Mental Health Authority	Land Bank Authority	Drainage Districts	Total
\$ 14,375,694					\$ 14,375,694
(21,566)					(21,566)
<u>14,354,128</u>					
	\$ -				-
	(422,430)				(422,430)
	<u>(422,430)</u>				
		\$ 2,277,014			2,277,014
		(541,422)			(541,422)
		<u>1,735,592</u>			
			\$ 13,822		13,822
				\$ 397,881	397,881
				(657,778)	(657,778)
				<u>(259,897)</u>	
					<u>15,421,215</u>
1,017,190	-	-	-	-	1,017,190
-	-	955,672	-	-	955,672
4,125	630	88,928	73	2,190	95,946
<u>1,021,315</u>	<u>630</u>	<u>1,044,600</u>	<u>73</u>	<u>2,190</u>	<u>2,068,808</u>
15,375,443	(421,800)	2,780,192	13,895	(257,707)	17,490,023
<u>128,232,802</u>	<u>13,209,569</u>	<u>2,573,300</u>	<u>122,086</u>	<u>32,300,896</u>	<u>176,438,653</u>
<u>\$ 143,608,245</u>	<u>\$ 12,787,769</u>	<u>\$ 5,353,492</u>	<u>\$ 135,981</u>	<u>\$ 32,043,189</u>	<u>\$ 193,928,676</u>

ST. CLAIR COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Reporting Entity -

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

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

BLENDING COMPONENT UNIT -

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

DISCRETELY PRESENTED COMPONENT UNITS -

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

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

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013**

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

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

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

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

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

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

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

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

ST. CLAIR COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2013

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

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

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

B. Government-wide and fund financial statements -

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

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

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

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

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

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013**

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

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

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

The County reports the following major governmental funds:

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

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

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

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

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

The County reports the following major proprietary funds:

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

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

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013**

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

Additionally, the County reports the following fund types:

Governmental Fund Types -

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

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

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

Proprietary Fund Types -

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

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

Fiduciary Fund Types -

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

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

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

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

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

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

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013**

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

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

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

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

Deposits and Investments -

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

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

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

Receivables and Payables -

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

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

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013**

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

Inventories and Prepaid Items -

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

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

Properties Held for Sale -

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

Property Tax Calendar -

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

Capital Assets -

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. For the County, infrastructure exists in the Road Commission and Drain Commission component units. The government defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years, except for the St. Clair Department of Public Works and the St. Clair County Road Commission, which capitalize assets with an individual cost of \$1,000 or more. The Road Commission also capitalizes road equipment without consideration of a minimum cost. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013**

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

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

	Years				
	<u>Primary Government</u>	<u>Road Commission</u>	<u>Mental Health</u>	<u>Dept. of Public Works</u>	<u>Drains</u>
Building/Improvements	10-45	20-50	5-40	20-50	-
Drain System	-	-	-	-	50
Road Systems/Other Infrastructure	-	8-50	-	-	-
Utility System	-	-	-	50-60	-
Equipment	3-20	4-20	4-7	5-20	-
Books/Audiovisual	5-10	-	-	-	-

Compensated Absences -

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

Long-Term Obligations -

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

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

Deferred Outflows/Inflows of Resources -

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

ST. CLAIR COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2013

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

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

Fund Balance -

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

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

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

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

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

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

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

Estimates -

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

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, 2014, under separate cover as supplementary information to the Annual Financial Report.

ST. CLAIR COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2013

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

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 each of the pronouncements.

GASB Statement No. 67, *Financial Reporting for Pension Plans* was issued in June 2012 and will become effective for the County's December 31, 2014 fiscal year. The statement establishes accounting and financial reporting as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. The statement builds upon the existing framework for financial reports of defined benefit pension plans and enhances note disclosures and required supplementary information for both defined benefit and defined contribution pension plans. The statement also requires the presentation of new information about annual rates of return in the notes to financial statements and in the ten year required supplementary information.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* was issued in June 2012 and will become effective for the County's December 31, 2015 fiscal year. The statement requires governments providing defined benefit plans to report the net pension liability in their statement of net position. The net pension liability is the difference between the total pension liability (the present value of projected benefit payments to employees based on their past service) and the assets (mostly investments reported at fair value) set aside in a trust and restricted to paying benefits to current employees, retirees, and their beneficiaries. The Statement also will improve the comparability and consistency of how governments calculate the pension liabilities and expenses.

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.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013**

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

- 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.

During the year ended December 31, 2013, the County (primary government) incurred expenditures in the General Fund and Special Revenue Funds, which were in excess of the amounts appropriated at the activity level for the General Fund and functional level for the Special Revenue Funds as follows:

Excess of Expenditures over Appropriations -

PRIMARY GOVERNMENT -

<u>Fund Type/Function/Activity</u>	<u>Appropriations</u>	<u>Expended</u>	<u>Variance</u>
Combined General Fund -			
General Fund -			
Legislative -			
Board of Commissioners	\$ 209,364	\$ 209,837	\$ 473
Other Legislative Activities	1,470,843	1,628,873	158,030
General Government -			
Human Resources	314,712	337,522	22,810
Public Safety -			
Sheriff	8,318,681	8,350,982	32,301
Training	14,000	15,471	1,471
Communications/Radio	1,631,812	1,633,251	1,439
Dive Team	27,376	27,635	259
Emergency Preparedness	1,624,889	1,840,230	215,341
Hazardous Material Handling	19,188	26,946	7,758
Health and Welfare -			
Medical Examiner	319,039	330,460	11,421
Public Guardian	296,368	296,600	232
Transfers to Other Funds	8,022,739	8,750,344	727,605
Budget Incentive Fund -			
Transfers to Other Funds	317,732	318,745	1,013

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013**

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

<u>Fund Type/Function/Activity</u>	<u>Appropriations</u>	<u>Expended</u>	<u>Variance</u>
Major Special Revenue Fund -			
Parks and Recreation - Transfer to Other Funds	\$ -	\$ 29,158	\$ 29,158
Nonmajor Special Revenue Funds -			
Child Care - Health and Welfare	6,216,916	6,469,020	252,104
Veterans' Trust - Health and Welfare	32,500	32,754	254
Veterans' Millage - Health and Welfare	557,836	590,767	32,931
E-911 - Transfers to other funds	778,450	912,379	133,929
Revenue Sharing Reserve - Transfers to Other Funds	2,119,854	2,120,503	649
Family Counseling - Judicial	22,000	22,818	818

NOTE 3 - DEPOSITS AND INVESTMENTS:

Authorized Deposits and Investments -

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

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013**

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

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

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

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013**

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

Carrying Amount -

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

	<u>Primary Government</u>	<u>Component Units</u>	<u>Fiduciary Unit</u>	<u>Reporting Entity</u>
Cash on Hand -				
Petty cash and cash on hand	\$ 22,591	\$ 3,535	\$ 1,200	\$ 27,326
Deposits with Financial Institutions -				
Checking/Savings/Certificates of Deposit/Money Market	<u>57,299,484</u>	<u>27,736,764</u>	<u>2,749,362</u>	<u>87,785,610</u>
Investments -				
Investment Trust Funds	1,018,940	-	10,313,172	11,332,112
U.S. Government/Agencies	-	43,511	1,086,978	1,130,489
Corporate Debt	-	-	32,241,874	32,241,874
Stocks	-	-	112,373,867	112,373,867
Equity Funds	-	-	45,190,921	45,190,921
Foreign Bonds	-	-	21,134,907	21,134,907
Mutual Funds	-	-	6,546,587	6,546,587
Municipal Bonds	-	-	350,036	350,036
Partnerships	-	-	2,103,466	2,103,466
Real Estate Investment Trusts	-	-	13,613,883	13,613,883
Total Investments	<u>1,018,940</u>	<u>43,511</u>	<u>244,955,691</u>	<u>246,018,142</u>
Grand Total	<u>\$ 58,341,015</u>	<u>\$ 27,783,810</u>	<u>\$247,706,253</u>	<u>\$333,831,078</u>

Reconciliation to Statements of Net Position -

Reported as Cash and Cash Equivalents -	
Petty Cash and Cash on Hand	\$ 27,326
Cash in Checking/Cash in Savings	
Money Market/Certificate of Deposit	83,259,516
Investment Trust Funds	<u>11,332,112</u>
Total Cash and Cash Equivalents Reported on Statements of Net Position	<u>94,618,954</u>
Reported as Investments -	
Certificates of Deposits	4,526,094
U.S. Government/Agencies	1,130,489
Corporate Debt	32,241,874
Stocks	112,373,867
Equity Funds	45,190,921
Foreign Bonds	21,134,907
Mutual Funds	6,546,587
Municipal Bonds	350,036
Partnerships	2,103,466
Real Estate Investment Trusts	<u>13,613,883</u>
Total Investments Reported on Statements of Net Position	<u>239,212,124</u>
Grand Total - Statements of Net Position	<u>\$ 333,831,078</u>

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013**

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

Deposits with Financial Institutions -

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

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

Custodial Credit Risk - Deposits - Custodial credit risk for deposits is the risk that in the event of a bank failure, the County's deposits may not be returned. As an indication of the level of deposit custodial credit risk assumed by the County, as of December 31, 2013, the book value of the County's deposits was \$87,785,610 with a corresponding bank balance of \$88,802,024. Insured deposits were \$15,361,320, collateralized by securities held by the pledging financial institution were \$34,912,628, and the remaining \$38,528,076 were uninsured, uncollateralized, and in the County's name.

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

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

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

Investments (Excluding Retirement)

Credit Risk - Investments - The County has \$3,097,569 excluding retirement, invested in investment trust funds that invest primarily in U.S. Treasuries, U.S. Agencies, repurchase agreements, and commercial paper. The County's investment policy does not specifically address credit risk for investments. The investment trust has been rated as follows:

	<u>Amount</u>	<u>Rating</u>	<u>Rating Agency</u>	<u>Average Days to Maturity</u>
Primary Government - MBIA Michigan CLASS	\$ 1,018,940	AAAm	Standard & Poors	54
Fiduciary Unit - Landfill - Fifth Third Bank Safe	2,078,629	Not Rated	N/A	50

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013**

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

Custodial Credit Risk - Investments - is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments that are in possession of another party.

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

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

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

<u>Investment Types</u>	<u>Fair value</u>	<u>Maturity (Years)</u>
		<1
Investment Trusts -		
Primary Government	\$ 1,018,940	\$ 1,018,940
Fiduciary Unit	2,078,629	2,078,629
Certificates of Deposit (1) -		
Primary Government	4,142,472	4,142,472
Fiduciary Unit	383,622	383,622

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

Investments - Retirement System

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

US Large Cap Equities - No more than 5% of the outstanding securities of one issuer, nor more than 5% of the portfolio's assets in the outstanding securities of one issuer.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013**

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

US Small/Mid Cap Equities - Each portfolio is permitted up to maximum of 10% of American Depository Receipts. Managers may invest up to 5% in listed REITs.

International Equities - No more than 10% of the portfolio in emerging market countries. No more than 7.5% of the portfolio at cost, or 10% at market in any one security. Cash exposure shall be limited to no more than 5% of the portfolio, except during periods of market disruption.

US Fixed Income - 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.

Real Estate - 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 and no more than 5% of total assets will be invested in non-traditional property types and structures.

Alternative Investments - No more than 8% of the portfolio's assets in the outstanding securities of one hedge fund.

Pension investments are made through the use of investment advisors, which are selected and retained by the Retirement Board. The advisors serve at the pleasure of the Retirement Board as provided by investment agreements. At December 31, 2013 the Retirement System had 11 investment advisors. As of December 31, 2013, the County had the following investment types in its Retirement System:

<u>Investment Types</u>	<u>Fair Value</u>	<u>Percentage</u>
Corporate Debt – Other	\$ 32,241,874	13.27%
U.S. Government/Agency Bonds	1,086,978	0.45
Municipal Bonds	350,036	0.14
Foreign Bonds	21,134,907	8.70
Stocks	112,373,867	46.27
Mutual Funds	6,546,587	2.70
Equity Funds	45,190,921	18.61
Partnerships	2,103,466	0.87
Real Estate Investment Trusts	<u>13,613,883</u>	<u>5.60</u>
	234,642,519	96.61
Investment Trust Funds (1)	<u>8,234,543</u>	<u>3.39</u>
Total	<u>\$ 242,877,062</u>	<u>100.00%</u>

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

	<u>Amount</u>	<u>Rating</u>	<u>Rating Agency</u>	<u>Average Days to Maturity</u>
Federated -				
Govt. Obligations Tx Mgd Fund	\$ 2,355,416	AAAm	Standard & Poors	46
Treasury Obligations Fund	5,879,127	AAAm	Standard & Poors	52

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013**

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

Credit Risk - The Board's adopted Statement of Investment Policies Procedures and Objectives states that all debt securities, except Treasuries and Agencies, must have a quality rating of B or above at the time of issue and allows up to 25% of the portfolio in BB to CCC rated securities. If more than allowed value of securities is within that investment grade, it shall be reported to the Retirement Board immediately along with a proposed plan of action. As of December 31, 2013, investments held in the Retirement System excluding investment trusts, U.S. government securities, mutual funds, equity funds, and stocks had the following Standard & Poors ratings:

<u>Fair Value</u>	<u>Ratings</u>
\$ 6,188,481	AAA
1,839,058	AA+
1,890,289	AA-
1,424,294	A+
3,606,366	A
4,111,208	A-
5,948,124	BBB+
8,940,774	BBB
9,718,492	BBB-
3,590,262	BB+
1,221,443	BB
730,787	BB-
244,438	B+
146,026	B
312,972	B-
152,700	CCC+
473,887	CCC
6,782	CC
<u>3,180,434</u>	No Rating
<u>\$ 53,726,817</u>	

Custodial Credit Risk - The risk that, in the event of a failure of the counterparty, the Retirement System would not be able to recover the value of its investments that are in the possession of another side party. The Retirement System's Investment Policy requires that all investment transactions shall be conducted through a custodian that will act as the system's third party. Securities shall be held by the custodian, as designated by the Retirement Board, and shall be evidenced by a custodial report. As of December 31, 2013, \$242,877,062 in investments was held in third party safekeeping in the County's name.

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

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013**

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

Interest Rate Risk - The Board's adopted Statement of Investment Policy and Objectives places no limitation on the system's fixed income manager on the length to maturity for fixed income investments. The system's fixed income investments had lengths of maturities ranging from one month to 47 years, which is reasonable given the long-term nature of the system. Having staggered maturities will reduce the retirement system's risk exposure to rising interest rates. As of December 31, 2013, the Retirement System's investments had the following maturities:

Investment	Fair Value	Years			
		<1	1-5	5-10	10>
Corporate Debt	\$ 32,241,874	\$ 453,804	\$ 7,876,225	\$ 11,414,806	\$ 12,497,039
Municipal Bonds	350,036	-	-	200,052	149,984
Foreign Bonds	21,134,907	-	6,010,090	10,693,910	4,430,907
	<u>\$ 53,726,817</u>	<u>\$ 453,804</u>	<u>\$ 13,886,315</u>	<u>\$ 22,308,768</u>	<u>\$ 17,077,930</u>

NOTE 4 - RECEIVABLES:

Receivables at December 31, 2013 in the governmental and business type activities are as follows:

	Governmental Activities	Business-type Activities
Property taxes	\$ 14,425,197	\$ 9,044,810
Interest and accounts	1,812,254	750,563
Notes receivable	-	29,947
Intergovernmental	<u>5,183,375</u>	<u>193,751</u>
	21,420,826	10,019,071
Less - allowance for uncollectible	(<u>1,077,796</u>)	(<u>205,500</u>)
	<u>\$ 20,343,030</u>	<u>\$ 9,813,571</u>

NOTE 5 - CAPITAL ASSETS:

Primary Government

Capital asset activity of the primary government for the year ended December 31, 2013 was as follows:

	Balance January 1, 2013	Additions	Disposals/ Adjustments	Balance December 31, 2013
Governmental Activities:				
Capital assets, not being depreciated				
Land	\$ 11,763,795	\$ 177,743	\$ -	\$ 11,941,538
Construction in progress	<u>1,570,362</u>	<u>1,387,517</u>	<u>245,823</u>	<u>2,712,056</u>
Total capital assets, not being depreciated	<u>13,334,157</u>	<u>1,565,260</u>	<u>245,823</u>	<u>14,653,594</u>

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013**

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

	Balance January 1, 2013	Additions	Disposals/ Adjustments	Balance December 31, 2013
Capital assets, being depreciated				
Buildings	\$ 89,722,837	\$ 462,545	\$ -	\$ 90,185,382
Improvements other than buildings	7,155,685	195,948	-	7,351,633
Machinery and equipment	20,435,875	991,142	159,792	21,267,225
Books	<u>8,775,669</u>	<u>368,101</u>	<u>1,175,962</u>	<u>7,967,808</u>
Total capital assets being depreciated	<u>126,090,066</u>	<u>2,017,736</u>	<u>1,335,754</u>	<u>126,772,048</u>
Less accumulated depreciation for:				
Buildings	24,927,915	2,198,154	-	27,126,069
Improvements other than buildings	2,847,849	337,709	-	3,185,558
Machinery and equipment	10,222,887	1,576,848	128,950	11,670,785
Books	<u>6,375,384</u>	<u>533,606</u>	<u>1,175,962</u>	<u>5,733,028</u>
Total accumulated depreciation	<u>44,374,035</u>	<u>4,646,317</u>	<u>1,304,912</u>	<u>47,715,440</u>
Total capital assets being depreciated, net	<u>81,716,031</u>	<u>(2,628,581)</u>	<u>30,842</u>	<u>79,056,608</u>
Governmental activities capital assets, net	<u>\$ 95,050,188</u>	<u>\$(1,063,321)</u>	<u>\$ 276,665</u>	<u>\$ 93,710,202</u>
Business-type Activities:				
Capital assets, not being depreciated				
Land	\$ 1,077,858	\$ -	\$ -	\$ 1,077,858
Construction in progress	<u>2,222,128</u>	<u>238,267</u>	<u>2,228,108</u>	<u>232,287</u>
Total capital assets, not being depreciated	<u>3,299,986</u>	<u>238,267</u>	<u>2,228,108</u>	<u>1,310,145</u>
Capital assets, being depreciated				
Buildings	7,625,084	403,412	-	8,028,496
Improvements other than buildings *	28,885,941	3,216,802	-	32,102,743
Machinery and equipment *	<u>6,303,504</u>	<u>37,955</u>	<u>(16,005)</u>	<u>6,357,464</u>
Total capital assets being depreciated	<u>42,814,529</u>	<u>3,658,169</u>	<u>(16,005)</u>	<u>46,488,703</u>
Less accumulated depreciation for:				
Buildings	681,472	310,121	-	991,593
Improvements other than buildings *	21,917,760	1,513,894	-	23,431,654
Machinery and equipment *	<u>1,903,791</u>	<u>456,480</u>	<u>(16,005)</u>	<u>2,376,276</u>
	<u>24,503,023</u>	<u>2,280,495</u>	<u>(16,005)</u>	<u>26,799,523</u>
Total capital assets being depreciated, net	<u>18,311,506</u>	<u>1,377,674</u>	<u>-</u>	<u>19,689,180</u>
Business type activities capital assets, net	<u>\$ 21,611,492</u>	<u>\$ 1,615,941</u>	<u>\$ 2,228,108</u>	<u>\$ 20,999,325</u>

*Restated – See Note 18.

The business-type capital assets include \$276,766 of capitalized interest. During the year ended December 31, 2013, interest incurred by the County business-type activities was \$165,325, all of which was expensed.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013**

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

Depreciation expense for 2013 was charged to functions/programs of the primary government as follows:

Governmental activities:	
Judicial	\$ 22,081
General Government	1,007,151
Public Safety	2,354,510
Health and Welfare	113,475
Recreation and Cultural	<u>1,146,023</u>
Total depreciation expense-governmental activities	4,643,240
Depreciation in the internal service fund	<u>3,077</u>
	<u>\$ 4,646,317</u>
Business-type activities:	
Solid Waste Disposal System	\$ 2,055,988
Delinquent Tax Revolving	22,395
Airport Commission	<u>202,112</u>
Total depreciation expense-business-type activities	<u>\$ 2,280,495</u>

Construction/Purchase Commitments

The County has committed to the following contracts at December 31, 2013 (These commitments do not include change orders made after December 31, 2013):

	<u>Contract Amount</u>	<u>Payments Through 12/31/13</u>	<u>Accounts Payable/ Retention</u>	<u>Remaining Balance 12/31/13</u>
Blue Water Area Convention Center				
Manager and Architectural Services (a)	\$ 655,094	\$ 305,543	\$ 6,639	\$ 342,912
Landfill Cell Maintenance (b)	2,169,146	899,402	-	1,269,744
Airport Fixed Basis Operator (c)	890,948	84,750	-	806,198
Inmate Medical Services (d)	1,493,063	-	20,177	1,472,886
Environmental Services (e)	988,500	401,629	64,236	522,635

- (a) The County has contracted a construction manager to oversee and for architect services for the Blue Water Area Convention Center.
- (b) The County has contracted for cell maintenance at the landfill through December 31, 2015.
- (c) The County has contracted for a Fixed Base Operator at the airport.
- (d) The County has contracted for jail inmate medical services.
- (e) The County has contracted for environmental services under the Brownfield Redevelopment grant.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013**

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

Discretely Presented Component Units

Drainage Districts. Activity for the Drainage Districts for the year ended December 31, 2013 was as follows:

	Balance January 1, 2013	Additions	Deletions	Balance December 31, 2013
Capital assets, not being depreciated:				
Right of Ways	\$ 627,517	\$ -	\$ -	\$ 627,517
Construction in progress	<u>4,057,442</u>	<u>550,705</u>	<u>1,992,824</u>	<u>2,615,323</u>
	<u>4,684,959</u>	<u>550,705</u>	<u>1,992,824</u>	<u>3,242,840</u>
Capital assets, being depreciated:				
Infrastructure	35,211,915	2,211,665	-	37,423,580
Equipment	<u>38,067</u>	<u>-</u>	<u>-</u>	<u>38,067</u>
	<u>35,249,982</u>	<u>2,211,665</u>	<u>-</u>	<u>37,461,647</u>
Less accumulated depreciation for:				
Infrastructure	6,114,795	563,033	-	6,677,828
Equipment	<u>34,727</u>	<u>1,670</u>	<u>-</u>	<u>36,397</u>
	<u>6,149,522</u>	<u>564,703</u>	<u>-</u>	<u>6,714,225</u>
Total capital assets being depreciated, net	<u>29,100,460</u>	<u>1,646,962</u>	<u>-</u>	<u>30,747,422</u>
Total capital assets, net	<u>\$ 33,785,419</u>	<u>\$ 2,197,667</u>	<u>\$ 1,992,824</u>	<u>\$ 33,990,262</u>

Depreciation expense for 2013 was \$564,703.

Road Commission. Activity for the Road Commission for the year ended December 31, 2013 was as follows:

	Balance January 1, 2013	Additions	Deletions	Balance December 31, 2013
Capital assets, not being depreciated -				
Land	\$ 65,629	\$ -	\$ -	\$ 65,629
Land Improvements	35,811,393	906,754	-	36,718,147
Right of Ways	<u>2,204,079</u>	<u>191,124</u>	<u>-</u>	<u>2,395,203</u>
Total capital assets, not being depreciated	<u>38,081,101</u>	<u>1,097,878</u>	<u>-</u>	<u>39,178,979</u>

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013**

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

	Balance January 1, 2013	Additions	Deletions/ Removals	Balance December 31, 2013
Capital assets, being depreciated -				
Building and Improvements	\$ 4,676,436	\$ 4,975	\$ -	\$ 4,681,411
Road Equipment	11,597,426	1,156,885	205,694	12,548,617
Shop Equipment	704,311	9,887	22,324	691,874
Office Equipment	144,788	26,525	-	171,313
Engineering Equipment	313,274	26,764	52,368	287,670
Infrastructure -				
Roads	98,461,825	13,277,123	3,080,768	108,658,180
Bridges	53,632,344	9,026,004	-	62,658,348
Traffic Signals	460,337	476	-	460,813
Depletable Assets -				
Gravel Pits	<u>163,455</u>	<u>-</u>	<u>-</u>	<u>163,455</u>
	<u>170,154,196</u>	<u>23,528,639</u>	<u>3,361,154</u>	<u>190,321,681</u>
Less - accumulated depreciation for -				
Buildings and Improvements	2,806,870	98,828	-	2,905,698
Road Equipment	10,231,742	690,799	203,856	10,718,685
Shop Equipment	570,442	20,844	18,909	572,377
Office Equipment	128,803	7,448	-	136,251
Engineering Equipment	241,340	17,181	52,024	206,497
Infrastructure -				
Roads	47,032,053	5,143,864	3,080,768	49,095,149
Bridges	16,395,511	1,205,293	-	17,600,804
Traffic Signals	350,855	16,975	-	367,830
Depletable Assets	<u>46,342</u>	<u>-</u>	<u>-</u>	<u>46,342</u>
	<u>77,803,958</u>	<u>7,201,232</u>	<u>3,355,557</u>	<u>81,649,633</u>
Total capital assets, being depreciated, net	<u>92,350,238</u>	<u>16,327,407</u>	<u>5,597</u>	<u>108,672,048</u>
Total capital assets, net	<u>\$130,431,339</u>	<u>\$ 17,425,285</u>	<u>\$ 5,597</u>	<u>\$147,851,027</u>

Depreciation expense for 2013 was \$7,201,232.

Department of Public Works. Activity for the Department of Public Works for the year ended December 31, 2013 was as follows:

	Balance January 1, 2013	Additions	Deletions/ Removals	Balance December 31, 2013
Business-type activities:				
Capital assets, not being depreciated -				
Land	<u>\$ 83,776</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 83,776</u>

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013**

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

	<u>Balance January 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2013</u>
Capital assets being depreciated -				
Plant	\$ 10,689,915	\$ 2,905	\$ -	\$ 10,692,820
Utility System	16,002,766	-	-	16,002,766
Machinery and Equipment	<u>942,948</u>	<u>52,624</u>	<u>69,202</u>	<u>926,370</u>
	<u>27,635,629</u>	<u>55,529</u>	<u>69,202</u>	<u>27,621,956</u>
Less - accumulated depreciation for -				
Plant	5,231,548	213,827	-	5,445,375
Utility System	9,421,301	266,713	-	9,688,014
Machinery and Equipment	<u>630,254</u>	<u>53,967</u>	<u>63,219</u>	<u>621,002</u>
	<u>15,283,103</u>	<u>534,507</u>	<u>63,219</u>	<u>15,754,391</u>
Total capital assets, being depreciated, net	<u>12,352,526</u>	<u>(478,978)</u>	<u>5,983</u>	<u>11,867,565</u>
Total capital assets, net	<u>\$ 12,436,302</u>	<u>\$(478,978)</u>	<u>\$ 5,983</u>	<u>\$ 11,951,341</u>
Depreciation expense was charged to function/programs as follows:				
Business-type activities -				
Water and Sewer				<u>\$ 534,507</u>

Community Mental Health Authority. Activity for the Community Mental Health Authority for the year ended September 30, 2013 was as follows:

	<u>Balance October 1, 2012</u>	<u>Additions</u>	<u>Disposals/ Adjustments</u>	<u>Balance September 30, 2013</u>
Capital assets not being depreciated -				
Land	\$ 1,874,182	\$ -	\$ 430,000	\$ 1,444,182
Construction in progress	231,803	224,452	456,255	-
Total capital assets, not being depreciated	<u>2,105,985</u>	<u>224,452</u>	<u>886,255</u>	<u>1,444,182</u>
Capital assets being depreciated -				
Building	11,848,792	473,069	(430,000)	12,751,861
Leasehold improvements	54,980	-	-	54,980
Equipment and Furniture	<u>2,614,817</u>	<u>27,681</u>	<u>156,578</u>	<u>2,485,920</u>
	<u>14,518,589</u>	<u>500,750</u>	<u>(273,422)</u>	<u>15,292,761</u>
Less accumulated depreciation for -				
Building	2,817,333	670,076	-	3,487,409
Leasehold improvements	52,231	2,749	-	54,980
Equipment	<u>1,797,115</u>	<u>272,793</u>	<u>156,578</u>	<u>1,913,330</u>
	<u>4,666,679</u>	<u>945,618</u>	<u>156,578</u>	<u>5,455,719</u>
Total capital assets being depreciated, net	<u>9,851,910</u>	<u>(444,868)</u>	<u>(430,000)</u>	<u>9,837,042</u>
Total capital assets, net	<u>\$ 11,957,895</u>	<u>\$(220,416)</u>	<u>\$ 456,255</u>	<u>\$ 11,281,224</u>

Depreciation expense for 2013 was \$945,618.

ST. CLAIR COUNTY, MICHIGAN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 6 - PAYABLES:

Payables at December 31, 2013 in the governmental and business-type activities are as follows:

	Governmental Activities	Business-type Activities
Accounts payable/accrued expenses	\$ 2,989,130	\$ 549,450
Wages and fringe benefits	1,510,257	23,568
Accrued interest	511,511	43,498
Intergovernmental	396,922	23,739
	\$ 5,407,820	\$ 640,255

NOTE 7 - INTERFUND RECEIVABLE, PAYABLE AND TRANSFERS:

The composition of interfund balances as of December 31, 2013 is as follows:

Due To/From Other Funds -

Receivable Fund	Payable Fund	Amount
Primary Government –		
Combined General Fund	E-911 Fund	\$ 258,299 (2)
	Brownfield Development Fund	900 (1)
		259,199
Delinquent Tax Revolving Fund	Combined General Fund	1,500,000 (1)
	Internal Service Fund	450,000 (1)
		1,950,000
Fiduciary Funds –		
Basic Retirement System	Other Postemployment Benefits	199,258 (3)
Other Postemployment Benefits	Basic Retirement System	12,724,533 (4)
		\$ 15,132,990

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

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013**

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

Advances From/To Primary Government & Component Unit -

<u>Receivable Entity</u>	<u>Payable Entity</u>	
Primary Government – Combined General Fund	Component Unit – Drainage Districts	\$ <u>50,000</u> (1)
Mental Health Building Debt	Community Mental Health Authority	\$ <u>9,150,000</u> (2)

- (1) Represent the long-term loan between entities for cash flow purposes
 (2) Represents the amount due for the capital lease of the CMH building. Community Mental Health classifies the payable amount as contracts payable

Transfers From/To Other Funds -

<u>Receiving Fund</u>	<u>Expending Fund</u>	<u>Amount</u>	
Combined General	Drug Task Force	\$ 203,055 (4)	
	Solid Waste Disposal System	900,000 (6)*	
	Prosecutor’s Drug Forfeitures	25,000 (4)	
	Revenue Sharing Reserve	2,120,503 (5)	
	E-911	912,379 (4)	
	Parks and Recreation	29,158 (4)	
	Public Improvement	115,650 (7)	
	Nonmajor Governmental Funds -		
	Convention Center	Combined General	100,000 (1)
Health Department	Combined General	1,562,400 (1)	
CDBG Housing	Combined General	10,000 (1)	
Human Services	Combined General	266,500 (1)	
Child Care	Combined General	3,673,916 (1)	
Public Improvement	Combined General	1,363,915 (3)	
	DTNW Building	80,725 (8)	
Jail/Juvenile Facility Debt	Delinquent Tax Revolving	2,165,762 (2)*	
Building Authority Debt	Combined General	796,701 (2)	
Communications Series 2009 Debt	Combined General	250,806 (2)	
Convention Center Debt	Combined General	980,500 (2)	
Nonmajor Enterprise Fund -			
Airport	Combined General	<u>400,000</u> (1)*	
Total Transfers		\$ <u>15,956,970</u>	

- (1) Annual appropriations for operations
 (2) Transfers for the payment of debt
 (3) Transfers for construction/equipment
 (4) Transfers to cover cost
 (5) Substitution for State Revenue Sharing
 (6) Transfer to cover Road Appropriation
 (7) Transfer to cover match portion of grant used to purchase capital assets
 (8) To close inactive fund

* Transfer Between Governmental and Business-type Activities

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 8 - LEASES:

Primary Government

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

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

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

	<u>Principal</u>	<u>Interest</u>
2014	\$ 300,000	\$ 374,175
2015	400,000	360,175
2016	450,000	343,175
2017	500,000	324,175
2018	600,000	302,175
2019-2023	4,100,000	1,048,512
2024-2026	<u>2,800,000</u>	<u>182,525</u>
Total Receivable	<u>\$ 9,150,000</u>	<u>\$ 2,934,912</u>

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 8 - LEASES - (cont'd):

Component Unit - Department of Public Works

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

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

	<u>Principal</u>	<u>Interest</u>
2014	\$ 2,635,000	\$ 674,522
2015	2,695,000	590,276
2016	2,580,000	501,361
2017	2,310,000	421,736
2018	2,355,000	347,176
2019-2023	5,185,600	777,997
2024-2028	2,071,954	182,533
2029	<u>125,000</u>	<u>2,625</u>
	<u>\$ 19,957,554</u>	<u>\$ 3,498,226</u>

The aggregate future capital lease payments necessary for the retirement of the debt principal and accrued interest payable at December 31, 2013 have been reported net of available cash as a capital lease receivable.

Principal due	\$ 19,957,554
Accrued interest	128,270
Net premium (discount)	<u>(12,840)</u>
	20,072,984
Less -	
Cash available after current liabilities	<u>(694,105)</u>
	<u>\$ 19,378,879</u>

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 9 - LONG-TERM DEBT:

PRIMARY GOVERNMENT -

The following is a summary of changes in the long-term debt (including current portions) of the Primary Government for the year ended December 31, 2013:

	Restated Balance January 1, 2013	Additions	Reductions	Balance December 31, 2013	Due Within One Year
<u>Governmental Activities:</u>					
Governmental Funds -					
2007 General Obligation Bonds, Series A	\$ 9,425,000	\$ -	\$ 275,000	\$ 9,150,000	\$ 300,000
2007 General Obligation Bonds, Series B	2,850,000	-	200,000	2,650,000	250,000
2003 General Obligation Bonds	1,100,000	-	1,100,000	-	-
2009 General Obligation Bonds	2,675,000	-	150,000	2,525,000	150,000
2004 Building Authority Refunding Bonds	6,250,000	-	5,640,000	610,000	610,000
2012 Refunding Bonds	24,365,000	-	-	24,365,000	1,115,000
2012 General Obligation Bonds	9,000,000	-	-	9,000,000	200,000
2013 Refunding Bonds	-	5,380,000	-	5,380,000	120,000
Drain Districts	3,588,472	-	276,742	3,311,730	272,109
Accumulated Vacation, Sick & Compensatory Leave	4,570,160	403,291	397,268	4,576,183	390,000
Other Postemployment Benefits	34,493,544	4,875,794	592,569	38,776,769	-
Deferred amounts for -					
Issuance Discounts	(95,245)	-	(7,656)	(87,589)	(7,657)
Issuance Premiums	2,614,044	-	343,152	2,270,892	174,684
Total Governmental Funds	<u>100,835,975</u>	<u>10,659,085</u>	<u>8,967,075</u>	<u>102,527,985</u>	<u>3,574,136</u>
Internal Service Fund -					
Workers' Compensation Claims Liability	45,000	259,354	144,354	160,000	160,000
General, Auto and Property Insurance Claims Liability	370,000	122,620	102,620	390,000	110,000
Other Postemployment Benefits	16,444	11,084	5,116	22,412	-
Total Internal Service Fund	<u>431,444</u>	<u>393,058</u>	<u>252,090</u>	<u>572,412</u>	<u>270,000</u>
Total Governmental Activities	<u>101,267,419</u>	<u>11,052,143</u>	<u>9,219,165</u>	<u>103,100,397</u>	<u>3,844,136</u>
<u>Business Activities:</u>					
Enterprise Funds -					
Solid Waste Disposal System -					
General Obligation Bonds 2010	6,623,535	418,376	-	7,041,911	-
Closure and Post-closure Costs	9,969,881	-	3,591,571	6,378,310	-
Accumulated Vacation, Sick & Compensatory Leave	30,132	162	-	30,294	-
Other Postemployment Benefits	294,768	56,726	6,787	344,707	-
Delinquent Tax Revolving -					
Other Postemployment Benefits	52,048	18,359	1,861	68,546	-
Airport Commission -					
Accumulated Vacation, Sick & Compensatory Leave	8,793	1,094	-	9,887	-
Other Postemployment Benefits	76,888	12,146	1,237	87,797	-
Total Enterprise Funds	<u>17,056,045</u>	<u>506,863</u>	<u>3,601,456</u>	<u>13,961,452</u>	<u>-</u>
Total Primary Government	<u>\$118,323,464</u>	<u>\$ 11,559,006</u>	<u>\$ 12,820,621</u>	<u>\$117,061,849</u>	<u>\$ 3,844,136</u>

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013**

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

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

2007 General Obligation Bonds, Series A -

The County issued \$10,490,000 of General Obligation Limited Tax Bonds, pursuant to the provisions of Act 34, Public Acts of Michigan of 2001. The bonds were issued for the cost of acquiring, constructing, and equipping a new consolidated office building to house the Mental Health Authority administrative staff and direct operated programs. The bonds, dated April 1, 2007, are due in annual installments from \$300,000 to \$950,000 through April 1, 2026 with interest ranging from 4.0% to 4.3% payable semi-annually.

\$ 9,150,000

2007 General Obligation Bonds, Series B -

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

\$ 2,650,000

2009 General Obligation Bonds -

The County issued \$3,000,000 of General Obligation Limited Tax Bonds, pursuant to the provisions of Act 34, Public Acts of Michigan. The bonds were issued for the cost of acquiring and constructing communications towers and acquiring and installing related equipment. The bonds, dated September 1, 2009 are due in annual installments from \$150,000 to \$325,000 through April 1, 2024 with interest ranging from 3.0% to 4.125%, payable semi-annually.

\$ 2,525,000

2004 Building Authority Refunding Bonds -

The Building Authority issued \$9,625,000 of general obligation limited tax refunding bonds to provide resources to purchase U.S. Government, State and Local Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$9,100,000 of general obligation limited tax bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$994,007. This advance refunding was undertaken to reduce the total debt service payments over 16 years by \$369,426 and resulted in an economic gain of \$271,928. The bonds were partially refunded in 2013 and the final installment due April 1, 2014; plus interest of 3.50%.

\$ 610,000

ST. CLAIR COUNTY, MICHIGAN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013

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

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 reacquisition price exceeded the net carrying amount of the old debt by \$1,074,372. This amount is recorded as a deferred outflow of resources and amortized over the remaining life of the refunding debt. This advance refunding was undertaken to reduce the total debt service payments over 16 years by \$1,300,939 and a net present value of savings of \$1,218,202. The bonds dated June 4, 2012 are due in annual installments from \$1,115,000 to \$2,365,000 through April 1, 2028, with interest ranging from 3.0% to 5.0%, payable semi-annually.

\$ 24,365,000

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 \$200,000 to \$490,000, through April 1, 2042 with interest ranging from 2.0% to 5.0%, payable semi-annually.

\$ 9,000,000

2013 Refunding Bonds -

The County issued \$5,380,000 of limited tax general obligation refunding bonds to provide resources to purchase securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$5,020,000 of 2004 Building Authority refunding bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$238,982. This amount along with the remaining loss and premium on the refunded bonds are recorded as a deferred outflow of resources and amortized over the remaining life of the refunding debt. This advance refunding was undertaken to reduce the total debt service payments over eight years by \$450,980 and resulted in a net present value of savings of \$421,067. The bonds dated June 20, 2013 are due in annual installments from \$120,000 to \$795,000 through April 1, 2021 with interest ranging from 0.50% to 2.45%, payable semi-annually.

\$ 5,380,000

2010 General Obligation Bonds -

The County issued \$14,045,000 of General Obligation Limited Tax Bonds through the Michigan Municipal Bond Authority to finance the construction of the Landfill Leachate System, of which \$5,096,000 or 36.3% of the bonds are forgivable. A capital grant has been reported in 2011 for the forgivable portion of the obligation. At December 31, 2013, the County had drawn \$12,137,911 including the forgivable portion of \$5,096,000. The bonds, dated January 22, 2010, are due in annual installments ranging from \$349,000 to \$560,000 beginning October 1, 2014 through October 1, 2033 with interest of 2.5% payable semi-annually.

\$ 7,041,911

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013**

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

The proceeds of the 2004, 2012, and 2013 refunding bond issues were placed in special escrow accounts and are invested in securities of the U.S. Government and its Agencies. The maturities of these investments coincide with the principal and interest payments on the extinguished debts and are sufficient to pay all principal and interest on the 1996 and 2003 General Obligation Bonds and 2004 Refunding Bonds when due. Accordingly, the trust account assets and liabilities for the defeased bonds outstanding are not included in the Financial Statements. At December 31, 2013, the defeased bonds outstanding were \$5,700,000, \$25,800,000, and \$5,020,000, respectively.

Drain Districts -

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

\$ 3,311,730

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, 2013. The dollar amount of these claims is reflected on the balance Sheet of the Self-Insurance Fund, including the current portion of \$160,000.

\$ 160,000

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, 2013. The dollar amount of these claims are reflected on the Balance Sheet of the Self-Insurance Fund, including the current portion of \$110,000.

\$ 390,000

Accrued Vacation, Sick and Compensatory Leave - In accordance with contracts negotiated with the various employee groups of the County, individual employees have vested rights upon termination of employment to receive payments for unused vacation, sick and compensatory leave under formulas and conditions specified in the contracts. The Enterprise Funds portion of \$40,181 has been recorded as a long-term liability on the government-wide and fund level financial statements. The governmental activities portion of \$4,576,183 has been recorded in the government-wide financial statements as a long-term liability. The governmental activities portion is generally liquidated by the Combined General Fund or other governmental fund where the employee is charged.

Other Postemployment Benefits - In accordance with Governmental Accounting Standards Board (GASB) Statement No. 45, the Net OPEB Obligation was reported in the proprietary funds and business-type activities in the amount of \$501,050 and governmental activities in the government-wide financial statements in the amount of \$38,799,181, (including the internal service fund of \$22,412). See Note 11 for additional information. The governmental activities' portion is generally liquidated by the Combined General Fund or other governmental fund where the employee is charged.

Closure and Post-Closure Costs - In accordance with the Governmental Accounting Standards Board (GASB) Statement No. 18, the closure and post-closure care landfill liability at December 31, 2013, as reported in the Solid Waste Disposal System (Enterprise Fund/business activities) amounts to \$6,378,310. See Note 17 for additional information.

Letter of Credit - The County Landfill has a letter of credit as a surety bond issued to the Michigan Department of Environmental Quality for \$2,595,000. The letter is set to mature August 1, 2015 with interest at the prime rate. As of December 31, 2013, there have been no claims on the letter of credit.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013**

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

Annual Debt Requirements - The annual requirements to pay the debt outstanding at December 31, 2013, for the following bonds and notes (excluding accrued vacation, sick and compensatory, accrued insurance claims, other postemployment benefits and closure and post-closure landfill costs) of Primary Government are as follows:

Year Ending December 31,	Refunding Bonds		G.O. Limited Tax Bonds		Drain Districts	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 1,845,000	\$ 1,122,207	\$ 900,000	\$ 880,887	\$ 272,109	\$ 149,126
2015	1,855,000	1,074,733	1,030,000	847,962	251,665	137,101
2016	1,960,000	1,033,501	1,135,000	809,687	252,201	126,264
2017	2,015,000	981,870	1,215,000	766,937	253,909	115,268
2018	2,030,000	919,795	1,365,000	719,637	219,747	104,239
2019-2023	10,105,000	3,488,018	7,765,000	2,703,094	1,014,434	378,347
2024-2028	10,545,000	1,386,375	4,485,000	1,366,583	857,997	159,288
2029-2033	-	-	1,600,000	929,743	138,600	24,197
2034-2038	-	-	1,965,000	549,375	51,068	6,702
2039-2042	-	-	1,865,000	142,971	-	-
	<u>\$ 30,355,000</u>	<u>\$ 10,006,499</u>	<u>\$ 23,325,000</u>	<u>\$ 9,716,876</u>	<u>\$ 3,311,730</u>	<u>\$ 1,200,532</u>

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

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, 2013:

	Balance January 1, 2013	Additions	Reductions	Balance December 31, 2013	Due Within One Year
Department of Public Works (DPW) -					
General Obligation Bonds	\$ 11,890,000	\$ -	\$ 1,530,000	\$ 10,360,000	\$ 1,535,000
Drinking Water Revolving Loan	10,667,554	-	1,070,000	9,597,554	1,100,000
Revolving Loans	150,000	-	150,000	-	-
Deferred Amounts for -					
Issuance Premiums	776	-	194	582	194
Issuance Discounts	(17,896)	-	(4,474)	(13,422)	(4,474)
Total DPW	<u>22,690,434</u>	<u>-</u>	<u>2,745,720</u>	<u>19,944,714</u>	<u>2,630,720</u>
Road Commission -					
MTF Bonds - Series 2009 Refunding	1,065,000	-	525,000	540,000	540,000
Accrued Vacation & Sick	203,000	463,000	420,000	246,000	192,000
Other Postemployment Benefits	10,287,783	3,367,881	164,545	13,491,119	-
Total Road Commission	<u>11,555,783</u>	<u>3,830,881</u>	<u>1,109,545</u>	<u>14,277,119</u>	<u>732,000</u>
Drainage Districts -					
Notes Payable	5,928,515	620,000	577,754	5,970,761	3,507,752
State Clean Water Revolving Loans	3,997,000	-	169,000	3,828,000	171,000
Bonds Payable	11,026,163	-	675,233	10,350,930	725,234
Deferred Amounts for -					
Issuance Premiums	55,154	-	12,908	42,246	12,908
Issuance Discounts	(113,869)	-	(7,117)	(106,752)	(7,117)
Total Drainage Districts	<u>20,892,963</u>	<u>620,000</u>	<u>1,427,778</u>	<u>20,085,185</u>	<u>4,409,777</u>

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013**

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

	<u>Balance</u> January 1, 2013	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> December 31, 2013	<u>Due Within</u> <u>One Year</u>
Land Bank Authority - Notes Payable	\$ 29,947	\$ -	\$ -	\$ 29,947	\$ -
Community Mental Health Authority (1) -					
Loans Payable	1,491,038	-	44,968	1,446,070	1,274,071
Contracts Payable	9,425,000	-	275,000	9,150,000	300,000
Deferred Amounts for -					
Issuance Discounts	(76,979)	-	(5,499)	(71,480)	(5,499)
Accrued Vacation & Sick	1,506,786	1,276,512	1,283,901	1,499,397	1,300,000
Other Postemployment Benefits	<u>7,922,882</u>	<u>1,000,463</u>	<u>554,606</u>	<u>8,368,739</u>	<u>-</u>
Total Mental Health	<u>20,268,727</u>	<u>2,276,975</u>	<u>2,152,976</u>	<u>20,392,726</u>	<u>2,868,572</u>
Total Component Units	<u>\$ 75,437,854</u>	<u>\$ 6,727,856</u>	<u>\$ 7,436,019</u>	<u>\$ 74,729,691</u>	<u>\$ 10,641,069</u>

(1) October 1, 2012 through September 30, 2013

Department of Public Works

General Obligation Bonds -

General Obligation Bonds have been issued by the County to construct several water supply and sewage disposal systems for various townships, villages and cities in the County. The County in turn is leasing the systems to the various municipalities who operate, maintain and manage the systems. The bonds were sold with the full faith and credit of the Townships, Villages, Cities, and County pursuant to Act 185, Public Acts of Michigan, 1957, as amended. The original amount of the general obligation bonds issued in prior years was \$23,015,000.

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

<u>Purpose</u>	<u>Interest Rate</u>	
Governmental activities	2.25 - 5.55 %	\$ 5,780,000
Governmental activities - refunding	1.50 - 4.90	<u>4,580,000</u>
		<u>\$ 10,360,000</u>

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

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013**

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

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

The proceeds from the refunding issues, after payment of issuance costs, were placed in special escrow accounts and invested in securities of the U.S. Government and its agencies. The maturities of these investments coincide with the principal and interest payments on the extinguished debts and are sufficient to pay all principal and interest when due. Accordingly, the trust account assets and liabilities for the defeased bonds outstanding are not included in the DPW Financial Statements. At December 31, 2013 the bonds outstanding of \$325,000 for WSS No. II Bonds, and \$1,975,000 and \$440,000 for the WSS No. VII Bonds were considered defeased.

Drinking Water Revolving Loans -

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

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

<u>Purpose</u>	<u>Interest Rate</u>	
Governmental activities	2.125 - 2.5%	<u>\$ 9,597,554</u>

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

Year Ending December 31,	<u>General Obligation Bonds</u>		<u>Drinking Water Revolving Loans</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 1,535,000	\$ 405,221	\$ 1,100,000	\$ 269,301
2015	1,570,000	347,867	1,125,000	242,409
2016	1,430,000	286,448	1,150,000	214,913
2017	1,130,000	229,990	1,180,000	191,746
2018	1,140,000	184,327	1,215,000	162,849
2019-2023	2,430,000	444,651	2,755,600	333,346
2024-2028	1,000,000	136,381	1,071,954	46,152
2029	<u>125,000</u>	<u>2,625</u>	<u>-</u>	<u>-</u>
	<u>\$ 10,360,000</u>	<u>\$ 2,037,510</u>	<u>\$ 9,597,554</u>	<u>\$ 1,460,716</u>

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013**

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

	<u>Interest Rate (Percent)</u>	<u>Balance December 31, 2013</u>
Governmental Activities (G.O. Bonds) -		
Sewage Disposal System No. X - Series 2000 Bonds (Village of Capac)	5.35-5.55	\$ 380,000
Water Supply System No. II-A Series 2001 Bonds (Clay Township)	4.70-5.00	2,275,000
Water Supply System No. XII - Series 2008 Bonds (Cottrellville Township)	4.00-5.00	1,125,000
Water Supply System No. XIII A - Series 2009 Bonds (Cottrellville Township)	3.00-4.20	<u>2,000,000</u>
		<u>5,780,000</u>
Governmental Activities (G.O. Refunding) -		
Water Supply System No. IIA - 1999 Refunding Bonds (Clay Township)	4.75-4.90	320,000
Water Supply System VII - 2003 A Refunding Bonds (Ira Township)	3.70-4.125	1,920,000
Water Supply System VII - 2003 B Refunding Bonds (Ira Township)	3.70-3.80	425,000
Water Supply System IX - 2004 Refunding Bonds (Burtchville Township)	3.50-3.60	670,000
Sewage Disposal System I - 2012 Refunding Bonds (City of Algonac/Clay and Ira Townships)	1.50-2.625	<u>1,245,000</u>
		<u>4,580,000</u>
		<u>\$ 10,360,000</u>
Governmental Activities (Revolving Loans) -		
Water Supply System X Series 1999 (City of Algonac/Clay Township)	2.50	\$ 2,770,600
Water Supply System III Series 1999 (Charter Townships of East China and China)	2.50	3,435,000
Water Supply System XI Series 2006 (Ira Township)	2.125	<u>3,391,954</u>
		<u>\$ 9,597,554</u>

Road Commission

MTF Bonds - Series 2009 Refunding -

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

Principal on the bonds is due on August 1, 2014 with interest due semi-annually on February 1 and August 1 at interest rates of 2.625%. The balance as of December 31, 2013 was \$540,000.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013**

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

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, 2014 with interest of 1.0% in excess of the prime rate and collateralized by a hold on a checking account. As of December 31, 2013, 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 \$61,000 for sick leave and \$185,000 for vacation at December 31, 2013.

Post Employment Benefits -

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

The annual requirements for the Michigan Transportation Fund Bonds of the Road Commission at December 31, 2013 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ <u>540,000</u>	\$ <u>14,175</u>	\$ <u>554,175</u>

Drainage Districts

Bonds Payable -

South Branch of Mill Creek Intercounty Drain Bonds -

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

Principal on the bonds is due on June 1 of each year through 2017 with interest due semi-annually at interest rates ranging from 5.0% to 6.0%. St. Clair County's portion of the bonds at December 31, 2013 was \$800,930.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013**

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

Blue River Gardens Drain Drainage District Bonds -

In February 2008, the Blue River Gardens Drain Drainage District issued \$555,000 of bonds for improvements to the drainage district. The bonds will be paid from special assessments against property and public corporations within the drainage district. Principal on the bonds is due June 1 of each year through 2027 with interest due semi-annually at interest rates ranging from 3.50% to 5.10%. The balance outstanding at December 31, 2013 was \$420,000.

Bunce Creek & Huffman Drain Drainage District Bonds -

In March 2009, the Bunce Creek & Huffman Drain Drainage District issued \$4,625,000 of bonds for improvements to the drainage district. The bonds will be paid from special assessments against property and public corporations within the drainage district. Principal on the bonds is due on April 1 of each year through 2029 with interest due semi-annually at interest rates ranging from 4.00% to 5.375%. The balance outstanding at December 31, 2013 was \$3,960,000.

Gossman and Branches Drain Drainage District Bonds -

In February 2012, the Gossman and Branches Drain Drainage District issued \$1,900,000 of bonds for improvements to the drainage district. The bonds will be paid from special assessments against property and public corporations within the drainage district. Principal on the bonds is due May 1 of each year through 2027 with interest of 3.15% due semi-annually. The balance outstanding at December 31, 2013 was \$1,785,000.

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 district. Principal on the bonds is due on May 1 of each year through 2030 with interest due semi-annually at interest rates ranging from 3.50% to 4.50%. The balance outstanding at December 31, 2013 was \$2,150,000.

Pelton Drain Drainage District Bonds -

In August 2011, the Pelton Drain Drainage District issued \$1,300,000 of bonds for improvements to the drainage district. The bonds will be paid from special assessments against property and public corporations within the drainage district. Principal on the bonds is due April 1 of each year through 2031 with interest due semi-annually at 4.25%. The balance outstanding at December 31, 2013 was \$1,235,000.

State Clean Water Revolving Fund Loans -

Department of Environmental Quality Bonds have been sold for \$2,425,000 and \$560,000 through the State of Michigan Clean Water Revolving Fund to construct sanitary sewer improvements, including two sanitary sewage pump stations and a treatment lagoon for the South Branch Pine River Drain Drainage District. Payments on the loans will be paid through special assessments. Principal on the bonds is due on April 1 of each year through 2028 with interest due semi-annually at interest rates of 1.625% and 2.50%, respectively, for each of the bonds. The balances outstanding at December 31, 2013 were \$1,955,000 and \$445,000.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013**

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

Department of Agriculture Bonds have been sold for \$1,520,000 through the State of Michigan Clean Water Revolving Fund to finance the acquisition, construction, furnishing and equipping of improvements to the Number 211, Avoca Wastewater Treatment Project Drainage District. Payments on the loan will be paid through special assessments to the drainage district. Principal payments on the loan are due on September 1 of each year through 2039 with interest payable semi-annually at 4.25%. The balance outstanding at December 31, 2013 was \$1,428,000.

Notes Payable -

St. Clair County, through the Drain Commission, administers the construction of drains, which are deemed to benefit properties against which special assessments are levied. To finance the construction, notes are issued in accordance with the provisions of Act No. 40 of the Michigan Public Acts of 1956, as amended by Act No. 71, Public Acts of 1976 or has received loans from the primary government. Repayment of the notes is made from the special assessment revenues, payment from other government units, etc. During the year the Drain Commission issued \$620,000 of drain notes. The balance of the obligations at December 31, 2013 was as follows:

	<u>Interest Rate</u>	<u>Amount</u>
Governmental Activities -		
Dana	5.90 %	\$ 160,000
Layle-Robbins Drain	2.60	13,300*
202 County Drain	1.80	90,000*
State Road County Drain	1.80	50,000*
Stocks Creek & Branch	1.80	990,000*
Galbraith County Drain	3.50	413,000*
Richmond/Columbus Intercounty Drain	4.70	339,124
Fueslein Drain	3.75	180,000*
Metcalf	3.25	97,500*
Carrigan Branches	1.80	10,000*
Carrigan Branch 1	5.69	145,000
Shanahan 2009ZE	3.25	100,000*
Chase Ext - Coon Creek Intercounty Drain	4.75	66,080
Green Drain	1.80	250,000*
Holland & Branches 2010 County Drain	1.80	270,000*
King County Drain	1.80	25,000*
Lakeland County Drain	1.80	100,000*
Macomb County Drain	1.80	60,000*
Howe Brandymore & Branches	1.80	630,000*
Holland & Branches 2013 County Drain	1.80	70,000*
Keewahdin Branch of Carrigan Drain	1.80	180,000*
Baldwin Drain	3.50	371,000*
Robbins Drain	3.25	37,500*
South Branch of the Pine River	4.23	152,000
Scheffler Drain	4.12	60,000
Barringer Drain	3.77	406,000
Shea Drain	3.50	162,400*
Marine City Drain	1.80	140,000*
Price Drain	3.50	342,857*
Lester Bammel	1.80	60,000*
		<u>\$ 5,970,761</u>

* Amounts held by Primary Government

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013**

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

Annual debt service requirements to maturities are as follows:

Year Ended December 31,	Bonds		Notes		Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 725,234	\$ 433,760	\$ 3,507,752	\$ 161,087	\$ 171,000	\$ 102,336
2015	765,232	403,432	545,253	85,587	177,000	98,484
2016	775,232	370,769	435,253	64,361	179,000	94,549
2017	775,232	336,260	402,754	49,072	180,000	90,530
2018	580,000	307,069	279,040	34,998	187,000	86,426
2019-2023	2,990,000	1,164,090	657,641	84,722	1,007,000	365,302
2024-2028	2,945,000	508,148	143,068	78,069	1,130,000	242,648
2029-2033	795,000	35,083	-	-	316,000	143,694
2034-2038	-	-	-	-	392,000	70,296
2039	-	-	-	-	89,000	3,782
	<u>\$ 10,350,930</u>	<u>\$ 3,558,611</u>	<u>\$ 5,970,761</u>	<u>\$ 557,896</u>	<u>\$ 3,828,000</u>	<u>\$ 1,298,047</u>

Land Bank Authority

Notes Payable -

The Land Bank Authority issued notes in accordance with Provisions of Act No. 40 of the Michigan Public Acts of 1956, as Amended by Act No. 71 of the Public Acts of 1976. The Land Bank Authority has received a loan from the primary government to acquire foreclosed properties within the County. Repayment of the promissory notes will be made when the properties are ultimately sold. The balance at December 31, 2013 was \$29,947.

Community Mental Health Authority

Loans Payable -

In August 2007, the Authority entered into a loan agreement for \$1,250,000 for the purchase of six homes, which will be used to provide mental health services. The loan calls for 119 monthly payments of \$7,503, including interest of 5.19% with a final payment of \$939,864 on August 21, 2017; however, the entire note is due on demand. \$ 1,071,578

On May 3, 2011, the Authority entered into a promissory note for the purchase of the Allen Road Home for \$124,000. The note is to be repaid in monthly installments of \$917, including interest of 4.0%, through May 3, 2016, at which time the remaining is due. The note is secured by the home. 109,430

On June 28, 2011, the Authority entered into a promissory note for the Strawberry Lane Home for \$86,400. The note is to be repaid in 180 monthly payments of \$743, including interest at the Treasury Security Rate plus 4.633%. 73,421

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

\$ 1,446,070

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013**

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

Contracts Payable -

The Authority has entered into a lease agreement with St. Clair County for the acquisition, construction, and equipping of a new consolidated office building. The County has issued bonds for the project, and the debt service payments will be paid through the lease with the Authority. The bonds dated April 1, 2007 for \$10,490,000 are due in annual installments of \$300,000 to \$950,000 through April 1, 2026 with interest ranging from 4.0% to 4.3%.

\$ 9,150,000

Accrued Vacation and Sick -

In accordance with contracts negotiated with various employee groups of the Authority, individual employees have vested rights upon termination of employment to receive payments for unused vacation and sick leave under formulas and conditions specified in the contract. As of September 30, 2013, the vested benefits amounted to \$1,499,397.

Other Postemployment Benefits -

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

Annual debt requirements to pay the debt outstanding at September 30, 2013 (excluding vacation and sick and other postemployment benefits) are as follows:

Year Ended September 30,	Notes Payable		Contracts Payable	
	Principal *	Interest *	Principal	Interest
2014	\$ 54,188	\$ 72,716	\$ 300,000	\$ 374,175
2015	57,782	70,659	400,000	360,175
2016	149,085	65,873	450,000	343,175
2017	975,072	55,175	500,000	324,175
2018	16,005	11,397	600,000	302,175
2019-2023	175,739	13,251	4,100,000	1,048,512
2024-2026	18,199	2,089	2,800,000	182,525
	<u>\$ 1,446,070</u>	<u>\$ 291,160</u>	<u>\$ 9,150,000</u>	<u>\$ 2,934,912</u>

* The annual debt requirement for the August 2007 note assumes the bank will not demand payment early. Also it is based on the amount due from October 1, 2013 note.

NOTE 10 - RETIREMENT PLAN:

DEFINED BENEFIT PLAN

Plan Description -

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

ST. CLAIR COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2013

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

The membership at December 31, 2012 was composed of 803 active participants, 642 retirees and beneficiaries, and 147 inactive but vested members. In general all employees are eligible for regular retirement as follows:

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

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

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

All Employees - age 60 with 8 years of service.

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

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

Summary of Significant Accounting Policies -

Basis of Accounting -

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

Method Used to Value Investments -

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

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013**

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

Contribution and Funding Policy -

The Plan's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as a level dollar amount for General County employees and as percentages of annual covered payroll for Community Mental Health and Road Commission employees, are designed to accumulate sufficient assets to pay benefits when due. During the year ended December 31, 2013, contributions totaling \$9,523,815 (\$7,378,242 employer and \$2,145,573 employee) were made in accordance with contribution requirements determined by an actuarial valuation for the plan as of December 31, 2011. The required employer contributions were \$5,164,114 for General County and 11.86% and 27.26% for Community Mental Health and Road Commission, respectively, of covered payroll. Employee contributions represent 5.0% of covered payroll. (For the Road Commission, employees contributed 7% through March 1, 2013 and 8.0% thereafter.) The contribution requirement of a plan member and the County are established by the St. Clair County Retirement Board and may be amended by the St. Clair County Board of Commissioners. Most administrative costs of the plan are paid with retirement assets. The defined benefit plan for the General County excluding Sheriff Deputies, along with the Road Commission, are closed to new hires.

The required contribution rate was determined as part of the December 31, 2011 actuarial valuation using the individual entry age normal cost method. The actuarial assumptions included (a) 7.5% net investment rate of return, and (b) projected salary increases of 5.5% to 11.0% per year, which includes pay inflation at 5.0%. There are no projected cost of living adjustments. The actuarial value was determined using techniques that smooth the effect of short-term volatility in the market value of investments over a five-year period. The Plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open period, with a remaining amortization period as of December 31, 2011 of 20 years for Community Mental Health and amortized as a level dollar on a closed period with a remaining amortization period, as of December 31, 2011, of 18 years for General Employees and 20 years for the Road Commission.

Annual Pension Cost and Net Pension Asset -

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

	<u>Primary Government</u>	<u>Component Units</u>
Annual required contributions	\$ 5,164,114	\$ 2,181,635
Interest on beginning pension asset	(4,286)	(25,323)
ARC adjustment	<u>5,888</u>	<u>27,093</u>
Annual pension cost	5,165,716	2,183,405
Contributions made	<u>(5,164,114)</u>	<u>(2,181,635)</u>
Decrease in net pension asset	1,602	1,770
Net pension asset – beginning of year	<u>(57,147)</u>	<u>(337,644)</u>
Net pension asset – end of year	<u><u>\$(55,545)</u></u>	<u><u>\$(335,874)</u></u>

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

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013**

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

Schedule of Funding Progress -

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/(c)
12/31/10*	\$ 180,051,710	\$ 209,379,385	\$ 29,327,675	86.0 %	\$ 44,623,366	65.7 %
12/31/11	179,169,959	216,285,667	37,115,708	82.8	43,552,768	85.2
12/31/12	179,949,922	221,491,359	41,541,437	81.2	40,514,547	102.5

*Plan amended

Schedule of Employer Contributions -

Primary Government

Year Ended December 31,	Annual Pension Cost	Percentage Contributed	Net Pension Asset
2011	\$ 4,664,029	100.00 %	\$ -
2012	4,490,006	101.27	57,147
2013	5,165,716	99.97	55,545

Component Units

Road Commission -

Year Ended December 31,	Annual Pension Cost	Percentage Contributed	Net Pension Asset
2011	\$ 735,133	100.00 %	\$ -
2012	703,742	148.00	337,644
2013	981,693	99.80	335,874

Community Mental Health -

Year Ended September 30,	Annual Pension Cost	Percentage Contributed	Net Pension Asset
2011	\$ 1,072,530	100.00 %	\$ -
2012	1,166,461	100.00	-
2013	1,201,712	100.00	-

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

DEFINED CONTRIBUTION PLAN

General Government

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

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013**

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

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

Employer and employee contributions for the year-ended December 31, 2013 were \$248,395 and \$314,147, respectively.

Component Units

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

For the year ended December 31, 2013, the Road Commission contributed \$17,874 and employees contributed \$17,874 to the plan.

NOTE 11 - POSTEMPLOYMENT HEALTH CARE PLAN:

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

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

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

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

Beneficiaries of deceased retirees and survivors of deceased employees are provided health and dental 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.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013**

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

Summary of Significant Accounting Policies -

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

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

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

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

Contribution and Funding Policy -

The Plan's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. During the year ended December 31, 2013, contributions of \$1,796,717 (\$1,156,454 employer and \$640,263 employee) were made. Employer contributions were 6.1% of covered payroll for Community Mental Health, 4.9% for the Road Commission and 2.5% (\$607,570) for General County employees. The actuarial valuation dated December 31, 2012 determined contribution rates of 11.02% and 91.60% of covered payroll for Community Mental Health and Road Commission employees, respectively, and \$6,326,013 for General County employees using an assumed rate of increase of health care costs as follows:

	<u>Medical and Prescription Drug</u>	<u>Dental</u>
2013	9.0 %	5.00 %
2014	8.5	5.00
2015	8.0	5.00
2016	7.5	5.00
2017	7.0	5.00
2018 and after	5.0 - 6.5	5.00

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

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

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013**

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

The required contribution rate was determined as part of the December 31, 2012 actuarial valuation using the individual entry age normal level percent of salary cost method. The actuarial assumption included (a) 5.0% net investment rate of return, (b) projected salary increases of 3.5% to 8.0% per year, (c) an annual healthcare cost trend of 9.0% initially, reduced by decrements of 0.5% to an ultimate rate of 5% after 8 years, and (d) an annual dental cost trend rate of 5%. There are no projected cost of living adjustments. The actuarial value was determined using techniques that smooth the effect of short-term volatility in the market value of investment over a five-year period. The Plan unfunded actuarial accrued liability is being amortized as a level dollar amount for General County employees and as a level percentage of member payroll for Community Mental Health and Road Commission on a closed period, with a remaining amortization period, as of December 31, 2012, of 17 years.

Annual OPEB Cost and Net OPEB Obligation -

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

	Primary Government	Component Units
Annual required contribution	\$ 6,326,013	\$ 4,885,584
Interest on net OPEB obligation	1,746,685	910,533
Adjustment to annual required contribution	<u>(3,098,589)</u>	<u>(1,427,773)</u>
Annual OPEB cost (expense)	4,974,109	4,368,344
Contributions made	<u>(607,570)</u>	<u>(719,151)</u>
Increase in net OPEB obligation	4,366,539	3,649,193
NET OPEB obligation – beginning of year	<u>34,933,692</u>	<u>18,210,665</u>
NET OPEB obligation – end of year	<u>\$ 39,300,231</u>	<u>\$ 21,859,858</u>

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

Schedule of Funding Progress -

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/(c)
12/31/10*	\$ 36,105,532	\$ 244,063,636	\$ 207,958,104	14.8 %	\$ 44,623,366	466 %
12/31/11	35,528,936	223,723,268	188,194,332	15.9	43,482,070	433
12/31/12#	32,831,573	116,604,115	83,772,542	28.2	40,053,245	209

*Amortization period changed

#Assumptions and plan provisions changed

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

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013**

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

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

Schedule of Employer Contributions -

General Government

<u>Year Ended December 31,</u>	<u>Annual OPEB Cost</u>	<u>Percentage Contributed</u>	<u>Change In Net OPEB Obligation</u>	<u>Net OPEB Obligation</u>
2011	\$ 12,453,607	29.08 %	\$ 8,832,526	\$ 24,220,790
2012	11,758,622	8.89	10,712,902	34,933,692
2013	4,974,109	12.21	4,366,539	39,300,231

Component Units -

Road Commission

<u>Year Ended December 31,</u>	<u>Annual OPEB Cost</u>	<u>Percentage Contributed</u>	<u>Change In Net OPEB Obligation</u>	<u>Net OPEB Obligation</u>
2011	\$ 2,159,516	- %	\$ 2,159,516	\$ 8,549,233
2012	1,940,490	10.41	1,738,550	10,287,783
2013	3,367,881	4.89	3,203,336	13,491,119

Community Mental Health

<u>Year Ended September 30,</u>	<u>Annual OPEB Cost</u>	<u>Percentage Contributed</u>	<u>Change In Net OPEB Obligation</u>	<u>Net OPEB Obligation</u>
2011	\$ 2,433,274	28.00 %	\$ 1,751,769	\$ 5,993,262
2012	2,295,907	15.95	1,929,620	7,922,882
2013	1,000,463	55.43	445,857	8,368,739

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 12 - CONTINGENT LIABILITIES:

Primary Government -

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

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

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

Component Unit - Road Commission -

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

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

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 \$350,000 in individual claims for 2013.

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 \$160,000 for unemployment compensation, disability and workers' compensation, respectively.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013**

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 established pursuant to laws of the State of Michigan which authorize local units of government to exercise jointly any power, privilege or authority which each might exercise separately.

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

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

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

The County has also elected to be a member of the Stop Loss Program, which limits the County's self-insurance retention. For 2013, that Stop Loss Program limited the retention for St. Clair County to \$760,000 in aggregate claims paid during the year.

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

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

Based on claims currently pending and past history, the County has estimated the accrued property and liability claims, including an estimate for claims incurred but not reported (IBNR), of \$390,000, which is recorded in the Self-Insurance Fund.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013**

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

The County is self-insured for health care benefits with the administrative services of the program being performed on a contractual basis by a third party. The County pays claims up to \$150,000 per contract per contract year. Stop-loss insurance has been purchased to insure the County against losses in excess of these limits. Based on past history, the County has estimated the accrued health care claims, including an estimate for claims incurred but not reported (IBNR), of \$400,000 at December 31, 2013, 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>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Unpaid claims, beginning of year	\$ 370,000	\$ 80,000	\$ -	\$ -	\$ -	\$ -
Incurred claims (including IBNR's)	122,620	333,211	327,460	390,444	197,835	118,254
Claims paid	(102,620)	(43,211)	(327,460)	(390,444)	(197,835)	(118,254)
Unpaid claims, end of year	390,000	370,000	-	-	-	-
Less current portion	(110,000)	(55,000)	-	-	-	-
Long-term Liabilities	<u>\$ 280,000</u>	<u>\$ 315,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
	<u>Worker's Compensation</u>		<u>Health Care</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Unpaid claims, beginning of year	\$ 45,000	\$ 150,000	\$ 550,000	\$ 750,000	\$ 965,000	\$ 980,000
Incurred claims (including IBNR's)	259,354	19,107	7,177,918	10,803,593	8,085,187	11,664,609
Claims paid	(144,354)	(124,107)	(7,327,918)	(11,003,593)	(8,100,187)	(11,679,609)
Unpaid claims, end of year	160,000	45,000	400,000	550,000	950,000	965,000
Less current portion	(160,000)	(45,000)	(400,000)	(550,000)	(670,000)	(650,000)
Long-term Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 280,000</u>	<u>\$ 315,000</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, 2013

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

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

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

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

The Road Commission is self-insured for health care benefits. The administrative services for the self-insured program are performed by the health insurance company. The Road Commission makes monthly payments, based on estimated claims and a stop-loss provision (up to \$40,000 per contract per contract year), which are adjusted quarterly.

The Road Commission has estimated accrued health care claims in excess of the last quarter payments, including an estimate for claims incurred but not reported (IBNR), of \$58,000 at December 31, 2013, which is recorded as a current liability.

Community Mental Health Authority

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

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

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

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

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013**

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

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

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

NOTE 14 - MAJOR TAXPAYER:

The County is economically dependent upon the Detroit Edison Company that has real and personal property within the County with a taxable value of \$673,371,965. This represents approximately 12.4 percent of the taxable value for the County.

NOTE 15 - DEFERRED COMPENSATION:

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

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

NOTE 16 - NET POSITION/FUND BALANCE:

NET INVESTMENT IN CAPITAL ASSETS -

Governmental Activities:

Capital Assets		\$ 93,710,202
Less related debt -		
2007 G.O. Bonds	(2,650,000)
2004 Authority Refunding Bonds	(610,000)
2013 Refunding Bonds	(5,380,000)
2009 G.O. Bonds	(2,525,000)
2012 Refunding Bonds	(24,365,000)
2012 G.O. Bonds	\$(9,000,000)
Unspent portion of		
2012 G.O. Bonds	5,287,400	(3,712,600)
Bond premiums	(2,270,892)
Bond discounts		87,589
Refunding loss		<u>1,382,295</u>
		<u>\$ 53,666,594</u>

Business-type Activities:

Capital Assets		\$ 20,999,325
Less related debt -		
2010 G.O. Bond	(7,041,911)
		<u>\$ 13,957,414</u>

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013**

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, 2013:

	<u>Enabling Legislation</u>	<u>Other</u>	<u>Total</u>
Governmental Funds/Activities:			
Acquisition/construction of capital assets:			
Public Improvement	\$ -	\$ 3,790,504	\$ 3,790,504
Convention Center	-	5,287,400	5,287,400 (A)
Communications Construction	-	980	<u>980</u>
			<u>9,078,884</u>
Debt Service:			
Mental Health Building Debt Fund	-	610	610
Communications Debt Fund - 2007	966,140	-	966,140
Communications Debt Fund - 2009	75	-	75
Building Authority Debt Fund	-	3,677	3,677
Convention Center	-	776,389	776,389
Jail/Juvenile Facility	-	3,504	<u>3,504</u>
			<u>1,750,395</u>
Recreation and Cultural:			
Parks and Recreation	1,876,437	-	1,876,437
Library	2,423,086	-	<u>2,423,086</u>
			<u>4,299,523</u>
Health and Welfare:			
Senior Citizens Millage	1,460,362	-	1,460,362
CDBG Housing	-	298,727	298,727
HUD Housing	-	95,311	95,311
Veterans' Trust	-	8,028	8,028
Veterans' Millage	135,200	-	<u>135,200</u>
			<u>1,997,628</u>
Public Safety:			
Drug Task Force	210,049	-	210,049
Drug Law Enforcement	-	412,012	412,012
Local Corrections and Training	-	25,280	25,280
Prosecutor's Drug Forfeiture	-	169,539	<u>169,539</u>
			<u>816,880</u>
Other Purposes:			
Friend of Court	-	260,511	260,511
Family Counseling	98,552	-	98,552
Deeds Automation	524,795	-	<u>524,795</u>
			<u>883,858</u>
Total Restricted Fund Balance - Governmental Funds			18,827,168
Unspent Bond Proceeds	-	(5,287,400)	<u>(5,287,400) (A)</u>
Total Restricted Net Position - Governmental Activities			<u>\$ 13,539,768</u>

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013**

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

	<u>Enabling Legislation</u>	<u>Other</u>	<u>Total</u>
Business-type Activities:			
Foreclosure sales	\$ -	\$ 2,416,812	<u>\$ 2,416,812</u>

COMMITTED FUND BALANCES -

At December 31, 2013, the Board of Commissioners had committed the following fund balances:

Combined General Fund -			
Budget Incentive		\$ 1,093,040	
Nonmajor Funds -			
Special Revenue Funds -			
General Government -			
Convention Center		100,000	
Health and Welfare -			
Health Department		829,002	
Human Services		178,731	
Child Care		1,097,934	
Community and Economic Development -			
Brownfield Redevelopment		42,800	
Capital Projects Funds -			
Capital Outlay - Municipal Building		<u>188,876</u>	
		<u>\$ 3,530,383</u>	

ASSIGNED FUND BALANCES -

At December 31, 2013, the Administrator/Controller had assigned the following fund balance:

Combined General Fund -		
Development Revolving		<u>\$ 1,577,001</u>

NOTE 17 - CLOSURE AND POSTCLOSURE CARE COSTS:

State and Federal laws and regulations require that the County of St. Clair place a final cover on its landfill and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on the future closure and postclosure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of the landfill closure and postclosure care costs is based on the amount of the landfill capacity used during the year. The estimated liability for landfill closure and postclosure care costs was \$6,378,310 at December 31, 2013, which is based on the estimated percentage of capacity used to date of 29.6%.

Currently the County has 97 acres licensed, with an additional 10 acres available for licensing. It is estimated that an additional \$17,419,509 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 82 years.

The estimated total current cost of the landfill closure and post-closure care cost of \$23,797,819 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, 2013. 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.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013**

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

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

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

NOTE 18 - CHANGE IN ACCOUNTING PRINCIPLE/PRIOR PERIOD ADJUSTMENTS:

During the year the County adopted GASB Statement No. 65 *Items Previously Reported as Assets and Liabilities*. This statement is a follow-up to GASB No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* which established new components on the Statement of Net Position, as defined in GASB Concept Statement No. 4. GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources, deferred inflows of resources, or outflow of resources certain items that were previously reported as assets and liabilities.

The effect of implementing this statement decreased net position in the Governmental Activities by \$179,832, the Business-type Activities and Solid Waste Disposal System by \$84,487, and component units by \$240,636 as a result of reporting bond issuance costs as an outflow of resources, which under the preceded guidance required deferral and amortization of these amounts over the life of the debt issue.

An additional effect on the County of adopting this standard is the reclassification of deferred revenue (liability category used prior to 2013) on the governmental funds balance sheet for property taxes that were levied for a subsequent year and unavailable revenues for delinquent property, lease contracts, revolving loans, and grants/fees to deferred inflows of resources (a separate category) as of December 31, 2013. The adoption of this standard has no effect on the change in fund balances for the year ended December 31, 2013.

Business-Type Activities and Solid Waste Disposal System Fund -

Costs capitalized for specific projects were re-evaluated during 2013 as well as the method used for depreciation. The original capitalized cost of the project was decreased by \$1,682,989 and accumulated depreciation for previous years increased by \$894,992 with a total change in beginning net position of \$2,577,981.

For the year ended December 31, 2012, the change in net position would have been decreased by \$231,629 for depreciation on assets and \$333,082 for the costs that were classified as capital assets for a total decrease in net position of \$564,711.

NOTE 19 - SUBSEQUENT EVENTS:

After the end of the year the Board of Commissioners approved the following bonds to be sold in 2014: 2014 Capital Improvement Bonds for \$6,870,000, Lakeland Drain Drainage District 2014 Drainage District Bonds for \$1,400,000 (Drainage Districts - component unit), and Sewage Disposal System No. 1 Bonds, Series 2014 for \$600,000 (Department of Public Works - component unit).

REQUIRED SUPPLEMENTARY INFORMATION

ST. CLAIR COUNTY, MICHIGAN

**REQUIRED SUPPLEMENTARY INFORMATION
BASIC RETIREMENT SYSTEM**

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/03 *	\$ 146,556,581	\$ 139,409,729	\$(7,146,852)	105.13%	\$ 38,047,803	-18.78%
12/31/04 *	144,411,118	149,377,188	4,966,070	96.68%	39,609,752	12.54%
12/31/05 *,#	153,016,205	159,090,379	6,074,174	96.18%	42,622,922	14.25%
12/31/06 *	165,525,909	171,374,116	5,848,207	96.59%	44,015,666	13.29%
12/31/07 *	176,628,933	181,439,996	4,811,063	97.35%	44,600,186	10.79%
12/31/08 *	175,091,222	191,638,371	16,547,149	91.37%	45,511,253	36.36%
12/31/09 *	176,924,494	203,602,461	26,677,967	86.90%	46,078,581	57.90%
12/31/10 *	180,051,710	209,379,385	29,327,675	85.99%	44,623,366	65.72%
12/31/11	179,169,959	216,285,667	37,115,708	82.84%	43,552,768	85.22%
12/31/12 #	179,949,922	221,491,359	41,541,437	81.24%	40,514,547	102.53%

* Plan amended

Certain assumptions revised

Schedule of Employer Contributions

Year Ended December 31,	Annual Required Contribution	Percentage Contributed
2004	\$ 1,408,431	100.00%
2005	2,791,134	100.00%
2006	4,211,036	100.00%
2007	4,177,556	100.00%
2008	4,312,555	100.00%
2009	4,382,161	100.00%
2010	5,067,619	100.00%
2011	6,513,424	100.00%
2012	6,360,209	106.21%
2013	7,345,749	100.00%

Actuarial Cost Method

Individual Entry Age Normal Cost

Asset Valuation Method

Market Value with 5 year Smoothing of Gains and Losses

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

Net Investment Return

7.50%

Projected Salary Increases

5.0% pay inflation plus merit and longevity

Cost-of-Living Adjustments

None

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

ST. CLAIR COUNTY, MICHIGAN

**REQUIRED SUPPLEMENTARY INFORMATION
RETIREE HEALTH BENEFITS**

Schedule of Funding Progress

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

Certain assumptions revised

** Amortization period changed

@ Plan provisions changed

Schedule of Employer Contributions

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

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

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

ST. CLAIR COUNTY, MICHIGAN

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

FOR THE YEAR ENDED DECEMBER 31, 2013

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
Revenues:				
Taxes	\$ 28,216,906	\$ 28,482,906	\$ 29,016,571	\$ 533,665
Licenses and permits	536,000	546,000	562,790	16,790
Intergovernmental	9,971,168	12,605,599	12,217,426	(388,173)
Charges for services	8,864,357	8,429,281	8,605,623	176,342
Fines and forfeits	377,630	390,630	392,020	1,390
Interest and rent	1,135,693	1,035,693	904,917	(130,776)
Other	2,603,205	2,721,835	2,715,207	(6,628)
Total Revenues	<u>51,704,959</u>	<u>54,211,944</u>	<u>54,414,554</u>	<u>202,610</u>
Expenditures:				
Legislative -				
Board of Commissioners	237,364	209,364	209,837	(473)
Other Legislative Activities	1,470,843	1,470,843	1,628,873	(158,030)
	<u>1,708,207</u>	<u>1,680,207</u>	<u>1,838,710</u>	<u>(158,503)</u>
Judicial -				
Circuit Court	1,781,209	1,782,606	1,710,614	71,992
District Court	2,340,224	2,348,525	2,220,608	127,917
Courthouse Security	444,952	450,765	439,019	11,746
Friend of the Court	2,674,378	2,696,339	2,565,229	131,110
Probate Court	1,050,110	1,034,225	874,887	159,338
Family Division - Circuit Court	1,666,316	1,680,956	1,668,790	12,166
Probation	12,333	12,333	5,404	6,929
District Court Probation	708,341	713,939	670,192	43,747
	<u>10,677,863</u>	<u>10,719,688</u>	<u>10,154,743</u>	<u>564,945</u>
General Government -				
Administrator/Controller	429,301	439,923	424,628	15,295
Elections	92,723	92,723	25,238	67,485
Accounting	320,746	323,114	312,361	10,753
Clerk	891,351	898,025	770,178	127,847
Equalization	885,928	891,956	777,847	114,109
Human Resources	307,044	314,712	337,522	(22,810)
Prosecuting Attorney	2,575,510	2,713,490	2,673,722	39,768
Victims Rights	10,800	10,800	3,811	6,989
Purchasing	144,691	145,337	120,099	25,238
Register of Deeds	93,564	96,071	92,117	3,954
Treasurer	451,455	439,685	407,296	32,389
Cooperative Extension	221,293	223,015	197,043	25,972
Information Technology	2,248,211	2,257,469	2,236,912	20,557
Building and Grounds	2,429,703	2,344,129	2,266,740	77,389
Drain Commissioner	334,259	384,426	330,369	54,057
Motor Pool	12,500	16,500	14,409	2,091
	<u>11,449,079</u>	<u>11,591,375</u>	<u>10,990,292</u>	<u>601,083</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, 2013

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
Public Safety -				
Sheriff	\$ 7,473,291	\$ 8,318,681	\$ 8,350,982	\$(32,301)
Training	14,000	14,000	15,471	(1,471)
Communications/Radio	1,740,784	1,631,812	1,633,251	(1,439)
Marine Law Enforcement	224,123	225,845	214,235	11,610
Dive Team	27,376	27,376	27,635	(259)
Corrections / Jail	10,616,767	11,186,144	10,986,515	199,629
Other Corrections Activities	280,000	231,684	185,083	46,601
Emergency Preparedness	498,915	1,624,889	1,840,230	(215,341)
Hazardous Material Handling	26,621	19,188	26,946	(7,758)
Animal Shelter/Dog Warden	340,939	376,209	375,090	1,119
	<u>21,242,816</u>	<u>23,655,828</u>	<u>23,655,438</u>	<u>390</u>
Public Works -				
Road Commission	-	900,000	900,000	-
Drains	100,000	103,786	103,724	62
	<u>100,000</u>	<u>1,003,786</u>	<u>1,003,724</u>	<u>62</u>
Health and Welfare -				
Medical Examiner	311,247	319,039	330,460	(11,421)
Mental Health	955,672	955,672	955,672	-
Public Guardian	279,668	296,368	296,600	(232)
Veterans' Burial	10,000	10,200	10,200	-
Veterans' Counselor	14,800	14,800	14,288	512
	<u>1,571,387</u>	<u>1,596,079</u>	<u>1,607,220</u>	<u>(11,141)</u>
Community and Economic Development -				
Planning Commission	520,325	531,416	480,281	51,135
Transportation Planning	13,250	13,250	5,525	7,725
	<u>533,575</u>	<u>544,666</u>	<u>485,806</u>	<u>58,860</u>
Other	<u>460,734</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt Service -				
Principal	250,000	276,742	276,742	-
Interest	150,000	163,472	163,472	-
	<u>400,000</u>	<u>440,214</u>	<u>440,214</u>	<u>-</u>
Total Expenditures	<u>48,143,661</u>	<u>51,231,843</u>	<u>50,176,147</u>	<u>1,055,696</u>
Revenues over expenditures	<u>3,561,298</u>	<u>2,980,101</u>	<u>4,238,407</u>	<u>1,258,306</u>

ST. CLAIR COUNTY, MICHIGAN

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget Positive (Negative)</u>
Other Financing Sources (Uses):				
Transfers from other funds	\$ 3,455,004	\$ 5,115,654	\$ 4,624,490	\$(491,164)
Transfers to other funds	<u>(7,016,302)</u>	<u>(8,022,739)</u>	<u>(8,750,344)</u>	<u>(727,605)</u>
Total Other Financing Sources (Uses)	<u>(3,561,298)</u>	<u>(2,907,085)</u>	<u>(4,125,854)</u>	<u>(1,218,769)</u>
Net Change in Fund Balance	-	73,016	112,553	39,537
Fund Balance at beginning of year	<u>9,325,653</u>	<u>9,325,653</u>	<u>9,325,653</u>	-
Fund Balance at end of year	<u><u>\$ 9,325,653</u></u>	<u><u>\$ 9,398,669</u></u>	<u><u>\$ 9,438,206</u></u>	<u><u>\$ 39,537</u></u>

Reconciliation of Budget-Basis to GAAP-Basis Reporting:

Net Change in General Fund Fund Balance (Budgetary Basis)	\$ 112,553
Perspective difference -	
Other Budgeted Funds Net Change Allocated to the General Fund for GAAP-basis reporting	
Budget Incentive	407,361
Development Revolving	<u>(1,351,100)</u>
Net Change in Combined General Fund Fund Balance (GAAP-Basis)	<u><u>\$(831,186)</u></u>

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, 2013**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	Variance with Amended Budget Positive (Negative)
Revenues:				
Taxes	\$ 2,776,000	\$ 2,751,500	\$ 2,751,385	\$(115)
Intergovernmental	150,000	145,100	149,229	4,129
Charges for services	81,900	101,500	114,580	13,080
Interest and rent	3,500	5,500	6,228	728
Other	<u>1,200</u>	<u>11,500</u>	<u>11,626</u>	<u>126</u>
Total Revenues	3,012,600	3,015,100	3,033,048	17,948
 Expenditures:				
Recreation and Cultural	<u>3,319,800</u>	<u>3,015,100</u>	<u>2,902,316</u>	<u>112,784</u>
Revenues over (under) expenditures	(307,200)	-	130,732	130,732
 Other Financing Uses:				
Transfers to other funds	<u>-</u>	<u>-</u>	<u>(29,158)</u>	<u>(29,158)</u>
Net Change in Fund Balance	(307,200)	-	101,574	101,574
Fund Balance at beginning of year	<u>1,774,863</u>	<u>1,774,863</u>	<u>1,774,863</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 1,467,663</u></u>	<u><u>\$ 1,774,863</u></u>	<u><u>\$ 1,876,437</u></u>	<u><u>\$ 101,574</u></u>

ST. CLAIR COUNTY, MICHIGAN

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL - SPECIAL REVENUE FUND
LIBRARY
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	Variance with Amended Budget Positive (Negative)
Revenues:				
Taxes	\$ 3,865,961	\$ 3,865,961	\$ 3,885,289	\$ 19,328
Intergovernmental	124,975	124,975	129,773	4,798
Charges for services	90,291	90,291	89,699	(592)
Fines and forfeits	746,000	746,000	794,423	48,423
Interest and rent	60,865	60,865	57,780	(3,085)
Other	8,900	8,900	18,101	9,201
Total Revenues	<u>4,896,992</u>	<u>4,896,992</u>	<u>4,975,065</u>	<u>78,073</u>
 Expenditures:				
Recreation and Cultural	<u>5,171,622</u>	<u>5,171,622</u>	<u>5,084,106</u>	<u>87,516</u>
Net Change in Fund Balance	(274,630)	(274,630)	(109,041)	165,589
Fund Balance at beginning of year	<u>2,532,127</u>	<u>2,532,127</u>	<u>2,532,127</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 2,257,497</u></u>	<u><u>\$ 2,257,497</u></u>	<u><u>\$ 2,423,086</u></u>	<u><u>\$ 165,589</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, 2013**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
Revenues:				
Taxes	\$ 4,359,016	\$ 4,331,728	\$ 4,392,736	\$ 61,008
Interest and rent	10,000	10,000	5,465	(4,535)
Total Revenues	<u>4,369,016</u>	<u>4,341,728</u>	<u>4,398,201</u>	<u>56,473</u>
Expenditures:				
Health and Welfare	<u>3,374,519</u>	<u>3,527,007</u>	<u>3,475,060</u>	<u>51,947</u>
Net Change in Fund Balance	994,497	814,721	923,141	108,420
Fund Balance at beginning of year	<u>537,221</u>	<u>537,221</u>	<u>537,221</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 1,531,718</u></u>	<u><u>\$ 1,351,942</u></u>	<u><u>\$ 1,460,362</u></u>	<u><u>\$ 108,420</u></u>

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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

SUPPLEMENTARY INFORMATION

ST. CLAIR COUNTY, MICHIGAN

**COMBINING BALANCE SHEET
COMBINED GENERAL FUND
DECEMBER 31, 2013**

	<u>General</u>	<u>Budget Incentive</u>	<u>Development Revolving</u>	<u>Combined General</u>
Assets:				
Cash and cash equivalents	\$ 2,104	\$ 1,093,040	\$ 683,334	\$ 1,778,478
Investments	4,000,000	-	-	4,000,000
Receivables, net of allowance -				
Property taxes	1,952,135	-	-	1,952,135
Interest and accounts	201,750	-	-	201,750
Due from other governmental units	2,684,259	-	893,667	3,577,926
Due from other funds	259,199	-	-	259,199
Long-term notes receivable	4,642,557	-	-	4,642,557
Advances to component units	50,000	-	-	50,000
Prepayments and deposits	44,006	-	-	44,006
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 13,836,010</u>	<u>\$ 1,093,040</u>	<u>\$ 1,577,001</u>	<u>\$ 16,506,051</u>
Liabilities:				
Accounts payable	\$ 1,006,307	\$ -	\$ -	\$ 1,006,307
Accrued liabilities	1,124,594	-	-	1,124,594
Due to other governmental units	208,925	-	-	208,925
Due to other funds	1,500,000	-	-	1,500,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>3,839,826</u>	<u>-</u>	<u>-</u>	<u>3,839,826</u>
Deferred Inflows of Resources:				
Unavailable revenue -				
Property taxes	114,053	-	-	114,053
Grants/fees	443,925	-	-	443,925
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Deferred Inflows of Resources	<u>557,978</u>	<u>-</u>	<u>-</u>	<u>557,978</u>
Fund Balances:				
Nonspendable -				
Long-term notes receivable/advances	4,692,557	-	-	4,692,557
Prepayments	44,006	-	-	44,006
Committed	-	1,093,040	-	1,093,040
Assigned	-	-	1,577,001	1,577,001
Unassigned	4,701,643	-	-	4,701,643
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>9,438,206</u>	<u>1,093,040</u>	<u>1,577,001</u>	<u>12,108,247</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 13,836,010</u>	<u>\$ 1,093,040</u>	<u>\$ 1,577,001</u>	<u>\$ 16,506,051</u>

ST. CLAIR COUNTY, MICHIGAN

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
COMBINED GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>General</u>	<u>Budget Incentive</u>	<u>Development Revolving</u>	<u>Eliminations</u>	<u>Combined General</u>
Revenues:					
Taxes	\$ 29,016,571	\$ -	\$ -	\$ -	\$ 29,016,571
Licenses and permits	562,790	-	-	-	562,790
Intergovernmental	12,217,426	-	-	-	12,217,426
Charges for services	8,605,623	-	-	-	8,605,623
Fines and forfeits	392,020	-	-	-	392,020
Interest and rent	904,917	-	-	-	904,917
Other	2,715,207	-	50,000	-	2,765,207
Total Revenues	<u>54,414,554</u>	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>54,464,554</u>
Expenditures:					
Current -					
Legislative	1,838,710	-	-	-	1,838,710
Judicial	10,154,743	-	-	-	10,154,743
General Government	10,990,292	-	20,600	-	11,010,892
Public Safety	23,655,438	-	-	-	23,655,438
Public Works	1,003,724	-	-	-	1,003,724
Health and Welfare	1,607,220	-	-	-	1,607,220
Community and Economic Development	485,806	-	-	-	485,806
Debt Service -					
Principal	276,742	-	-	-	276,742
Interest	163,472	-	-	-	163,472
Total Expenditures	<u>50,176,147</u>	<u>-</u>	<u>20,600</u>	<u>-</u>	<u>50,196,747</u>
Revenues over expenditures	<u>4,238,407</u>	<u>-</u>	<u>29,400</u>	<u>-</u>	<u>4,267,807</u>
Other Financing Sources (Uses):					
Transfers from other funds	4,624,490	726,106	-	(1,044,851)	4,305,745
Transfers to other funds	<u>(8,750,344)</u>	<u>(318,745)</u>	<u>(1,380,500)</u>	<u>1,044,851</u>	<u>(9,404,738)</u>
Total Other Financing Sources (Uses)	<u>(4,125,854)</u>	<u>407,361</u>	<u>(1,380,500)</u>	<u>-</u>	<u>(5,098,993)</u>
Net Change in Fund Balance	112,553	407,361	(1,351,100)	-	(831,186)
Fund Balance at beginning of year	<u>9,325,653</u>	<u>685,679</u>	<u>2,928,101</u>	<u>-</u>	<u>12,939,433</u>
Fund Balance at end of year	<u>\$ 9,438,206</u>	<u>\$ 1,093,040</u>	<u>\$ 1,577,001</u>	<u>\$ -</u>	<u>\$ 12,108,247</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, 2013**

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget Positive (Negative)</u>
Other Financing Sources:			
Transfers from other funds	\$ 450,000	\$ 726,106	\$ 276,106
Transfers to other funds	<u>(317,732)</u>	<u>(318,745)</u>	<u>(1,013)</u>
Net Change in Fund Balance	132,268	407,361	275,093
Fund Balance at beginning of year	<u>685,679</u>	<u>685,679</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 817,947</u></u>	<u><u>\$ 1,093,040</u></u>	<u><u>\$ 275,093</u></u>

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

DEBT SERVICE FUNDS

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

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

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

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

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

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

CAPITAL PROJECTS FUNDS

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

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

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

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

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

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

ST. CLAIR COUNTY, MICHIGAN

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2013**

	<u>Friend of Court</u>	<u>Drug Task Force</u>	<u>Brownfield Redevelopment</u>	<u>Convention Center</u>	<u>Drug Law Enforcement</u>
Assets:					
Cash and cash equivalents	\$ 76,280	\$ 388,458	\$ 26	\$ 100,000	\$ 412,366
Investments	142,472	-	-	-	-
Receivables, net of allowance -					
Property taxes	-	1,404,153	-	-	-
Interest and accounts	528	-	-	-	1,389
Due from other governmental units	53,276	-	107,910	-	-
Total Assets	<u>\$ 272,556</u>	<u>\$ 1,792,611</u>	<u>\$ 107,936</u>	<u>\$ 100,000</u>	<u>\$ 413,755</u>
Liabilities:					
Accounts payable	\$ 3,120	\$ 13,997	\$ 64,236	\$ -	\$ 1,743
Accrued liabilities	6,531	42,192	-	-	-
Advances and deposits	-	-	-	-	-
Due to other governmental units	-	-	-	-	-
Due to other funds	-	-	900	-	-
Unearned revenue	-	-	-	-	-
Total Liabilities	<u>9,651</u>	<u>56,189</u>	<u>65,136</u>	<u>-</u>	<u>1,743</u>
Deferred Inflows of Resources:					
Unavailable revenue -					
Delinquent property taxes	-	7,038	-	-	-
Lease contract/revolving loans	-	-	-	-	-
Grants/fees	2,394	-	-	-	-
Taxes levied for a subsequent period	-	1,519,335	-	-	-
Total Deferred Inflows of Resources	<u>2,394</u>	<u>1,526,373</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:					
Restricted	260,511	210,049	-	-	412,012
Committed	-	-	42,800	100,000	-
Total Fund Balances	<u>260,511</u>	<u>210,049</u>	<u>42,800</u>	<u>100,000</u>	<u>412,012</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 272,556</u>	<u>\$ 1,792,611</u>	<u>\$ 107,936</u>	<u>\$ 100,000</u>	<u>\$ 413,755</u>

Special Revenue Funds

Health Department	HUD Housing	CDBG Housing	Human Services	Child Care	Veterans' Trust	Veterans' Millage	E - 911
\$ 1,096,523	\$ 95,311	\$ 324,562	\$ 165,336	\$ 1,233,914	\$ 10,696	\$ 199,996	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	510,777	-
33,835	208,381	664,315	-	-	-	-	-
319,554	-	138,652	32,815	512,469	-	-	258,299
<u>\$ 1,449,912</u>	<u>\$ 303,692</u>	<u>\$ 1,127,529</u>	<u>\$ 198,151</u>	<u>\$ 1,746,383</u>	<u>\$ 10,696</u>	<u>\$ 710,773</u>	<u>\$ 258,299</u>
\$ 151,418	\$ -	\$ 164,487	\$ -	\$ 202,425	\$ 2,668	\$ 12,332	\$ -
132,695	-	-	111	81,713	-	7,336	-
93,772	-	-	-	-	-	-	-
88,333	-	99,385	279	-	-	-	-
-	-	-	-	-	-	-	258,299
87,688	-	-	-	-	-	-	-
<u>553,906</u>	<u>-</u>	<u>263,872</u>	<u>390</u>	<u>284,138</u>	<u>2,668</u>	<u>19,668</u>	<u>258,299</u>
-	-	-	-	-	-	1,756	-
-	208,381	564,930	-	-	-	-	-
67,004	-	-	19,030	364,311	-	-	-
-	-	-	-	-	-	554,149	-
<u>67,004</u>	<u>208,381</u>	<u>564,930</u>	<u>19,030</u>	<u>364,311</u>	<u>-</u>	<u>555,905</u>	<u>-</u>
-	95,311	298,727	-	-	8,028	135,200	-
829,002	-	-	178,731	1,097,934	-	-	-
<u>829,002</u>	<u>95,311</u>	<u>298,727</u>	<u>178,731</u>	<u>1,097,934</u>	<u>8,028</u>	<u>135,200</u>	<u>-</u>
<u>\$ 1,449,912</u>	<u>\$ 303,692</u>	<u>\$ 1,127,529</u>	<u>\$ 198,151</u>	<u>\$ 1,746,383</u>	<u>\$ 10,696</u>	<u>\$ 710,773</u>	<u>\$ 258,299</u>

Continued

ST. CLAIR COUNTY, MICHIGAN

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2013**

	Special Revenue Funds				
	Deeds Automation	Revenue Sharing Reserve	Local Corrections and Training	Family Counseling	Prosecutor's Drug Forfeitures
Assets:					
Cash and cash equivalents	\$ 526,248	\$ -	\$ 25,405	\$ 100,603	\$ 168,255
Investments	-	-	-	-	-
Receivables, net of allowance -					
Property taxes	-	-	-	-	-
Interest and accounts	495	-	-	45	11,038
Due from other governmental units	-	-	-	-	2,551
Total Assets	\$ 526,743	\$ -	\$ 25,405	\$ 100,648	\$ 181,844
Liabilities:					
Accounts payable	\$ -	\$ -	\$ 125	\$ 2,096	\$ 2,392
Accrued liabilities	1,948	-	-	-	-
Advances and deposits	-	-	-	-	-
Due to other governmental units	-	-	-	-	-
Due to other funds	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Total Liabilities	1,948	-	125	2,096	2,392
Deferred Inflows of Resources:					
Unavailable revenue -					
Delinquent property taxes	-	-	-	-	-
Lease contract/revolving loans	-	-	-	-	-
Grants/fees	-	-	-	-	9,913
Taxes levied for a subsequent period	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	9,913
Fund Balances:					
Restricted	524,795	-	25,280	98,552	169,539
Committed	-	-	-	-	-
Total Fund Balances	524,795	-	25,280	98,552	169,539
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 526,743	\$ -	\$ 25,405	\$ 100,648	\$ 181,844

Debt Service Funds					Capital Projects Funds		
Communications		Building Authority	Convention Center	Jail/Juvenile Facility	Public Improvement	Municipal Building	DTNW Building
Series 2007 B	Series 2009						
\$ 960,317	\$ 75	\$ 3,677	\$ 776,389	\$ 3,504	\$ 3,906,941	\$ 189,209	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	10,000	83	-
5,823	-	-	-	-	-	-	-
<u>\$ 966,140</u>	<u>\$ 75</u>	<u>\$ 3,677</u>	<u>\$ 776,389</u>	<u>\$ 3,504</u>	<u>\$ 3,916,941</u>	<u>\$ 189,292</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 126,437	\$ 416	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	126,437	416	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
966,140	75	3,677	776,389	3,504	3,790,504	-	-
-	-	-	-	-	-	188,876	-
<u>966,140</u>	<u>75</u>	<u>3,677</u>	<u>776,389</u>	<u>3,504</u>	<u>3,790,504</u>	<u>188,876</u>	<u>-</u>
<u>\$ 966,140</u>	<u>\$ 75</u>	<u>\$ 3,677</u>	<u>\$ 776,389</u>	<u>\$ 3,504</u>	<u>\$ 3,916,941</u>	<u>\$ 189,292</u>	<u>\$ -</u>

Continued

ST. CLAIR COUNTY, MICHIGAN

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2013**

	<u>Capital Projects Funds</u>		
	<u>Convention Center</u>	<u>Communications Construction</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 5,449,259	\$ 980	\$ 16,214,330
Investments	-	-	142,472
Receivables, net of allowance -			
Property taxes	-	-	1,914,930
Interest and accounts	-	-	930,109
Due from other governmental units	-	-	1,431,349
	<u>\$ 5,449,259</u>	<u>\$ 980</u>	<u>\$ 20,633,190</u>
Liabilities:			
Accounts payable	\$ 161,859	\$ -	\$ 909,751
Accrued liabilities	-	-	272,526
Advances and deposits	-	-	93,772
Due to other governmental units	-	-	187,997
Due to other funds	-	-	259,199
Unearned revenue	-	-	87,688
Total Liabilities	<u>161,859</u>	<u>-</u>	<u>1,810,933</u>
Deferred Inflows of Resources:			
Unavailable revenue -			
Delinquent property taxes	-	-	8,794
Lease contract/revolving loans	-	-	773,311
Grants/fees	-	-	462,652
Taxes levied for a subsequent period	-	-	2,073,484
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>3,318,241</u>
Fund Balances:			
Restricted	5,287,400	980	13,066,673
Committed	-	-	2,437,343
Total Fund Balances	<u>5,287,400</u>	<u>980</u>	<u>15,504,016</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 5,449,259</u>	<u>\$ 980</u>	<u>\$ 20,633,190</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, 2013**

	<u>Friend of Court</u>	<u>Drug Task Force</u>	<u>Brownfield Redevelopment</u>	<u>Convention Center</u>	<u>Drug Law Enforcement</u>
Revenues:					
Taxes	\$ -	\$ 1,556,583	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	238,614	-	305,508	-	24,740
Charges for services	61,060	-	-	-	184
Fines and forfeits	-	-	-	-	206,047
Interest and rent	788	320	-	-	-
Other	-	-	-	-	28,052
Total Revenues	<u>300,462</u>	<u>1,556,903</u>	<u>305,508</u>	<u>-</u>	<u>259,023</u>
Expenditures:					
Current -					
Judicial	284,433	-	-	-	-
General Government	-	-	-	-	-
Public Safety	-	1,315,942	-	-	49,482
Health and Welfare	-	-	-	-	-
Community and Economic Development	-	-	304,307	-	-
Capital Outlay	-	-	-	-	-
Debit Service -					
Principal	-	-	-	-	-
Interest and charges	-	-	-	-	-
Total Expenditures	<u>284,433</u>	<u>1,315,942</u>	<u>304,307</u>	<u>-</u>	<u>49,482</u>
Revenues over (under) expenditures	<u>16,029</u>	<u>240,961</u>	<u>1,201</u>	<u>-</u>	<u>209,541</u>
Other Financing Sources (Uses):					
Issuance of refunding bonds	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-
Transfers from other funds	-	-	-	100,000	-
Transfers to other funds	-	(203,055)	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(203,055)</u>	<u>-</u>	<u>100,000</u>	<u>-</u>
Net Change in Fund Balances	16,029	37,906	1,201	100,000	209,541
Fund Balances at beginning of year	<u>244,482</u>	<u>172,143</u>	<u>41,599</u>	<u>-</u>	<u>202,471</u>
Fund Balances at end of year	<u>\$ 260,511</u>	<u>\$ 210,049</u>	<u>\$ 42,800</u>	<u>\$ 100,000</u>	<u>\$ 412,012</u>

Special Revenue Funds

Health Department	HUD Housing	CDBG Housing	Human Services	Child Care	Veterans' Trust	Veterans' Millage	E - 911
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 550,749	\$ -
186,680	-	-	-	-	-	-	-
3,084,883	-	490,690	178,664	2,394,329	32,151	-	-
1,707,482	-	219,355	-	122,505	-	-	912,379
-	-	-	-	-	-	-	-
-	-	540	-	-	-	80	-
319,948	-	7,866	958	20,761	-	-	-
<u>5,298,993</u>	<u>-</u>	<u>718,451</u>	<u>179,622</u>	<u>2,537,595</u>	<u>32,151</u>	<u>550,829</u>	<u>912,379</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
6,688,835	-	657,045	446,075	6,469,020	32,754	590,767	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>6,688,835</u>	<u>-</u>	<u>657,045</u>	<u>446,075</u>	<u>6,469,020</u>	<u>32,754</u>	<u>590,767</u>	<u>-</u>
<u>(1,389,842)</u>	<u>-</u>	<u>61,406</u>	<u>(266,453)</u>	<u>(3,931,425)</u>	<u>(603)</u>	<u>(39,938)</u>	<u>912,379</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,562,400	-	10,000	266,500	3,673,916	-	-	-
-	-	-	-	-	-	-	(912,379)
<u>1,562,400</u>	<u>-</u>	<u>10,000</u>	<u>266,500</u>	<u>3,673,916</u>	<u>-</u>	<u>-</u>	<u>(912,379)</u>
172,558	-	71,406	47	(257,509)	(603)	(39,938)	-
656,444	95,311	227,321	178,684	1,355,443	8,631	175,138	-
<u>\$ 829,002</u>	<u>\$ 95,311</u>	<u>\$ 298,727</u>	<u>\$ 178,731</u>	<u>\$ 1,097,934</u>	<u>\$ 8,028</u>	<u>\$ 135,200</u>	<u>\$ -</u>

Continued

ST. CLAIR COUNTY, MICHIGAN

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Special Revenue Funds				
	Deeds	Revenue	Local	Family	Prosecutor's
	Automation	Sharing Reserve	Corrections And Training	Counseling	Drug Forfeitures
Revenues:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Charges for services	159,976	-	28,765	13,375	23,423
Fines and forfeits	-	-	-	-	111,608
Interest and rent	231	649	-	-	-
Other	-	-	-	-	-
Total Revenues	<u>160,207</u>	<u>649</u>	<u>28,765</u>	<u>13,375</u>	<u>135,031</u>
Expenditures:					
Current -					
Judicial	-	-	-	22,818	-
General Government	133,751	-	-	-	-
Public Safety	-	-	19,302	-	22,845
Health and Welfare	-	-	-	-	-
Community and Economic Development	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Debit Service -					
Principal	-	-	-	-	-
Interest and charges	-	-	-	-	-
Total Expenditures	<u>133,751</u>	<u>-</u>	<u>19,302</u>	<u>22,818</u>	<u>22,845</u>
Revenues over (under) expenditures	<u>26,456</u>	<u>649</u>	<u>9,463</u>	<u>(9,443)</u>	<u>112,186</u>
Other Financing Sources (Uses):					
Issuance of refunding bonds	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-
Transfers from other funds	-	-	-	-	-
Transfers to other funds	-	(2,120,503)	-	-	(25,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(2,120,503)</u>	<u>-</u>	<u>-</u>	<u>(25,000)</u>
Net Change in Fund Balances	26,456	(2,119,854)	9,463	(9,443)	87,186
Fund Balances at beginning of year	<u>498,339</u>	<u>2,119,854</u>	<u>15,817</u>	<u>107,995</u>	<u>82,353</u>
Fund Balances at end of year	<u>\$ 524,795</u>	<u>\$ -</u>	<u>\$ 25,280</u>	<u>\$ 98,552</u>	<u>\$ 169,539</u>

Debt Service Funds					Capital Projects Funds		
Communications		Building Authority	Convention Center	Jail/Juvenile Facility	Public Improvement	Municipal Building	DTNW Building
Series 2007 B	Series 2009						
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	123,750	-	-	-	-
306,335	-	-	-	-	-	-	-
-	-	-	-	-	-	25,584	-
-	-	-	-	-	-	-	-
-	-	1,888	-	3,729	41,890	-	-
<u>306,335</u>	<u>-</u>	<u>1,888</u>	<u>123,750</u>	<u>3,729</u>	<u>41,890</u>	<u>25,584</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	636,228	6,805	-
200,000	150,000	620,000	-	1,100,000	-	-	-
111,462	100,806	297,719	327,861	1,065,987	-	-	-
<u>311,462</u>	<u>250,806</u>	<u>917,719</u>	<u>327,861</u>	<u>2,165,987</u>	<u>636,228</u>	<u>6,805</u>	<u>-</u>
(5,127)	(250,806)	(915,831)	(204,111)	(2,162,258)	(594,338)	18,779	-
-	-	5,380,000	-	-	-	-	-
-	-	(5,258,982)	-	-	-	-	-
-	250,806	796,701	980,500	2,165,762	1,444,640	-	-
-	-	-	-	-	(115,650)	-	(80,725)
-	250,806	917,719	980,500	2,165,762	1,328,990	-	(80,725)
(5,127)	-	1,888	776,389	3,504	734,652	18,779	(80,725)
971,267	75	1,789	-	-	3,055,852	170,097	80,725
<u>\$ 966,140</u>	<u>\$ 75</u>	<u>\$ 3,677</u>	<u>\$ 776,389</u>	<u>\$ 3,504</u>	<u>\$ 3,790,504</u>	<u>\$ 188,876</u>	<u>\$ -</u>

Continued

ST. CLAIR COUNTY, MICHIGAN

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Capital Projects Funds</u>		
	<u>Convention Center</u>	<u>Communications Construction</u>	<u>Total</u>
Revenues:			
Taxes	\$ -	\$ -	\$ 2,107,332
Licenses and permits	-	-	186,680
Intergovernmental	-	-	6,873,329
Charges for services	-	-	3,554,839
Fines and forfeits	-	-	343,239
Interest and rent	9,661	-	12,269
Other	-	-	425,092
Total Revenues	<u>9,661</u>	<u>-</u>	<u>13,502,780</u>
Expenditures:			
Current -			
Judicial	-	-	307,251
General Government	-	-	133,751
Public Safety	-	-	1,407,571
Health and Welfare	-	-	14,884,496
Community and Economic Development	-	-	304,307
Capital Outlay	1,537,153	-	2,180,186
Debit Service -			
Principal	-	-	2,070,000
Interest and charges	-	-	1,903,835
Total Expenditures	<u>1,537,153</u>	<u>-</u>	<u>23,191,397</u>
Revenues over (under) expenditures	<u>(1,527,492)</u>	<u>-</u>	<u>(9,688,617)</u>
Other Financing Sources (Uses):			
Issuance of refunding bonds	-	-	5,380,000
Payment to refunded bond escrow agent	-	-	(5,258,982)
Transfers from other funds	-	-	11,251,225
Transfers to other funds	-	-	(3,457,312)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>7,914,931</u>
Net Change in Fund Balances	<u>(1,527,492)</u>	<u>-</u>	<u>(1,773,686)</u>
Fund Balances at beginning of year	<u>6,814,892</u>	<u>980</u>	<u>17,277,702</u>
Fund Balances at end of year	<u>\$ 5,287,400</u>	<u>\$ 980</u>	<u>\$ 15,504,016</u>

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, 2013**

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
FRIEND OF COURT			
Revenues:			
Intergovernmental	\$ 291,037	\$ 238,614	\$(52,423)
Charges for services	-	61,060	61,060
Interest and rent	-	788	788
Total Revenues	<u>291,037</u>	<u>300,462</u>	<u>9,425</u>
Expenditures:			
Judicial	<u>300,286</u>	<u>284,433</u>	<u>15,853</u>
Net Change in Fund Balance	(9,249)	16,029	25,278
Fund Balance at beginning of year	<u>244,482</u>	<u>244,482</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 235,233</u></u>	<u><u>\$ 260,511</u></u>	<u><u>\$ 25,278</u></u>
DRUG TASK FORCE			
Revenues:			
Taxes	\$ 1,508,718	\$ 1,556,583	\$ 47,865
Interest and rent	1,000	320	(680)
Total Revenues	<u>1,509,718</u>	<u>1,556,903</u>	<u>47,185</u>
Expenditures:			
Public Safety	<u>1,385,551</u>	<u>1,315,942</u>	<u>69,609</u>
Revenues over expenditures	<u>124,167</u>	<u>240,961</u>	<u>116,794</u>
Other Financing Sources (Uses):			
Transfers from other funds	100,000	-	(100,000)
Transfers to other funds	(203,055)	(203,055)	-
Total Other Financing Sources (Uses)	<u>(103,055)</u>	<u>(203,055)</u>	<u>(100,000)</u>
Net Change in Fund Balance	21,112	37,906	16,794
Fund Balance at beginning of year	<u>172,143</u>	<u>172,143</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 193,255</u></u>	<u><u>\$ 210,049</u></u>	<u><u>\$ 16,794</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, 2013**

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
BROWNFIELD REDEVELOPMENT			
Revenues:			
Intergovernmental	\$ 750,000	\$ 305,508	\$(444,492)
Expenditures:			
Community and Economic Development	<u>750,000</u>	<u>304,307</u>	<u>445,693</u>
Net Change in Fund Balance	-	1,201	1,201
Fund Balance at beginning of year	<u>41,599</u>	<u>41,599</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 41,599</u></u>	<u><u>\$ 42,800</u></u>	<u><u>\$ 1,201</u></u>

CONVENTION CENTER			
Other Financing Sources:			
Transfers from other funds	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Net Change in Fund Balance	100,000	100,000	-
Fund Balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 100,000</u></u>	<u><u>\$ 100,000</u></u>	<u><u>\$ -</u></u>

DRUG LAW ENFORCEMENT			
Revenues:			
Intergovernmental	\$ -	\$ 24,740	\$ 24,740
Charges for services	-	184	184
Fines and forfeits	225,000	206,047	(18,953)
Other	-	28,052	28,052
Total Revenues	<u>225,000</u>	<u>259,023</u>	<u>34,023</u>
Expenditures:			
Public Safety	<u>75,000</u>	<u>49,482</u>	<u>25,518</u>
Revenues over expenditures	150,000	209,541	59,541
Other Financing Uses:			
Transfers to other funds	<u>(100,000)</u>	<u>-</u>	<u>100,000</u>
Net Change in Fund Balance	50,000	209,541	159,541
Fund Balance at beginning of year	<u>202,471</u>	<u>202,471</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 252,471</u></u>	<u><u>\$ 412,012</u></u>	<u><u>\$ 159,541</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, 2013**

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
HEALTH DEPARTMENT			
Revenues:			
Licenses and permits	\$ -	\$ 186,680	\$ 186,680
Intergovernmental	3,503,019	3,084,883	(418,136)
Charges for services	1,452,746	1,707,482	254,736
Other	<u>-</u>	<u>319,948</u>	<u>319,948</u>
Total Revenues	4,955,765	5,298,993	343,228
Expenditures:			
Health and Welfare	<u>6,888,703</u>	<u>6,688,835</u>	<u>199,868</u>
Revenues under expenditures	(1,932,938)	(1,389,842)	543,096
Other Financing Sources:			
Transfers from other funds	<u>1,560,000</u>	<u>1,562,400</u>	<u>2,400</u>
Net Change in Fund Balance	(372,938)	172,558	545,496
Fund Balance at beginning of year	<u>656,444</u>	<u>656,444</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 283,506</u></u>	<u><u>\$ 829,002</u></u>	<u><u>\$ 545,496</u></u>
HUD HOUSING			
Net Change in Fund Balance	\$ -	\$ -	\$ -
Fund Balance at beginning of year	<u>95,311</u>	<u>95,311</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 95,311</u></u>	<u><u>\$ 95,311</u></u>	<u><u>\$ -</u></u>

Continued

ST. CLAIR COUNTY, MICHIGAN

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
CDBG HOUSING			
Revenues:			
Intergovernmental	\$ 567,835	\$ 490,690	\$(77,145)
Charges for services	-	219,355	219,355
Interest	-	540	540
Other	<u>150,000</u>	<u>7,866</u>	<u>(142,134)</u>
Total Revenues	<u>717,835</u>	<u>718,451</u>	<u>616</u>
Expenditures:			
Health and Welfare	<u>727,835</u>	<u>657,045</u>	<u>70,790</u>
Revenues over (under) expenditures	(10,000)	61,406	71,406
Other Financing Sources:			
Transfers from other funds	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Net Change in Fund Balance	-	71,406	71,406
Fund Balance at beginning of year	<u>227,321</u>	<u>227,321</u>	<u>-</u>
Fund Balance at end of year	<u>\$ 227,321</u>	<u>\$ 298,727</u>	<u>\$ 71,406</u>
HUMAN SERVICES			
Revenues:			
Intergovernmental	\$ 184,501	\$ 178,664	\$(5,837)
Other	-	958	958
Total Revenues	<u>184,501</u>	<u>179,622</u>	<u>(4,879)</u>
Expenditures:			
Health and Welfare	<u>451,001</u>	<u>446,075</u>	<u>4,926</u>
Revenues under expenditures	(266,500)	(266,453)	47
Other Financing Sources:			
Transfers from other funds	<u>266,500</u>	<u>266,500</u>	<u>-</u>
Net Change in Fund Balance	-	47	47
Fund Balance at beginning of year	<u>178,684</u>	<u>178,684</u>	<u>-</u>
Fund Balance at end of year	<u>\$ 178,684</u>	<u>\$ 178,731</u>	<u>\$ 47</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, 2013**

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
CHILD CARE			
Revenues:			
Intergovernmental	\$ 2,365,000	\$ 2,394,329	\$ 29,329
Charges for services	160,000	122,505	(37,495)
Other	18,000	20,761	2,761
Total Revenues	<u>2,543,000</u>	<u>2,537,595</u>	<u>(5,405)</u>
Expenditures:			
Health and Welfare	<u>6,216,916</u>	<u>6,469,020</u>	<u>(252,104)</u>
Revenues under expenditures	(3,673,916)	(3,931,425)	(257,509)
Other Financing Sources (Uses):			
Transfers from other funds	<u>3,673,916</u>	<u>3,673,916</u>	<u>-</u>
Net Change in Fund Balance	-	(257,509)	(257,509)
Fund Balance at beginning of year	<u>1,355,443</u>	<u>1,355,443</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 1,355,443</u></u>	<u><u>\$ 1,097,934</u></u>	<u><u>\$(257,509)</u></u>
VETERANS' TRUST			
Revenues:			
Intergovernmental	\$ 32,500	\$ 32,151	\$(349)
Expenditures:			
Health and Welfare	<u>32,500</u>	<u>32,754</u>	<u>(254)</u>
Net Change in Fund Balance	-	(603)	(603)
Fund Balance at beginning of year	<u>8,631</u>	<u>8,631</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 8,631</u></u>	<u><u>\$ 8,028</u></u>	<u><u>\$(603)</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, 2013**

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
VETERANS' MILLAGE			
Revenues:			
Taxes	\$ 544,488	\$ 550,749	\$ 6,261
Interest and rent	500	80	(420)
Total Revenues	<u>544,988</u>	<u>550,829</u>	<u>5,841</u>
Expenditures:			
Health and Welfare	<u>557,836</u>	<u>590,767</u>	<u>(32,931)</u>
Net Change in Fund Balance	(12,848)	(39,938)	(27,090)
Fund Balance at beginning of year	<u>175,138</u>	<u>175,138</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 162,290</u></u>	<u><u>\$ 135,200</u></u>	<u><u>\$(27,090)</u></u>

E - 911

Revenues:			
Charges for services	\$ 778,450	\$ 912,379	\$ 133,929
Other Financing Uses:			
Transfers to other funds	<u>(778,450)</u>	<u>(912,379)</u>	<u>(133,929)</u>
Net Change in Fund Balance	-	-	-
Fund Balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

DEEDS AUTOMATION

Revenues:			
Charges for services	\$ 160,000	\$ 159,976	\$(24)
Interest	1,500	231	(1,269)
Total Revenues	<u>161,500</u>	<u>160,207</u>	<u>(1,293)</u>
Expenditures:			
General Government	<u>150,000</u>	<u>133,751</u>	<u>16,249</u>
Net Change in Fund Balance	11,500	26,456	14,956
Fund Balance at beginning of year	<u>498,339</u>	<u>498,339</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 509,839</u></u>	<u><u>\$ 524,795</u></u>	<u><u>\$ 14,956</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, 2013**

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUE SHARING RESERVE			
Revenues:			
Interest and rent	\$ -	\$ 649	\$ 649
Other Financing Uses:			
Transfers to other funds	<u>(2,119,854)</u>	<u>(2,120,503)</u>	<u>(649)</u>
Net Change in Fund Balance	(2,119,854)	(2,119,854)	-
Fund Balance at beginning of year	<u>2,119,854</u>	<u>2,119,854</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
LOCAL CORRECTIONS AND TRAINING			
Revenues:			
Charges for services	\$ 30,000	\$ 28,765	\$(1,235)
Expenditures:			
Public Safety	<u>30,000</u>	<u>19,302</u>	<u>10,698</u>
Net Change in Fund Balance	-	9,463	9,463
Fund Balance at beginning of year	<u>15,817</u>	<u>15,817</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 15,817</u></u>	<u><u>\$ 25,280</u></u>	<u><u>\$ 9,463</u></u>
FAMILY COUNSELING			
Revenues:			
Charges for services	\$ 14,000	\$ 13,375	\$(625)
Expenditures:			
Judicial	<u>22,000</u>	<u>22,818</u>	<u>(818)</u>
Net Change in Fund Balance	(8,000)	(9,443)	(1,443)
Fund Balance at beginning of year	<u>107,995</u>	<u>107,995</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 99,995</u></u>	<u><u>\$ 98,552</u></u>	<u><u>\$(1,443)</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, 2013**

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
PROSECUTOR'S DRUG FORFEITURES			
Revenues:			
Charges for services	\$ 20,000	\$ 23,423	\$ 3,423
Fines and forfeits	110,000	111,608	1,608
Total Revenues	<u>130,000</u>	<u>135,031</u>	<u>5,031</u>
Expenditures:			
Public Safety	<u>25,000</u>	<u>22,845</u>	<u>2,155</u>
Revenues over expenditures	105,000	112,186	7,186
Other Financing Sources:			
Transfers from other funds	<u>(25,000)</u>	<u>(25,000)</u>	<u>-</u>
Net Change in Fund Balance	80,000	87,186	7,186
Fund Balance at beginning of year	<u>82,353</u>	<u>82,353</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 162,353</u></u>	<u><u>\$ 169,539</u></u>	<u><u>\$ 7,186</u></u>

Concluded

NON-MAJOR ENTERPRISE FUNDS

ENTERPRISE FUNDS

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

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

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

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

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

ST. CLAIR COUNTY, MICHIGAN

**COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
DECEMBER 31, 2013**

	<u>Airport Commission</u>	<u>Sheriff's Concession</u>	<u>Homestead Exemption Audits</u>	<u>School Tax Collection</u>	<u>Total</u>
Assets:					
Current Assets:					
Cash and cash equivalents	\$ 341,263	\$ 223,785	\$ 42,256	\$ 114,627	\$ 721,931
Interest and accounts receivable, net of allowance	19,660	47,680	-	-	67,340
Inventories	48,749	-	-	-	48,749
Prepaid expenses and deposits	2,949	-	-	-	2,949
Total Current Assets	<u>412,621</u>	<u>271,465</u>	<u>42,256</u>	<u>114,627</u>	<u>840,969</u>
Noncurrent Assets:					
Capital assets	12,779,308	-	-	-	12,779,308
Less - accumulated depreciation	<u>(8,856,012)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,856,012)</u>
Total Noncurrent Assets	<u>3,923,296</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,923,296</u>
Total Assets	<u>4,335,917</u>	<u>271,465</u>	<u>42,256</u>	<u>114,627</u>	<u>4,764,265</u>
Liabilities:					
Current Liabilities:					
Accounts payable	89,587	34,492	-	-	124,079
Accrued expenses	4,109	3,379	-	-	7,488
Unearned revenue	11,644	-	-	-	11,644
Total Current Liabilities	<u>105,340</u>	<u>37,871</u>	<u>-</u>	<u>-</u>	<u>143,211</u>
Long-Term Liabilities:					
Accrued vacation and sick (less current portion)	9,887	-	-	-	9,887
Net OPEB obligation	87,797	-	-	-	87,797
Total Long-Term Liabilities	<u>97,684</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>97,684</u>
Total Liabilities	<u>203,024</u>	<u>37,871</u>	<u>-</u>	<u>-</u>	<u>240,895</u>
Net Position:					
Net investment in capital assets	3,923,296	-	-	-	3,923,296
Unrestricted	<u>209,597</u>	<u>233,594</u>	<u>42,256</u>	<u>114,627</u>	<u>600,074</u>
Total Net Position	<u>\$ 4,132,893</u>	<u>\$ 233,594</u>	<u>\$ 42,256</u>	<u>\$ 114,627</u>	<u>\$ 4,523,370</u>

ST. CLAIR COUNTY, MICHIGAN

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Airport Commission</u>	<u>Sheriff's Concession</u>	<u>Homestead Exemption Audits</u>	<u>School Tax Collection</u>	<u>Total</u>
Operating Revenues:					
Intergovernmental	\$ 119,641	\$ -	\$ -	\$ -	\$ 119,641
Charges for services	425,735	643,196	254	-	1,069,185
Interest and rents	97,409	-	10,211	-	107,620
Other	3,535	-	-	-	3,535
Total Operating Revenues	<u>646,320</u>	<u>643,196</u>	<u>10,465</u>	<u>-</u>	<u>1,299,981</u>
Operating Expenses:					
Personal services	187,250	117,054	-	-	304,304
Supplies	348,594	7,595	-	-	356,189
Other services	324,720	506,240	158	6	831,124
Depreciation	202,112	-	-	-	202,112
Total Operating Expenses	<u>1,062,676</u>	<u>630,889</u>	<u>158</u>	<u>6</u>	<u>1,693,729</u>
Operating Income (Loss)	(416,356)	12,307	10,307	(6)	(393,748)
Capital Contributions	<u>224,118</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>224,118</u>
Net Income (Loss) Before Transfers	(192,238)	12,307	10,307	(6)	(169,630)
Transfers:					
Transfers from other funds	<u>400,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>400,000</u>
Change in Net Position	207,762	12,307	10,307	(6)	230,370
Net Position at beginning of year	<u>3,925,131</u>	<u>221,287</u>	<u>31,949</u>	<u>114,633</u>	<u>4,293,000</u>
Net Position at end of year	<u>\$ 4,132,893</u>	<u>\$ 233,594</u>	<u>\$ 42,256</u>	<u>\$ 114,627</u>	<u>\$ 4,523,370</u>

ST. CLAIR COUNTY, MICHIGAN

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Airport Commission</u>	<u>Sheriff's Concession</u>	<u>Homestead Exemption Audits</u>	<u>School Tax Collection</u>	<u>Total</u>
Cash Flows From Operating Activities:					
Cash receipts from customers	\$ 632,948	\$ 679,936	\$ 10,465	\$ -	\$ 1,323,349
Cash payments to suppliers	(634,549)	(508,048)	-	-	(1,142,597)
Cash payments to employees	(171,133)	(101,156)	-	-	(272,289)
Cash payments for interfund services	(4,245)	(12,976)	(158)	(6)	(17,385)
Net Cash Provided by (Used for)					
Operating Activities	(176,979)	57,756	10,307	(6)	(108,922)
Cash Flows From Noncapital					
Financing Activities:					
Operating transfers from other funds	400,000	-	-	-	400,000
Cash Flows From Capital and Related					
Financing Activities:					
Acquisition/construction of capital assets	(409,158)	-	-	-	(409,158)
Net Increase (Decrease) in					
Cash and Cash Equivalents	(186,137)	57,756	10,307	(6)	(118,080)
Cash and Cash Equivalents					
at Beginning of Year	<u>527,400</u>	<u>166,029</u>	<u>31,949</u>	<u>114,633</u>	<u>840,011</u>
Cash and Cash Equivalents at End of Year	<u>\$ 341,263</u>	<u>\$ 223,785</u>	<u>\$ 42,256</u>	<u>\$ 114,627</u>	<u>\$ 721,931</u>
Reconciliation of Operating Income (Loss)					
to Net Cash Provided by (Used for)					
Operating Activities:					
Operating income (loss) for the year	\$(416,356)	\$ 12,307	\$ 10,307	\$(6)	\$(393,748)
Adjustments to reconcile operating					
income (loss) to net cash provided					
by (used for) operating activities -					
Depreciation	202,112	-	-	-	202,112
Change in assets and liabilities:					
Accounts receivable	(15,326)	36,740	-	-	21,414
Inventory	(48,749)	-	-	-	(48,749)
Prepays and deposits	7,029	-	-	-	7,029
Accounts payable	80,485	5,787	-	-	86,272
Accrued expenses	11,872	2,922	-	-	14,794
Unearned revenue	1,954	-	-	-	1,954
Net Cash Provided by (Used for)					
Operating Activities	<u>\$(176,979)</u>	<u>\$ 57,756</u>	<u>\$ 10,307</u>	<u>\$(6)</u>	<u>\$(108,922)</u>
Non-Cash Capital and Related Financing Activities:					
Capital contributions	<u>\$ 224,118</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 224,118</u>

FIDUCIARY FUNDS

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

Pension and Other Employee Benefit Trust Funds –

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

Other Postemployment Benefits –

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

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

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

Agency Funds –

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

Library Penal Fines – is used to account for the portion of fines that are collected by the 72nd District Court and distributed to the St. Clair County Public Library and County Law Library.

Payroll – is used to account for payroll activities to County employees.

ST. CLAIR COUNTY, MICHIGAN

**STATEMENT OF FIDUCIARY NET POSITION
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
DECEMBER 31, 2013**

	Basic Retirement System	Other Postemployment Benefits	Total
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Cash and cash equivalents	\$ 5,610,611	\$ 2,363,193	\$ 7,973,804
Investments, at fair value -			
U.S. Government/Agencies	785,553	301,425	1,086,978
Corporate Debt	29,397,026	2,844,848	32,241,874
Equity Funds	45,190,921	-	45,190,921
Stocks	99,655,357	12,718,510	112,373,867
Foreign Bonds	21,134,907	-	21,134,907
Mutual Funds	-	6,546,587	6,546,587
Partnerships	2,103,466	-	2,103,466
Real Estate Investment Trust	13,613,883	-	13,613,883
Municipal Bonds	149,984	200,052	350,036
Receivables -			
Interest and dividends	681,637	53,091	734,728
Other	139,075	288,639	427,714
Due from other funds	<u>199,258</u>	<u>12,724,533</u>	<u>12,923,791</u>
Total Assets	<u>218,661,678</u>	<u>38,040,878</u>	<u>256,702,556</u>
 Liabilities:			
Accounts payable	363,724	6,745	370,469
Accrued liabilities	104,984	-	104,984
Due to other funds	<u>12,724,533</u>	<u>199,258</u>	<u>12,923,791</u>
Total Liabilities	<u>13,193,241</u>	<u>206,003</u>	<u>13,399,244</u>
 Net Position:			
Restricted for pension benefits	205,468,437	-	205,468,437
Restricted for other postemployment benefits	<u>-</u>	<u>37,834,875</u>	<u>37,834,875</u>
	<u>\$ 205,468,437</u>	<u>\$ 37,834,875</u>	<u>\$ 243,303,312</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, 2013**

	Basic Retirement System			
	Member Contributions	Employer Contributions	Pension Payments	Total
Additions:				
Contributions				
Member contributions	\$ 2,145,573	\$ -	\$ -	\$ 2,145,573
Employer contributions	-	7,378,242	-	7,378,242
Total contributions	<u>2,145,573</u>	<u>7,378,242</u>	<u>-</u>	<u>9,523,815</u>
Investment income				
Net appreciation (depreciation) in fair value of investments	-	21,737,783	-	21,737,783
Interest/Dividends	-	4,933,494	-	4,933,494
Less investment expense	-	(898,841)	-	(898,841)
Net investment income	<u>-</u>	<u>25,772,436</u>	<u>-</u>	<u>25,772,436</u>
Other				
Medicare Part D reimbursements	-	-	-	-
Total Additions	<u>2,145,573</u>	<u>33,150,678</u>	<u>-</u>	<u>35,296,251</u>
Deductions:				
Retirement payroll	-	-	12,300,354	12,300,354
Health/dental insurance	-	-	-	-
Death benefits	-	-	59,500	59,500
Employee refunds	502,520	-	-	502,520
Administration	-	111,991	-	111,991
Professional fees	-	49,116	-	49,116
Total Deductions	<u>502,520</u>	<u>161,107</u>	<u>12,359,854</u>	<u>13,023,481</u>
Net Increase (Decrease) Before Transfers	1,643,053	32,989,571	(12,359,854)	22,272,770
Interfund Transfers In (Out):				
Retirees obligation	(2,366,195)	-	2,366,195	-
Interest	<u>564,741</u>	<u>(19,984,352)</u>	<u>19,419,611</u>	<u>-</u>
Net Increase (Decrease)	(158,401)	13,005,219	9,425,952	22,272,770
Net position restricted for pension benefits and other postemployment benefits:				
Beginning of year	<u>28,960,196</u>	<u>31,487,562</u>	<u>122,747,909</u>	<u>183,195,667</u>
End of year	<u>\$ 28,801,795</u>	<u>\$ 44,492,781</u>	<u>\$ 132,173,861</u>	<u>\$ 205,468,437</u>

Other Postemployment Benefits

401H Health Care	Act 149 Health Care	Total	Total
\$ -	\$ 640,263	\$ 640,263	\$ 2,785,836
-	1,156,454	1,156,454	8,534,696
-	1,796,717	1,796,717	11,320,532
1,776,618	1,830,506	3,607,124	25,344,907
-	481,408	481,408	5,414,902
-	(83,494)	(83,494)	(982,335)
1,776,618	2,228,420	4,005,038	29,777,474
26,516	22,841	49,357	49,357
1,803,134	4,047,978	5,851,112	41,147,363
-	-	-	12,300,354
3,011,945	-	3,011,945	3,011,945
-	-	-	59,500
126,323	-	126,323	628,843
-	-	-	111,991
8,286	-	8,286	57,402
3,146,554	-	3,146,554	16,170,035
(1,343,420)	4,047,978	2,704,558	24,977,328
-	-	-	-
-	-	-	-
(1,343,420)	4,047,978	2,704,558	24,977,328
14,067,953	21,062,364	35,130,317	218,325,984
\$ 12,724,533	\$ 25,110,342	\$ 37,834,875	\$ 243,303,312

ST. CLAIR COUNTY, MICHIGAN

**COMBINING STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
DECEMBER 31, 2013**

	<u>Trust and Agency</u>	<u>Library Penal Fines</u>	<u>Payroll</u>	<u>Total</u>
Assets:				
Cash and cash equivalents	\$ 2,579,403	\$ 9,039	\$ 104,848	\$ 2,693,290
Investments	383,622	-	-	383,622
Receivables	12,803,135	1,079	-	12,804,214
Due from individuals	<u>-</u>	<u>-</u>	<u>7,652</u>	<u>7,652</u>
 Total Assets	 <u><u>\$ 15,766,160</u></u>	 <u><u>\$ 10,118</u></u>	 <u><u>\$ 112,500</u></u>	 <u><u>\$ 15,888,778</u></u>
 Liabilities:				
Due to individuals and agencies	\$ 14,782,150	\$ -	\$ -	\$ 14,782,150
Due to other governmental units	<u>984,010</u>	<u>10,118</u>	<u>112,500</u>	<u>1,106,628</u>
 Total Liabilities	 <u><u>\$ 15,766,160</u></u>	 <u><u>\$ 10,118</u></u>	 <u><u>\$ 112,500</u></u>	 <u><u>\$ 15,888,778</u></u>

ST. CLAIR COUNTY, MICHIGAN

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Balance January 1, 2013	Additions	Reductions	Balance December 31, 2013
TOTAL ALL AGENCY FUNDS				
Assets:				
Cash and cash equivalents	\$ 1,548,744	\$ 182,785,159	\$ 181,640,613	\$ 2,693,290
Investments	60,324	323,298	-	383,622
Receivables	12,362,555	873,378	431,719	12,804,214
Due from individuals	2,731	33,502,082	33,497,161	7,652
	<u>2,731</u>	<u>33,502,082</u>	<u>33,497,161</u>	<u>7,652</u>
Total Assets	<u>\$ 13,974,354</u>	<u>\$ 217,483,917</u>	<u>\$ 215,569,493</u>	<u>\$ 15,888,778</u>
Liabilities:				
Due to -				
Individuals and agencies	\$ 13,071,143	\$ 43,119,286	\$ 41,408,279	\$ 14,782,150
Other governmental units	903,211	126,083,071	125,879,654	1,106,628
	<u>903,211</u>	<u>126,083,071</u>	<u>125,879,654</u>	<u>1,106,628</u>
Total Liabilities	<u>\$ 13,974,354</u>	<u>\$ 169,202,357</u>	<u>\$ 167,287,933</u>	<u>\$ 15,888,778</u>
TRUST AND AGENCY				
Assets:				
Cash and cash equivalents	\$ 1,417,481	\$ 116,833,506	\$ 115,671,584	\$ 2,579,403
Investments	60,324	323,298	-	383,622
Receivables	12,352,798	872,299	421,962	12,803,135
	<u>12,352,798</u>	<u>872,299</u>	<u>421,962</u>	<u>12,803,135</u>
Total Assets	<u>\$ 13,830,603</u>	<u>\$ 118,029,103</u>	<u>\$ 116,093,546</u>	<u>\$ 15,766,160</u>
Liabilities:				
Due to -				
Individuals and agencies	\$ 13,071,143	\$ 43,119,286	\$ 41,408,279	\$ 14,782,150
Other governmental units	759,460	106,177,028	105,952,478	984,010
	<u>759,460</u>	<u>106,177,028</u>	<u>105,952,478</u>	<u>984,010</u>
Total Liabilities	<u>\$ 13,830,603</u>	<u>\$ 149,296,314</u>	<u>\$ 147,360,757</u>	<u>\$ 15,766,160</u>
LIBRARY PENAL FINES				
Assets:				
Cash and cash equivalents	\$ 16,367	\$ 730,318	\$ 737,646	\$ 9,039
Accounts receivable	9,757	1,079	9,757	1,079
	<u>9,757</u>	<u>1,079</u>	<u>9,757</u>	<u>1,079</u>
Total Assets	<u>\$ 26,124</u>	<u>\$ 731,397</u>	<u>\$ 747,403</u>	<u>\$ 10,118</u>
Liabilities:				
Due to other governmental units	<u>\$ 26,124</u>	<u>\$ 752,330</u>	<u>\$ 768,336</u>	<u>\$ 10,118</u>

Continued

ST. CLAIR COUNTY, MICHIGAN

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Balance January 1, 2013	Additions	Reductions	Balance December 31, 2013
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
PAYROLL FUND				
Assets:				
Cash and cash equivalents	\$ 114,896	\$ 65,221,335	\$ 65,231,383	\$ 104,848
Due from individuals	2,731	33,502,082	33,497,161	7,652
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 117,627</u>	<u>\$ 98,723,417</u>	<u>\$ 98,728,544</u>	<u>\$ 112,500</u>
Liabilities:				
Due to other governmental units	<u>\$ 117,627</u>	<u>\$ 19,153,713</u>	<u>\$ 19,158,840</u>	<u>\$ 112,500</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, 2013**

	Balance January 1, 2013	Additions	Disposals/ Adjustments	Balance December 31, 2013
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
General County:				
Land	\$ 11,763,795	\$ 177,743	\$ -	\$ 11,941,538
Land improvements	7,155,685	195,948	-	7,351,633
Buildings	89,617,378	462,545	-	90,079,923
Equipment -				
Machinery	16,614,917	501,506	23,319	17,093,104
Marine	1,284,275	182,202	24,000	1,442,477
Vehicles	2,536,683	307,434	112,473	2,731,644
Books	8,775,669	368,101	1,175,962	7,967,808
	<u>137,748,402</u>	<u>2,195,479</u>	<u>1,335,754</u>	<u>138,608,127</u>
Less - Accumulated depreciation	<u>(44,349,992)</u>	<u>(4,643,240)</u>	<u>(1,304,912)</u>	<u>(47,688,320)</u>
	93,398,410	<u>(2,447,761)</u>	30,842	90,919,807
Construction in progress	<u>1,570,362</u>	<u>1,387,517</u>	<u>245,823</u>	<u>2,712,056</u>
Total Capital Assets, Net	<u>\$ 94,968,772</u>	<u>\$(1,060,244)</u>	<u>\$ 276,665</u>	<u>\$ 93,631,863</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, 2013**

	<u>Total</u>	<u>Land and Improvements</u>	<u>Buildings</u>	<u>Equipment</u>
Judicial:				
Circuit Court	\$ 5,890	\$ -	\$ -	\$ 5,890
District Court	524,117	50,050	343,368	130,699
Friend of Court	252,915	-	8,449	244,466
Courthouse Security	6,600	-	-	6,600
Public Improvement	422,345	5,900	86,447	329,998
	<u>1,211,867</u>	<u>55,950</u>	<u>438,264</u>	<u>717,653</u>
General Government:				
Administrator/Controller	872,050	872,050	-	-
Communications	549,616	-	-	549,616
Information Technology	418,430	-	-	418,430
Clerk	18,478	-	-	18,478
Register of Deeds	125,427	-	14,700	110,727
Equalization	46,225	-	-	46,225
Prosecuting Attorney	15,000	-	-	15,000
Human Resources	6,715	-	-	6,715
Property Description	31,777	-	-	31,777
County Treasurer	7,500	-	7,500	-
Buildings and Grounds	134,591	-	72,017	62,574
Public Improvement	2,276,381	646,336	386,158	1,243,887
Motor Pool	20,840	-	-	20,840
Drain Commissioner	362,771	25,000	20,000	317,771
	<u>4,885,801</u>	<u>1,543,386</u>	<u>500,375</u>	<u>2,842,040</u>
Public Safety:				
Sheriff and Patrol	1,673,943	-	-	1,673,943
Marine Law Enforcement	1,323,659	-	-	1,323,659
Jail	45,955,298	103,335	45,636,761	215,202
Juvenile Center	53,501	-	-	53,501
Radio/Communications	11,120,067	-	376,203	10,743,864
Secondary Road Patrol	19,294	-	-	19,294
Energy Efficiency	465,696	-	465,696	-
Emergency Services	1,192,422	9,142	316,902	866,378
Hazardous Materials Handling	990,187	60,895	477,340	451,952
Animal Shelter	295,866	19,200	262,546	14,120
Drug Task Force	434,649	-	99,543	335,106
Public Improvement	573,832	8,700	157,911	407,221
Planning Commission	23,200	-	-	23,200
	<u>64,121,614</u>	<u>201,272</u>	<u>47,792,902</u>	<u>16,127,440</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, 2013**

	<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	1,825,524	141,581	1,548,943	135,000
Health Department	1,665,398	81,920	1,328,070	255,408
Public Improvement	361,834	32,800	277,800	51,234
	<u>3,911,924</u>	<u>256,301</u>	<u>3,182,636</u>	<u>472,987</u>
Recreation and Cultural:				
Parks and Recreation	\$ 22,554,714	\$ 14,976,729	\$ 6,767,586	\$ 810,399
Public Library	9,198,344	111,759	864,383	8,222,202
Public Improvement	14,711	-	6,242	8,469
	<u>31,767,769</u>	<u>15,088,488</u>	<u>7,638,211</u>	<u>9,041,070</u>
General:				
Land and improvements	2,147,774	2,147,774	-	-
Buildings	30,527,535	-	30,527,535	-
Equipment	33,843	-	-	33,843
	<u>32,709,152</u>	<u>2,147,774</u>	<u>30,527,535</u>	<u>33,843</u>
Total General Fixed Assets	138,608,127	19,293,171	90,079,923	29,235,033
Less: Accumulated depreciation	<u>(47,688,320)</u>	<u>(3,185,559)</u>	<u>(27,098,950)</u>	<u>(17,403,811)</u>
	90,919,807	16,107,612	62,980,973	11,831,222
Construction in progress	<u>2,712,056</u>	<u>94,910</u>	<u>2,444,450</u>	<u>172,696</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>\$ 93,631,863</u>	<u>\$ 16,202,522</u>	<u>\$ 65,425,423</u>	<u>\$ 12,003,918</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, 2013**

	Balance January 1, 2013	Additions	Disposals/ Adjustments	Balance December 31, 2013
Judicial:				
Circuit Court	\$ 5,890	\$ -	\$ -	\$ 5,890
District Court	524,117	-	-	524,117
Friend of Court	252,915	-	-	252,915
Courthouse Security	6,600	-	-	6,600
Public Improvement	412,407	9,938	-	422,345
Total Judicial	<u>1,201,929</u>	<u>9,938</u>	<u>-</u>	<u>1,211,867</u>
General Government:				
Administrator/Controller	872,050	-	-	872,050
Communications	549,616	-	-	549,616
Information Technology	418,430	-	-	418,430
Clerk/Register	18,478	-	-	18,478
Register of Deeds	125,427	-	-	125,427
Equalization	46,225	-	-	46,225
Prosecuting Attorney	15,000	-	-	15,000
Human Resources	6,715	-	-	6,715
Property Description	31,777	-	-	31,777
County Treasurer	7,500	-	-	7,500
Buildings and Grounds	138,350	9,999	(13,758)	134,591
Public Improvement	2,012,586	263,795	-	2,276,381
Motor Pool	20,840	-	-	20,840
Drain Commissioner	317,771	45,000	-	362,771
Total General Government	<u>4,580,765</u>	<u>318,794</u>	<u>(13,758)</u>	<u>4,885,801</u>
Public Safety:				
Sheriff and Patrol	1,632,108	61,973	(20,138)	1,673,943
Marine Law Enforcement	1,132,473	215,186	(24,000)	1,323,659
Jail	45,955,298	-	-	45,955,298
Juvenile Center	53,501	-	-	53,501
Radio/Communications	11,120,067	-	-	11,120,067
Secondary Road Patrol	9,454	9,840	-	19,294
Energy Efficiency	465,696	-	-	465,696
Emergency Preparedness	743,962	466,079	(17,619)	1,192,422
Hazardous Materials Handling	981,395	8,792	-	990,187
Animal Shelter	295,866	-	-	295,866
Drug Task Force	448,539	6,248	(20,138)	434,649
Public Improvement	323,457	266,380	(16,005)	573,832
Planning Commission	23,200	-	-	23,200
Total Public Safety	<u>63,185,016</u>	<u>1,034,498</u>	<u>(97,900)</u>	<u>64,121,614</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, 2013**

	Balance January 1, 2013	Additions	Disposals/ Adjustments	Balance December 31, 2013
Health and Welfare:				
Veterans Counselor	\$ 8,323	\$ -	\$ -	\$ 8,323
Medical Examiner	50,845	-	-	50,845
Day Treatment/Night Watch	1,781,595	77,107	(33,178)	1,825,524
Health Department	1,665,398	-	-	1,665,398
Public Improvement	310,600	51,234	-	361,834
Total Health and Welfare	<u>3,816,761</u>	<u>128,341</u>	<u>(33,178)</u>	<u>3,911,924</u>
Recreation and Cultural:				
Parks and Recreation	22,233,862	335,808	(14,956)	22,554,714
Public Library	10,006,206	368,100	(1,175,962)	9,198,344
Public Improvement	14,711	-	-	14,711
Total Recreation and Cultural	<u>32,254,779</u>	<u>703,908</u>	<u>(1,190,918)</u>	<u>31,767,769</u>
General:				
Land and improvements	2,147,774	-	-	2,147,774
Buildings	30,527,535	-	-	30,527,535
Equipment	33,843	-	-	33,843
Total General	<u>32,709,152</u>	<u>-</u>	<u>-</u>	<u>32,709,152</u>
Construction in progress	1,570,362	1,387,517	(245,823)	2,712,056
 Total Capital Assets	 <u>\$ 139,318,764</u>	 <u>\$ 3,582,996</u>	 <u>\$(1,581,577)</u>	 <u>\$ 141,320,183</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, 2013**

	<u>County Drain</u>	<u>Drain Revolving</u>	<u>Special Services</u>	<u>Drain Debt</u>
Assets:				
Cash and cash equivalents	\$ 1,677,580	\$ 212,149	\$ 2,142	\$ 864,046
Investment	-	-	-	-
Special assessments receivable	356,356	-	-	14,591,580
Prepaid expenses	-	-	-	-
Due from other funds	-	191,051	-	-
Capital assets (net of accumulated depreciation) -				
Assets not being depreciated	-	-	-	-
Assets being depreciated	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 2,033,936</u>	<u>\$ 403,200</u>	<u>\$ 2,142</u>	<u>\$ 15,455,626</u>
 Liabilities:				
Accounts payable	\$ 251,038	\$ -	\$ -	\$ -
Accrued interest	8,510	-	-	-
Due to other funds	191,051	-	-	-
Escrow deposit	100,155	-	-	-
Advances from primary government	-	50,000	-	-
Non-current liabilities				
Due within one year	-	-	-	-
Due in more than one year	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>550,754</u>	<u>50,000</u>	<u>-</u>	<u>-</u>
 Deferred Inflows of Resources:				
Unavailable revenue - special assessments	<u>356,356</u>	<u>-</u>	<u>-</u>	<u>14,591,580</u>
 Fund Balances:				
Restricted	1,126,826	-	-	864,046
Committed	-	353,200	2,142	-
	<u>1,126,826</u>	<u>353,200</u>	<u>2,142</u>	<u>864,046</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 2,033,936</u>	<u>\$ 403,200</u>	<u>\$ 2,142</u>	<u>\$ 15,455,626</u>
 Net Position:				
Net investment in capital assets				
Restricted				
Unrestricted				
Total Net Position				

Mill Creek Debt	Equipment	Total	GASB 34 Adjustments	Statement of Net Position
\$ 143,859	\$ 154,908	\$ 3,054,684	\$ -	\$ 3,054,684
43,511	-	43,511	-	43,511
659,149	-	15,607,085	-	15,607,085
-	-	-	1,024	1,024
-	-	191,051	(191,051)	-
-	-	-	3,242,840	3,242,840
-	-	-	30,747,422	30,747,422
<u>\$ 846,519</u>	<u>\$ 154,908</u>	<u>\$ 18,896,331</u>	<u>33,800,235</u>	<u>52,696,566</u>
\$ 15,722	\$ 969	\$ 267,729	-	267,729
-	-	8,510	141,798	150,308
-	-	191,051	(191,051)	-
-	-	100,155	-	100,155
-	-	50,000	-	50,000
-	-	-	4,409,777	4,409,777
-	-	-	15,675,408	15,675,408
<u>15,722</u>	<u>969</u>	<u>617,445</u>	<u>20,035,932</u>	<u>20,653,377</u>
<u>659,149</u>	<u>-</u>	<u>15,607,085</u>	<u>(15,607,085)</u>	<u>-</u>
171,648	-	2,162,520	(2,162,520)	-
-	153,939	509,281	(509,281)	-
<u>171,648</u>	<u>153,939</u>	<u>2,671,801</u>	<u>(2,671,801)</u>	<u>-</u>
<u>\$ 846,519</u>	<u>\$ 154,908</u>	<u>\$ 18,896,331</u>		
			13,905,077	13,905,077
			17,628,831	17,628,831
			509,281	509,281
			<u>\$ 32,043,189</u>	<u>\$ 32,043,189</u>

ST. CLAIR COUNTY, MICHIGAN

**RECONCILIATION OF FUND BALANCES ON THE BALANCE SHEET FOR
DRAIN FUNDS TO NET POSITION OF DRAIN ACTIVITIES
ON THE STATEMENT OF NET POSITION
DECEMBER 31, 2013**

Fund Balances - Drain Funds		\$ 2,671,801
Amounts reported for governmental activities in the statement of net position are different because:		
Expenses recorded in the funds on the purchase method		1,024
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		
Capital assets		40,704,487
Accumulated depreciation		(6,714,225)
Other long term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds		
Special assessments		15,607,085
Discounts and premiums on bonds are reported as other financing sources or uses in the governmental funds, where they are capitalized and amortized from net position (netted against long-term debt)		
Bond premium		(42,246)
Bond discount		106,752
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds		
Notes payable	\$(5,970,761)	
Bonds payable	(10,350,930)	
Clean water revolving loans	(3,828,000)	
Accrued interest on bonds/notes payable	<u>(141,798)</u>	<u>(20,291,489)</u>
Net Position of Drainage Districts		<u><u>\$ 32,043,189</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, 2013**

	<u>County Drain</u>	<u>Drain Revolving</u>	<u>Special Services</u>	<u>Drain Debt</u>
Revenues:				
Charges for services	\$ 442,025	\$ -	\$ 3,275	\$ 2,159,746
Interest and rent	2,190	-	-	-
Other	<u>83,317</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>527,532</u>	<u>-</u>	<u>3,275</u>	<u>2,159,746</u>
Expenditures/Expenses:				
Public Works	1,024,782	-	-	-
Debt Service	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,828,793</u>
Total Expenditures/Expenses	<u>1,024,782</u>	<u>-</u>	<u>-</u>	<u>1,828,793</u>
Revenues over (under) expenditures	<u>(497,250)</u>	<u>-</u>	<u>3,275</u>	<u>330,953</u>
Other Financing Sources (Uses):				
Issuance of debt	620,000	-	-	-
Transfer from other funds	18,324	-	-	-
Transfer to other funds	<u>(70,940)</u>	<u>-</u>	<u>(14,743)</u>	<u>(3,581)</u>
Total Other Financing Sources (Uses)	<u>567,384</u>	<u>-</u>	<u>(14,743)</u>	<u>(3,581)</u>
Net Change in Fund Balance/Net Position	70,134	-	(11,468)	327,372
Fund Balances/Net Position at beginning of year as restated	<u>1,056,692</u>	<u>353,200</u>	<u>13,610</u>	<u>536,674</u>
Fund Balances/Net Position at end of year	<u>\$ 1,126,826</u>	<u>\$ 353,200</u>	<u>\$ 2,142</u>	<u>\$ 864,046</u>

<u>Mill Creek Debt</u>	<u>Equipment</u>	<u>Total</u>	<u>GASB 34 Adjustments</u>	<u>Statement of Activities</u>
\$ 220,071	\$ -	\$ 2,825,117	\$(1,657,629)	\$ 1,167,488
-	-	2,190	-	2,190
-	2,765	86,082	-	86,082
<u>220,071</u>	<u>2,765</u>	<u>2,913,389</u>	<u>(1,657,629)</u>	<u>1,255,760</u>
-	35,300	1,060,082	(204,393)	855,689
256,990	-	2,085,783	(1,428,005)	657,778
<u>256,990</u>	<u>35,300</u>	<u>3,145,865</u>	<u>(1,632,398)</u>	<u>1,513,467</u>
(36,919)	(32,535)	(232,476)	(25,231)	(257,707)
-	-	620,000	(620,000)	-
-	70,940	89,264	(89,264)	-
-	-	(89,264)	89,264	-
<u>-</u>	<u>70,940</u>	<u>620,000</u>	<u>(620,000)</u>	<u>-</u>
(36,919)	38,405	387,524	(645,231)	(257,707)
208,567	115,534	2,284,277	30,016,619	32,300,896
<u>\$ 171,648</u>	<u>\$ 153,939</u>	<u>\$ 2,671,801</u>	<u>\$ 29,371,388</u>	<u>\$ 32,043,189</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, 2013**

Net change in fund balances - Drain Fund	\$ 387,524
Change in prepaid expenses recorded in the funds on the purchase method	(450)
<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	769,546
Depreciation expense	(564,703)
Revenue in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(1,657,629)
<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	1,421,987
Note proceeds	(620,000)
<p>Accrued interest expense on bonds and the amortization of bond issuance costs, discounts, and premiums are not recorded by governmental funds, but are reported under interest and fiscal charges for the purpose of net position.</p>	
Decrease in accrued interest payable	227
Amortization of bond premium	12,908
Amortization of bond discount	<u>(7,117)</u>
Change in net position of Drainage Districts	<u><u>\$(257,707)</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)**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Governmental Activities										
Net investment in capital assets	\$ 35,995	\$ 45,828	\$ 47,087	\$ 50,693	\$ 50,828	\$ 49,646	\$ 52,622	\$ 53,410	\$ 54,475	\$ 53,667
Restricted	18,143	24,711	32,161	30,141	28,469	28,607	24,480	21,420	12,905	13,540
Unrestricted	12,517	11,786	13,764	15,253	7,022	1,374	(4,253)	(14,232)	(23,262)	(27,904)
Total Governmental Activities Net Position	<u>\$ 66,655</u>	<u>\$ 82,325</u>	<u>\$ 93,012</u>	<u>\$ 96,087</u>	<u>\$ 86,319</u>	<u>\$ 79,627</u>	<u>\$ 72,849</u>	<u>\$ 60,598</u>	<u>\$ 44,118</u>	<u>\$ 39,303</u>
Business-Type Activities										
Net investment in capital assets	\$ 9,605	\$ 12,804	\$ 12,514	\$ 15,424	\$ 15,145	\$ 15,991	\$ 18,264	\$ 17,804	\$ 14,988	\$ 13,957
Restricted	-	85	316	535	935	1,272	1,518	1,822	2,078	2,417
Unrestricted	36,431	29,523	28,239	25,257	29,816	27,923	29,711	28,573	28,096	31,005
Total Business-Type Activities Net Position	<u>\$ 46,036</u>	<u>\$ 42,412</u>	<u>\$ 41,069</u>	<u>\$ 41,216</u>	<u>\$ 45,896</u>	<u>\$ 45,186</u>	<u>\$ 49,493</u>	<u>\$ 48,199</u>	<u>\$ 45,162</u>	<u>\$ 47,379</u>
Primary Government										
Net investment in capital assets	\$ 45,600	\$ 58,632	\$ 59,601	\$ 66,117	\$ 65,973	\$ 65,637	\$ 70,886	\$ 71,214	\$ 69,463	\$ 67,624
Restricted	18,143	24,796	32,477	30,676	29,404	29,879	25,998	23,242	14,983	15,957
Unrestricted	48,948	41,309	42,003	40,510	36,838	29,297	25,458	14,341	4,834	3,101
Total Primary Government Net Position	<u>\$ 112,691</u>	<u>\$ 124,737</u>	<u>\$ 134,081</u>	<u>\$ 137,303</u>	<u>\$ 132,215</u>	<u>\$ 124,813</u>	<u>\$ 122,342</u>	<u>\$ 108,797</u>	<u>\$ 89,280</u>	<u>\$ 86,682</u>

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

ST. CLAIR COUNTY, MICHIGAN

SCHEDULE 2

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental Activities:										
Legislative	\$ 1,154	\$ 1,000	\$ 1,349	\$ 786	\$ 648	\$ 606	\$ 759	\$ 3,021	\$ 1,086	\$ 1,847
Judicial	10,893	11,074	11,850	12,240	12,813	12,834	11,985	13,053	13,140	11,213
General Government	13,673	13,432	14,519	14,798	17,057	15,610	15,197	15,569	13,832	12,685
Public Safety	17,721	20,780	22,012	23,708	25,937	28,314	27,820	29,256	34,740	29,208
Public Works	826	607	737	551	1,134	1,520	2,340	2,046	1,247	1,008
Health and Welfare	18,448	19,140	20,301	22,473	22,970	20,861	21,595	21,411	20,888	20,709
Community and Economic Development	-	-	633	693	652	819	678	972	844	788
Recreation and Culture	6,109	6,056	6,672	7,340	8,217	8,321	8,087	8,534	8,567	8,802
Other Activities	800	800	-	-	-	-	-	-	-	-
Interest on Long Term Debt	151	1,797	1,751	2,165	2,300	2,254	2,342	2,342	2,710	2,318
Total Governmental Activities Expenses	<u>69,775</u>	<u>74,686</u>	<u>79,824</u>	<u>84,754</u>	<u>91,728</u>	<u>91,139</u>	<u>90,803</u>	<u>96,204</u>	<u>97,054</u>	<u>88,577</u>
Business-Type Activities:										
Delinquent Revolving Tax	57	76	231	239	316	400	487	462	557	534
Airport Commission	534	688	510	474	569	683	583	592	490	1,063
Sheriff Concession	157	163	354	350	380	424	430	451	509	631
School Tax Collection	-	-	-	4	6	9	14	-	-	-
Homestead Exemption Audits	-	-	-	-	-	2	1	1	-	-
Solid Waste Disposal System	4,699	4,935	5,504	4,631	4,842	4,530	5,260	5,221	5,103	2,227
Total Business-Type Activities Expenses	<u>5,447</u>	<u>5,862</u>	<u>6,599</u>	<u>5,698</u>	<u>6,113</u>	<u>6,048</u>	<u>6,775</u>	<u>6,727</u>	<u>6,659</u>	<u>4,455</u>
Total Primary Government Expenses	<u>\$ 75,222</u>	<u>\$ 80,548</u>	<u>\$ 86,423</u>	<u>\$ 90,452</u>	<u>\$ 97,841</u>	<u>\$ 97,187</u>	<u>\$ 97,578</u>	<u>\$ 102,931</u>	<u>\$ 103,713</u>	<u>\$ 93,032</u>
Program Revenues										
Governmental Activities:										
Charges for Services:										
Legislative	\$ 123	\$ 7	\$ -	\$ -	\$ -	\$ 2	\$ -	\$ -	\$ -	\$ 1
Judicial	3,060	3,227	3,077	3,113	2,809	2,581	2,436	2,330	2,404	2,440
General Government	4,737	4,429	4,635	4,305	4,927	5,175	4,866	4,552	4,871	5,215
Public Safety	3,151	3,561	4,472	5,353	4,484	4,801	6,279	8,033	7,446	6,828
Health and Welfare	1,632	1,760	1,929	2,487	2,103	2,534	2,737	2,761	1,663	3,076
Community and Economic Development	-	-	51	37	36	10	47	81	73	76
Recreation and Culture	1,151	1,113	1,051	983	895	842	882	988	1,026	1,078
Interest on Long Term Debt	-	-	-	370	731	757	414	404	394	695
Operating Grants and Contributions	13,353	14,807	14,549	13,973	16,538	15,777	16,531	15,855	15,558	14,809
Capital Grants and Contributions	877	3,597	1,580	4,146	934	1,236	1,398	323	1,042	1,770
Total Governmental Activities Program Revenues	<u>28,084</u>	<u>32,501</u>	<u>31,344</u>	<u>34,767</u>	<u>33,457</u>	<u>33,715</u>	<u>35,590</u>	<u>35,327</u>	<u>34,477</u>	<u>35,988</u>

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Business-Type Activities:										
Charges for Services:										
Delinquent Revolving Tax	\$ 442	\$ 570	\$ 897	\$ 995	\$ 1,415	\$ 1,226	\$ 1,271	\$ 1,288	\$ 1,219	\$ 1,310
Airport Commission	168	298	197	74	150	130	124	122	128	527
Sheriff Concession	145	151	357	361	389	400	408	517	578	643
School Tax Collection	-	-	32	48	58	5	-	-	-	-
Homestead Exemption Audits	-	-	-	-	1	-	-	-	-	-
Solid Waste Disposal System	5,182	5,130	4,468	4,950	4,355	3,785	3,996	4,384	4,692	4,933
Operating Grants and Contributions	342	403	133	143	134	168	84	77	159	335
Capital Grants and Contributions	26	702	342	46	-	122	5,576	42	24	224
Total Business-Type Activities Program Revenues	6,305	7,254	6,426	6,617	6,502	5,836	11,459	6,430	6,800	7,972
Total Primary Government Program Revenues	\$ 34,389	\$ 39,755	\$ 37,770	\$ 41,384	\$ 39,959	\$ 39,551	\$ 47,049	\$ 41,757	\$ 41,277	\$ 43,960
Net (expense)/revenue										
Governmental Activities	\$ (41,691)	\$ (42,185)	\$ (48,480)	\$ (49,987)	\$ (58,271)	\$ (57,424)	\$ (55,213)	\$ (60,877)	\$ (62,577)	\$ (52,589)
Business-Type Activities	858	1,392	(173)	919	389	(212)	4,684	(297)	141	3,517
Total Primary Government Net Expense	\$ (40,833)	\$ (40,793)	\$ (48,653)	\$ (49,068)	\$ (57,882)	\$ (57,636)	\$ (50,529)	\$ (61,174)	\$ (62,436)	\$ (49,072)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes	\$ 47,254	\$ 49,590	\$ 52,637	\$ 46,895	\$ 46,594	\$ 47,200	\$ 44,677	\$ 42,495	\$ 41,670	\$ 42,145
Unrestricted Grants and Contributions	1,331	378	393	46	386	387	382	385	660	2,779
Unrestricted Investment Income	871	2,026	3,119	3,626	1,880	509	414	411	263	176
Interest and Penalties on Delinquent Taxes	9	21	29	17	21	2	28	13	10	9
Gain (Loss) on Disposal/Sale of Capital Assets	-	-	-	-	-	-	-	-	-	-
Transfers	4,271	7,323	2,989	2,478	3,779	2,634	2,934	3,105	3,495	2,666
Special Item - Tribunal Settlement	-	-	-	-	(4,157)	-	-	1,700	-	-
Total Governmental Activities	53,736	59,338	59,167	53,062	48,503	50,732	48,435	48,109	46,098	47,774
Business-Type Activities										
Unrestricted Investment Income	379	728	1,819	1,137	551	20	84	78	56	24
Interest and Penalties on Delinquent Taxes	887	856	-	1,110	1,455	2,116	2,052	2,029	2,185	1,342
Gain on Sale of Capital Assets	-	30	-	59	-	-	-	-	-	-
Other/Road Commission	-	-	-	(600)	-	-	-	-	-	-
Transfers	(4,271)	(7,323)	(2,989)	(2,478)	(3,779)	(2,634)	(2,934)	(3,104)	(3,495)	(2,666)
Special Item - Return of contribution	-	-	-	-	-	-	420	-	-	-
Total Business-Type Activities	(3,005)	(5,709)	(1,170)	(772)	(1,773)	(498)	(378)	(997)	(1,254)	(1,300)
Total Primary Government	\$ 50,731	\$ 53,629	\$ 57,997	\$ 52,290	\$ 46,730	\$ 50,234	\$ 48,057	\$ 47,112	\$ 44,844	\$ 46,474
Change in Net Position										
Governmental Activities	\$ 12,045	\$ 17,153	\$ 10,687	\$ 3,075	\$ (9,768)	\$ (6,692)	\$ (6,778)	\$ (12,768)	\$ (16,479)	\$ (4,815)
Business-Type Activities	(2,147)	(4,317)	(1,343)	147	(1,384)	(710)	4,306	(1,294)	(1,113)	2,217
Total Primary Government	\$ 9,898	\$ 12,836	\$ 9,344	\$ 3,222	\$ (11,152)	\$ (7,402)	\$ (2,472)	\$ (14,062)	\$ (17,592)	\$ (2,598)

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)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Reserved	\$ 92	\$ 92	\$ 92	\$ 65	\$ 66	\$ 2,785	\$ 3,055	\$ -	\$ -	\$ -
Unreserved	8,693	7,880	7,842	8,082	8,406	5,919	5,894	-	-	-
Nonspendable	-	-	-	-	-	-	-	4,076	4,408	4,736
Restricted	-	-	-	-	-	-	-	45	-	-
Committed	-	-	-	-	-	-	-	-	686	1,093
Assigned	-	-	-	-	-	-	-	-	2,928	1,577
Unassigned	-	-	-	-	-	-	-	5,152	4,917	4,702
Total General Fund	<u>\$ 8,785</u>	<u>\$ 7,972</u>	<u>\$ 7,934</u>	<u>\$ 8,147</u>	<u>\$ 8,472</u>	<u>\$ 8,704</u>	<u>\$ 8,949</u>	<u>\$ 9,273</u>	<u>\$ 12,939</u>	<u>\$ 12,108</u>
All other Governmental Funds										
Reserved	\$ 3,397	\$ 644	\$ 715	\$ 8,440	\$ 2,309	\$ 5,961	\$ 3,267	\$ -	\$ -	\$ -
Unrestricted, reported in:										
Special Revenue Funds	20,870	26,818	31,284	33,936	29,311	26,301	25,100	-	-	-
Debt Service Funds	1,598	135	418	-	-	-	-	-	-	-
Capital Project Funds	-	-	-	-	-	-	-	-	-	-
Nonspendable	-	-	-	-	-	-	-	389	-	-
Restricted	-	-	-	-	-	-	-	20,986	19,720	18,827
Committed	-	-	-	-	-	-	-	-	2,402	2,437
Assigned	-	-	-	-	-	-	-	2,482	-	-
Total all other Governmental Funds	<u>\$ 25,865</u>	<u>\$ 27,597</u>	<u>\$ 32,417</u>	<u>\$ 42,376</u>	<u>\$ 31,620</u>	<u>\$ 32,262</u>	<u>\$ 28,367</u>	<u>\$ 23,857</u>	<u>\$ 22,122</u>	<u>\$ 21,264</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)**

	2004	2005	2006	2007	2008
Revenues:					
Taxes	\$ 47,233	\$ 49,609	\$ 52,700	\$ 46,969	\$ 46,539
Licenses and Permits	669	536	737	746	780
Intergovernmental	15,135	19,473	18,872	22,015	17,749
Charges for Services	8,912	7,835	7,742	8,059	9,671
Fines and Forfeits	1,808	1,534	1,417	1,431	1,280
Interest and Rent	1,937	2,908	4,162	4,683	2,750
Other	1,854	2,149	2,157	1,834	3,299
Total Revenues	77,548	84,044	87,787	85,737	82,068
Expenditures:					
Legislative	1,151	1,016	1,362	788	625
Judicial	10,649	11,289	12,088	12,083	11,715
General Government	11,946	12,828	13,448	13,329	13,569
Public Safety	18,250	20,463	20,401	21,573	21,666
Public Works	828	628	755	68	677
Health and Welfare	18,390	19,327	20,436	22,596	22,354
Community and Economic Development	-	-	633	630	640
Recreation and Cultural	6,052	9,810	8,603	10,232	8,474
Other Activities	800	800	650	802	450
Capital Outlay	26,173	11,528	4,724	6,646	8,076
Debt Service					
Principal	920	1,008	1,208	1,327	1,634
Interest/Issuance Costs	1,777	1,751	1,708	1,959	2,242
Total Expenditures	96,936	90,448	86,016	92,033	92,122
Revenues over (under) expenditures	(19,388)	(6,404)	1,771	(6,296)	(10,054)
Other Financing Sources (Uses):					
Transfers In	16,150	19,672	16,775	18,268	21,805
Transfers Out	(11,878)	(12,348)	(13,787)	(15,790)	(18,026)
Issuance of debt	9,625	-	23	13,990	-
Issuance of Refunding Bonds	-	-	-	-	-
Premium on Debt	385	-	-	-	-
Payment to Refunding Bond Escrow Agent	(10,094)	-	-	-	-
Total Other Financing Sources (Uses)	4,188	7,324	3,011	16,468	3,779
Special Item - Tribunal Settlement	-	-	-	-	(4,157)
Net Change in Fund Balances	\$ (15,200)	\$ 920	\$ 4,782	\$ 10,172	\$ (10,432)
Debt Service as a Percentage of Noncapital Expenditures	4.05%	3.64%	3.74%	3.86%	4.35%

SCHEDULE 4

	2009	2010	2011	2012	2013
\$	47,172	\$ 44,746	\$ 42,472	\$ 41,637	\$ 42,153
	776	792	765	717	749
	18,386	18,806	16,917	16,816	19,370
	10,705	11,707	13,444	12,299	12,365
	1,243	1,102	1,082	1,366	1,530
	1,350	1,390	1,243	1,079	1,648
	2,524	2,957	2,822	3,033	3,220
	<u>82,156</u>	<u>81,500</u>	<u>78,745</u>	<u>76,947</u>	<u>81,035</u>
	582	2,002	2,996	1,054	1,839
	11,730	11,144	11,153	11,262	10,462
	12,689	11,903	11,613	11,957	11,145
	23,485	24,297	23,913	25,227	25,063
	1,521	2,340	2,046	1,248	1,004
	20,597	20,909	19,822	19,321	19,967
	831	678	961	791	790
	9,784	8,044	8,187	9,150	7,986
	700	-	-	-	-
	1,804	3,950	1,957	3,501	2,180
	1,840	2,014	2,242	2,364	2,622
	2,220	2,289	2,286	2,369	2,453
	<u>87,783</u>	<u>89,570</u>	<u>87,176</u>	<u>88,244</u>	<u>85,511</u>
	<u>(5,627)</u>	<u>(8,070)</u>	<u>(8,431)</u>	<u>(11,297)</u>	<u>(4,476)</u>
	20,163	16,662	15,871	15,665	15,557
	(17,529)	(13,728)	(12,767)	(12,170)	(12,891)
	3,867	1,486	1,141	9,622	-
	-	-	-	24,365	5,380
	-	-	-	2,620	-
	-	-	-	(26,874)	(5,259)
	<u>6,501</u>	<u>4,420</u>	<u>4,245</u>	<u>13,228</u>	<u>2,787</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$	<u>874</u>	<u>(3,650)</u>	<u>(4,186)</u>	<u>1,931</u>	<u>(1,689)</u>
	<u>4.88%</u>	<u>5.12%</u>	<u>5.42%</u>	<u>5.78%</u>	<u>6.18%</u>

ST. CLAIR COUNTY, MICHIGAN

SCHEDULE 5

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

Fiscal Year Ended 12/31/	Real Property				Total Personal Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property	Industrial Property	Other Property					
2004	\$ 4,490,834,960	\$ 599,504,098	\$ 913,180,592	\$ 518,309,171	\$ 534,108,319	\$ 7,055,937,140	7.1040	\$ 14,191,013,880	49.72%
2005	4,748,425,166	647,424,324	1,324,052,903	560,127,617	565,327,870	7,845,357,880	7.1018	15,785,539,048	49.70%
2006	5,053,480,633	670,202,027	1,362,439,979	549,748,926	545,477,448	8,181,349,013	7.3022	16,418,998,179	49.83%
2007	5,248,267,837	697,916,720	1,371,541,451	585,605,328	558,278,662	8,461,609,998	7.3022	17,048,618,161	49.63%
2008	5,231,341,989	711,841,017	1,380,728,677	589,786,748	577,689,370	8,491,387,801	7.3022	17,123,796,731	49.59%
2009	4,758,585,316	711,281,355	1,389,976,448	562,192,556	581,871,212	8,003,906,887	7.3022	16,106,193,867	49.69%
2010	3,971,598,924	703,012,594	749,672,675	469,173,055	578,004,195	6,471,461,443	7.3022	13,015,713,760	49.72%
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%

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				
2004	2.74	15.74	5.3265	0.5000	0.2803	0.5000	0.4954	0.0000	0.0000	7.1022	1.89	3.45	28.06	58.98
2005	2.52	15.51	5.3265	0.5000	0.2803	0.5000	0.4954	0.0000	0.0000	7.1022	1.89	3.45	28.18	58.65
2006	2.36	15.38	5.3265	0.5000	0.2803	0.7000	0.4954	0.0000	0.0000	7.3022	1.89	3.43	28.13	58.49
2007	2.50	15.87	5.3265	0.5000	0.2803	0.7000	0.4954	0.0000	0.0000	7.3022	1.89	3.43	23.25	54.24
2008	2.55	15.39	5.3265	0.5000	0.2803	0.7000	0.4954	0.0000	0.0000	7.3022	1.89	3.43	26.90	57.46
2009	2.30	15.30	5.3265	0.5000	0.2803	0.7000	0.4954	0.0000	0.0000	7.3022	1.89	3.43	28.90	59.12
2010	2.36	15.34	5.3265	0.5000	0.2803	0.7000	0.4954	0.0000	0.0000	7.3022	1.89	3.43	29.48	59.80
2011	2.32	14.46	5.3265	0.5000	0.2803	0.7000	0.4954	0.0000	0.1000	7.4022	1.89	3.43	29.62	59.12
2012	2.55	15.06	5.3265	0.8000	0.2803	0.7000	0.4954	0.2500	0.1000	7.9522	1.89	3.43	29.78	60.66
2013	2.50	15.80	5.3265	0.8000	0.2803	0.7000	0.4954	0.2500	0.1000	7.9522	1.89	3.43	29.80	61.37

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

		2013			2004		
		Taxable	Rank	Percentage	Taxable	Rank	Percentage
		Valuation		of Total	Valuation		of Total
				Taxable Value			Taxable Value
Detroit Edison	Electrical Utility	\$ 673,371,965	1	12.36%	\$ 884,539,142	1	15.88%
Mich-Con	Gas Production	57,079,036	2	1.05%	N/A	-	N/A
International Transmission	Electrical Transmission	47,766,337	3	0.88%	N/A	-	N/A
ZF Industries	Automobile Manufacturing	37,998,400	4	0.70%	N/A	-	N/A
Blue Water Gas Storage	Gas Production	18,840,699	5	0.35%	N/A	-	N/A
Marysville Ethanol	Gas Production	18,012,449	6	0.33%	N/A	-	N/A
Consumers Energy	Natural Gas Co	15,276,100	7	0.28%	14,877,325	8	0.27%
Domtar Ind	Paper Production	14,639,400	8	0.27%	N/A	-	N/A
Birchwood Mall LTD	Retail	14,580,687	9	0.27%	12,993,786	9	0.23%
Mich Dept of Natural Resources	Wildlife Preservation	13,175,890	10	0.24%	N/A	-	N/A
Semco Energy & Affiliates	Gas Utility	N/A	-	N/A	30,632,392	2	0.55%
Mueller Brass Company	Brass Rod Manufacturing	N/A	-	N/A	21,091,177	4	0.38%
E.B. Eddy	Paper Manufacturing	N/A	-	N/A	20,338,185	5	0.37%
Michigan Consolidated Gas Co.	Natural Gas and Pipeline	N/A	-	N/A	29,303,261	3	0.53%
Daimler Chrysler	Automotive Parts Storage	N/A	-	N/A	19,261,392	6	0.35%
ANR Pipeline Co.	Natural Gas Storage and Pipeline	N/A	-	N/A	16,854,522	7	0.30%
Schefenacker Vision	Automotive Manufacturing	N/A	-	N/A	12,695,373	10	0.23%
		<u>\$ 910,740,963</u>		16.73%	<u>\$ 1,062,586,555</u>		19.09%

Source: Equalization Department

ST. CLAIR COUNTY, MICHIGAN

SCHEDULE 8

**PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS - UNAUDITED**

<u>Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections to March 1</u>	<u>Percentage of Levy Collected</u>	<u>Delinquent Tax Collections to December 31</u>	<u>Total Tax Collections</u>	<u>Percentage of Total Tax Collections to Tax Levy</u>	<u>Outstanding Delinquent Taxes **</u>	<u>Percentage of Delinquent Taxes to Tax Levy</u>
2004	\$ 39,237,971	\$ 36,507,284	93.0%	\$ 2,647,560	\$ 39,154,844	99.8%	\$ 83,127	0.2%
2005	41,162,593	38,683,746	94.0%	2,402,738	41,086,484	99.8%	76,109	0.2%
2006	45,433,336	41,803,246	92.0%	3,552,794	45,356,040	99.8%	77,296	0.2%
2007	47,496,559	43,688,419	92.0%	3,728,541	47,416,960	99.8%	79,599	0.2%
2008	48,647,762	44,401,581	91.3%	3,938,715	48,340,296	99.4%	307,466	0.6%
2009	47,259,128	44,346,907	93.8%	2,554,609	46,901,516	99.2%	357,612	0.8%
2010	43,598,158	40,993,146	94.0%	2,379,194	43,372,340	99.5%	225,818	0.5%
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%

** Represents Delinquent Personal Property Taxes and Chargebacks

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

Source: County Treasurer's Office

ST. CLAIR COUNTY, MICHIGAN

SCHEDULE 9

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

Fiscal Year	Governmental Activities				Business-Type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Drain Districts	Capital Leases	Premiums, Discounts & Adjustments	General Obligation Bonds	Capital Leases			
2004	\$43,775,000	\$ -	\$ 7,738	\$ (646,244)	\$ -	\$ -	\$ 43,136,494	0.87%	\$ 262.65
2005	42,775,000	-	-	(604,979)	-	162,335	42,332,356	0.83%	257.75
2006	41,575,000	-	14,523	(563,713)	-	121,751	41,147,561	0.80%	250.54
2007	54,315,000	414,379	6,551	(654,201)	-	121,751	54,203,480	1.01%	330.04
2008	52,775,000	772,882	-	(605,391)	-	40,584	52,983,075	0.98%	322.61
2009	54,060,000	1,514,539	-	(558,130)	-	-	55,016,409	1.04%	334.99
2010	52,185,000	2,862,168	-	(509,207)	4,830,496	-	59,368,457	1.14%	364.13
2011	50,185,000	3,244,497	-	(460,285)	6,184,811	-	59,154,023	1.09%	362.82
2012	55,665,000	3,588,472	-	1,076,697	6,623,535	-	66,953,704	1.18%	410.66
2013	53,680,000	3,311,730	-	801,008	7,041,911	-	64,834,649	1.15%	397.66

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	Less: Amounts Available in Debt Service Funds	Total	Ratio of Net Bonded Debt to Assessed Value	Per Capita
2004	164,235	\$ 7,055,937	\$ 43,128,756	\$ 1,597,972	\$ 41,530,784	0.59	\$ 252.87
2005	164,235	7,845,357	42,170,021	134,898	42,035,123	0.54	255.94
2006	164,235	8,181,349	41,011,287	417,854	40,593,433	0.50	247.17
2007	164,235	8,461,610	53,660,799	616,976	53,043,823	0.63	322.98
2008	164,235	8,491,388	52,169,609	708,847	51,460,762	0.61	313.34
2009	164,235	8,003,907	53,501,870	807,732	52,694,138	0.66	320.85
2010	163,040	6,471,461	56,506,289	883,296	55,622,993	0.86	341.16
2011	163,040	6,137,259	55,909,526	939,005	54,970,521	0.90	337.16
2012	163,040	5,844,715	63,365,232	973,741	62,391,491	1.07	382.68
2013	163,040	5,819,001	61,522,919	1,750,395	59,772,524	1.03	366.61

* 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, 2013 - UNAUDITED**

Direct Debt:

Building Authority	\$	5,990,000
Communication System - General Obligation Bonds		2,650,000
Comm. Mental Health - General Obligation Bonds		9,150,000
Communication System - General Obligation Bonds		2,525,000
Jail Refunding Bonds		24,365,000
Convention Center - General Obligation Bonds		9,000,000
Drain Districts		3,311,730
		56,991,730
 Premiums, Discounts & Adjustments:		 801,008
 Net Direct Debt		 57,792,738

Overlapping Debt:

Cities	\$	96,333,396	
Townships		24,336,920	
Villages		414,010	
School Districts		261,561,746	
Intermediate School District		2,596,555	
Community College		3,016,074	
		388,258,701	

Net Direct and Overlapping Debt \$ 446,051,439

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

Note: Percentage of overlap based on assessed property values.

ST. CLAIR COUNTY, MICHIGAN

SCHEDULE 12

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

<u>Fiscal Year</u>	<u>Debt Limit</u>	<u>Total Net Debt Applicable to Limit</u>	<u>Legal Debt Margin</u>
2004	\$ 705,593,714	\$ 43,128,756	\$ 662,464,958
2005	784,535,788	42,170,021	742,365,767
2006	817,931,908	41,011,287	776,920,621
2007	845,645,189	54,075,178	791,570,011
2008	849,227,458	52,942,491	796,284,967
2009	800,388,624	55,016,409	745,372,215
2010	647,034,586	54,537,961	592,496,625
2011	613,544,334	52,969,212	560,575,122
2012	584,459,452	60,330,169	524,129,283
2013	581,900,074	57,792,738	524,107,336

Legal Debt Margin Calculation for Fiscal Year 2013

State Equalized Value	<u>\$ 5,819,000,743</u>
Legal Debt Limit (10% of State Equalized Value)	\$ 581,900,074
Less: Total Long-Term Debt	<u>57,792,738</u>
Legal Debt Margin	<u>\$ 524,107,336</u>

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

ST. CLAIR COUNTY, MICHIGAN

SCHEDULE 13

**DEMOGRAPHIC AND ECONOMICAL STATISTICS
LAST TEN FISCAL YEARS - UNAUDITED**

<u>Fiscal Year</u>	<u>Population *</u>	<u>U. S. Census</u>	<u>Personal Income **</u>	<u>Per Capita Income **</u>	<u>K - 12 School Enrollment ***</u>	<u>Unemployment Rate ****</u>
2004	171,661	164,235	\$ 4,955,516	\$ 29,017	28,211	9.4
2005	172,546	164,235	5,119,100	29,922	28,235	7.6
2006	172,866	164,235	5,171,399	30,845	27,692	8.4
2007	174,954	164,235	5,358,337	30,942	26,890	9.1
2008	171,017	164,235	5,419,462	31,956	26,132	10.4
2009	166,842	164,235	5,290,584	31,574	25,477	17.5
2010	163,040	163,040	5,200,174	31,956	25,005	14.9
2011	162,569	163,040	5,408,369	33,459	24,408	13.1
2012	160,182	163,040	5,659,145	35,458	23,523	12.2
2013	160,327	163,040	5,659,145	35,458	22,849	10.6

Sources

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

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

ST. CLAIR COUNTY, MICHIGAN

SCHEDULE 14

PRINCIPAL EMPLOYERS
CURRENT YEAR AND TEN YEARS AGO - UNAUDITED

Employer	Product/Service	2013			2003*		
		Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Port Huron Hospital	Health Care Services	1,500	1	2.23%	1,057	2	1.57%
Port Huron School District	Public Education	1,065	2	1.58%	1,462	1	2.17%
St. Clair County	Municipal Government	872	3	1.29%	832	5	1.24%
DTE Energy	Public Utility	850	4	1.26%	1,044	3	1.55%
Mercy Hospital	Health Care Services	802	5	1.19%	693	6	1.03%
Meijer	Grocery/Retail	630	6	0.94%	N/A	N/A	N/A
East China Public Schools	Public Education	550	7	0.82%	594	8	0.88%
SMR	Manufacturer	502	8	0.75%	459	10	0.68%
Engineered Plastic Components	Manufacturer	485	9	0.72%	N/A	N/A	N/A
IAC	Manufacturer	461	10	0.68%	N/A	N/A	N/A
Bundy Corporation	Motor Vehicle Parts	N/A	N/A	N/A	620	7	0.92%
K-Mart Corporation	Grocery/Retail	N/A	N/A	N/A	850	4	1.26%
Britax Rainsford	Glass Products	N/A	N/A	N/A	591	9	0.88%
		<u>7,717</u>		<u>11.46%</u>	<u>8,202</u>		<u>12.18%</u>

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

* Information for 2004 (nine years prior) not available and ten year information is presented.

ST. CLAIR COUNTY, MICHIGAN

SCHEDULE 15

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

Function	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Legislative										
Board of Commissioners	7	7	7	7	7	7	7	7	7	7
Judicial										
Circuit Court	13	14	14	14	13	13	13	13	13	13
District Court	27	29	28	28	30	30	27	27	27	27
Courthouse Security	7	7	7	7	7	7	7	7	7	5
Friend of the Court	33	40	41	40	40	40	40	35	35	32
Probate Court - Adult	9	7	10	10	9	9	9	9	9	9
Probate Court - Juvenile	27	28	23	23	23	23	21	19	19	17
Probation - Adult	6	7	8	8	8	8	8	8	8	8
General Government										
Administrator/Controller	5	4	4	4	3	3	3	3	3	3
Elections	1	1	1	1	1	1	1	1	1	1
Accounting	5	5	5	4	4	4	4	4	4	4
Purchasing	0	0	2	3	3	2	2	2	2	2
Clerk	11	11	11	11	11	11	10	10	10	10
Equalization	7	9	11	11	11	11	10	10	10	9
Human Resources	8	8	8	5	6	6	6	4	4	5
Staff Resource Pool	6	6	0	0	0	0	0	0	0	0
Prosecuting Attorney	26	26	26	26	25	25	24	25	25	24
Register of Deeds	6	6	6	6	4	4	3	2	2	2
Lands and Graphics/Property Description	5	0	0	0	0	0	0	0	0	0
Treasurer	7	7	8	8	7	7	7	7	7	7
Cooperative Extension	5	5	5	5	4	4	3	2	2	2
Information Technology	11	11	16	16	14	14	13	12	14	14
Buildings and Grounds	27	27	25	27	23	23	21	20	20	19
Drain Commissioner	8	9	9	9	8	8	8	8	8	8
Public Safety										
Sheriff Department	78	80	85	86	76	76	77	77	79	86
Communications	15	15	15	15	23	23	23	23	26	23
Marine Patrol	1	1	1	1	1	1	1	1	1	1
Jail	55	94	94	94	97	97	96	96	96	95
Emergency Services	3	4	5	5	4	4	3	3	3	3
Animal Control	5	5	4	4	3	3	1	1	3	3
Metropolitan Planning	7	7	7	7	7	7	7	7	5	5

(Continued)

Function	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Health and Welfare										
Medical Examiner	0	0	0	1	1	1	1	1	2	2
Veterans Counselor	3	3	4	4	3	2	2	2	4	4
Public Guardian	3	3	4	3	3	3	3	3	3	3
Health Department	93	93	93	93	79	79	79	75	75	68
Child Care	27	34	45	47	50	50	48	48	48	48
Recreation and Culture										
Parks and Recreation	7	7	7	7	9	9	9	10	10	10
Library	38	35	37	37	37	37	37	37	37	37
Proprietary Activities										
Landfill	3	3	3	3	3	3	3	4	5	5
Airport	4	4	3	3	2	2	2	1	1	1

(Concluded)

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

ST. CLAIR COUNTY, MICHIGAN

SCHEDULE 16

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS - UNAUDITED

Function	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Judicial										
Circuit Court Cases Filed	4,487	4,232	4,337	4,359	4,293	4,138	3,793	3,795	3,764	3,843
Circuit Court Cases Dispositions	4,952	4,423	4,327	4,647	4,429	4,295	3,952	3,851	3,952	4,099
General Government										
Marriage licenses	1,080	1,108	1,124	945	946	880	842	957	937	937
Births Certificates	1,948	1,891	1,860	1,798	1,746	1,705	1,536	1,605	1,496	1,462
Divorces Recorded	705	635	687	625	638	621	715	635	743	787
Death Certificates	1,420	1,454	1,445	1,487	1,535	1,517	1,569	1,551	1,472	1,633
Public Safety										
Inmate bookings	5,789	5,652	5,960	6,052	6,165	5,908	5,789	5,451	5,794	5,935
Dispatch Calls	47,961	56,061	58,623	66,814	88,680	106,349	109,642	118,511	123,958	122,499
Dog Licenses Issued	23,267	23,550	24,996	26,000	24,198	22,196	22,389	25,816	27,023	25,719
Airport										
Take-offs and Landings (1)	50,000	50,000	50,000	30,000	36,000	27,000	20,000	32,000	18,775	27,500
Landfill										
Tons of Waste Collected	268,059	241,074	207,483	245,662	219,362	190,680	188,541	238,254	171,072	176,671

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	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Judicial										
Buildings	1	1	1	1	1	1	1	1	1	1
Vehicles	1	1	1	1	1	1	1	1	3	2
General Government										
Buildings	3	3	3	3	3	3	3	2	2	3
Vehicles	10	11	11	12	11	11	10	10	20	26
Public Safety										
Buildings	4	5	5	5	5	5	5	3	3	4
Jail Beds Available	170	400	400	400	450	450	478	491	491	491
Vehicles										
Patrol	54	50	49	47	44	46	45	41	43	41
Other	16	19	20	20	19	20	22	28	30	33
Health & Welfare										
Buildings	2	2	2	2	2	2	3	2	2	2
Vehicles	2	2	2	2	5	5	6	6	6	8
Recreation & Cultural										
Buildings	36	36	37	37	37	37	37	37	43	43
Vehicles	6	6	8	8	8	9	10	10	10	10
Park Acreage	121	137	232	523	559	559	559	562	562	565
Airport										
Buildings	6	6	6	6	6	6	6	6	6	7
Vehicles	2	2	3	2	2	2	2	2	2	3
Landfill										
Buildings	1	1	1	1	1	1	1	2	3	3
Vehicles	0	0	0	0	0	1	1	2	3	3

Source: Accounting Department